

# Sustainable Future with Business Solution

LX International 2023 Sustainability Report



# ABOUT THIS REPORT

## Overview

LX International has published its annual sustainability reports since 2014 to disclose its strategies, goals, and achievements towards securing sustainable management across the environmental, social, governance, and economic sectors. This report provides a detailed account of the strategies, key performance, and future directions and plans around the top ten material issues selected from the perspectives of our many stakeholders.

## Reporting Principles and Assurance

This report is aligned with the Global Reporting Initiative (GRI) Standards. When it comes to financial performance, the report adheres to the Korean version of the International Financial Reporting Standards (K-IFRS).

To ensure the reliability of the reporting principles and data, a third-party verifier, British Standards Institution, has verified the data. The results are available in the Appendix section.

## Reporting Boundaries and Period

This report focuses on the headquarters' plans and achievements across the economic, environmental, social, and governance sectors. It also provides information on the progress of overseas operating and investment corporations. The report includes the subsidiaries performances based on ownership ratio, including LX Pantos, Hankuk Glass Industries, and Poseung Green Power, in terms of their performance. The scope of non-financial performance is limited to the local business sites of LX International while including aspects of the performance of its key subsidiaries in the environmental sector. These areas are separately marked.

This report covers our sustainability progress and data from January 1, 2022 through December 31, 2022. Key operations in the first half of 2023 are also included. Additionally, it provides three years of quantitative data from 2020 to 2022 to enables readers to grasp the trends.

## Inquiries

Please contact us for any inquiries for further information regarding the report.

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# CEO Message



Building on this momentum, we will redouble our efforts to solidify our foundation and become an even stronger company. Our focus will also be on achieving full-fledged ESG management and fulfilling our social responsibilities.

We will expand into the secondary battery and future energy sectors, and vault into a leading player. Our new businesses, such as the eco-friendly power generation and green logistics, are already in motion. We will never relent in transforming and innovating ourselves.

With an array of ESG activities continuing presently, LX International is driving strong ESG management in collaboration with all departments. We are systematically managing ESG risks from a long-term perspective. Last July, we established an ESG Committee as a decision-making body for ESG management matters, such as policies and strategies. The committee will play a central role in ESG management, setting up an environmental management system and discussing various issues.

LX International will also go the extra mile to create a society that benefits all stakeholders, discharging our social responsibilities. As part of the efforts, our in-house volunteer group, LEXT, has carried out social contribution activities in partnerships with local children's centers. Going forward, putting the 'future', and 'people', at our heart, we will step up to our social contribution activities.

Stakeholders,  
This year marks the 70th anniversary of our foundation. Through this epic journey over the past 70 years, we have contributed to the development and prosperity of our nation. Upholding this contribution, we will supply key materials indispensable to humanity, help our customers sharpen their competitiveness, and take the initiative in shaping a sustainable and future-oriented transformation.

Thank you very much.

CEO Yoon Chun Sung

## Dear Esteemed Stakeholders,

I would like to take this opportunity to express my sincere gratitude for your unwavering trust and support.

2022 was a challenging year, with many uncertainties apparent in the global political and economic landscapes, as well as the supply chain issues. Despite these unfavorable circumstances, LX International hit a record high since its inception. This remarkable progress was attributed to our deft response to the market and maximized productivity of our assets. Additionally, the acquisition of Poseung Green Power, an eco-friendly biomass power plant, and Hankuk Glass Industries, a leading glass maker in Korea, has put us on the path to securing new growth engines.

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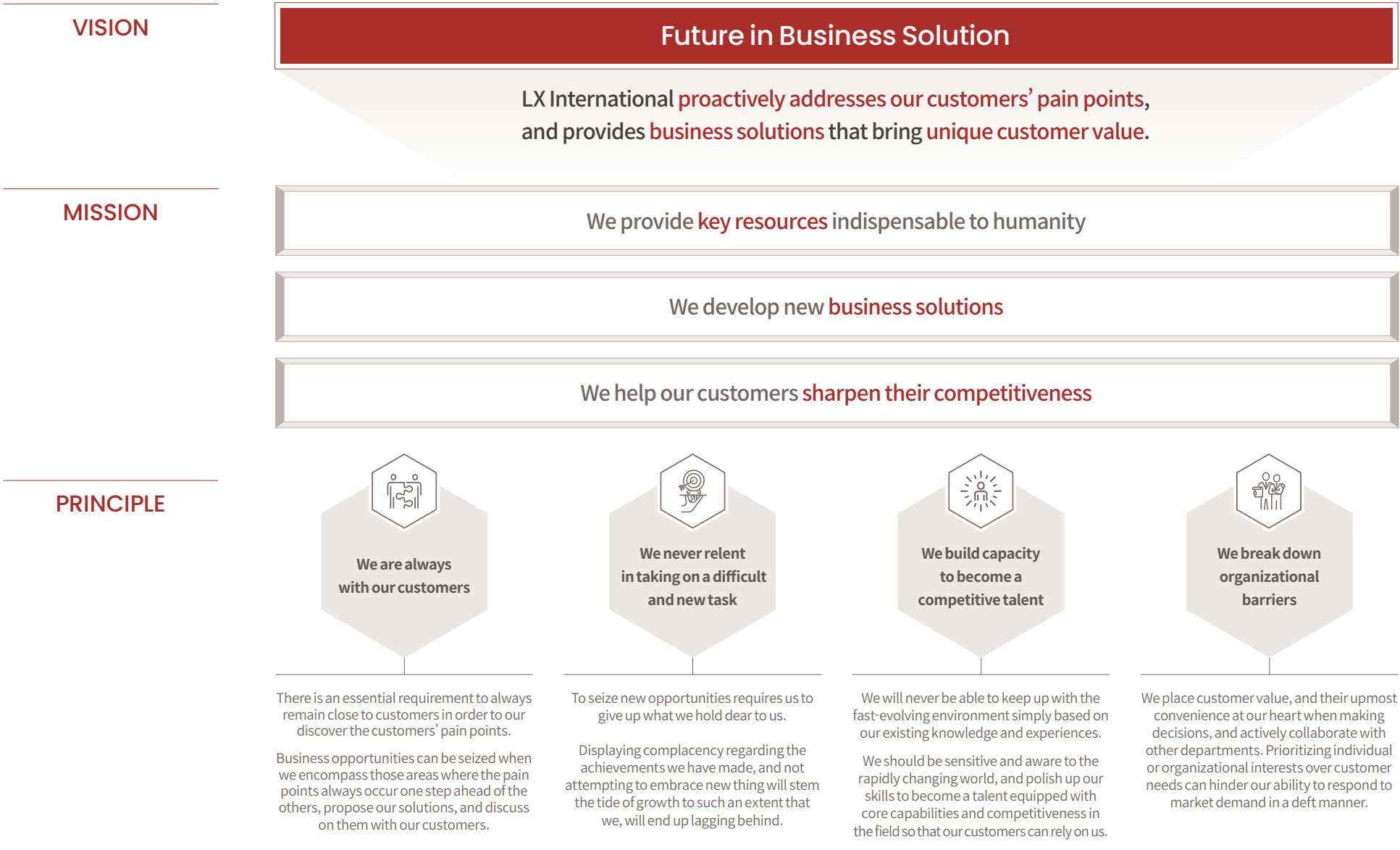
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# Management Philosophy



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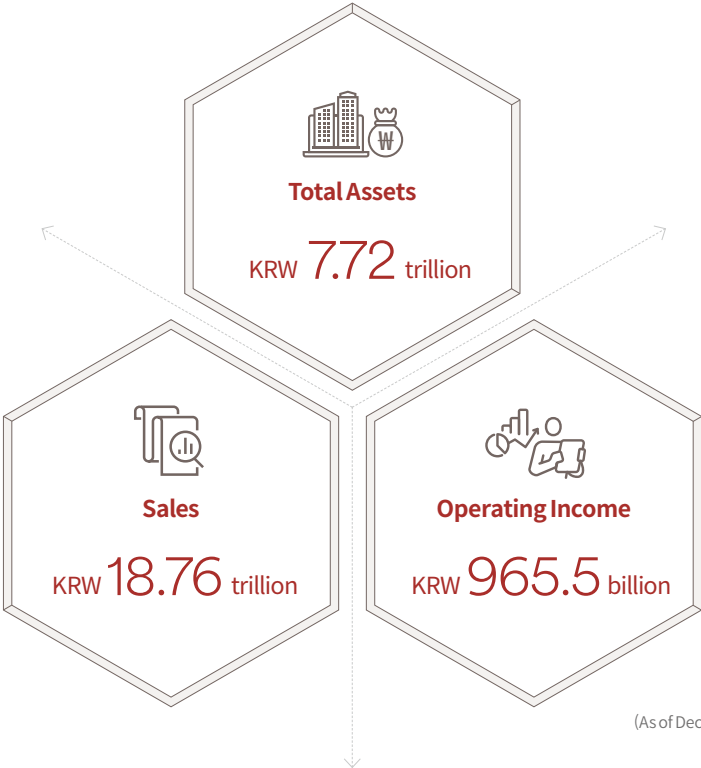
# Company Profile

## General Status

### LX International at a Glance

Since our inception as ‘Lucky Industry Corporation’ in 1953, our journey to the present date has been one of endless transformations and developments from ‘Bando Corporation’, ‘Lucky Goldstar International Corp’, ‘LG International Corp’, to LX International, during which we have laid the foundation for trade in Korea and grown together with the national economy. Now, we are reinventing ourselves as a global trading player that provides a full suite of services across the entire value chain that encompasses trading, business development and investment, financing and raw material supply, and logistics services, thereby taking our brand reputation to the next level, and accelerating our innovation and growth based on our broad network of 50 business hubs across the globe. LX International provides value that surpasses our customers’ expectations so that they can improve their competitiveness. We are shaping a future of business solution through the identification and provision of our unique customer value.

## Business Performance



## General Status

(As of December 31, 2022)

|              |                                   |                       |               |
|--------------|-----------------------------------|-----------------------|---------------|
| Company name | LX International                  | Date of establishment | November 1953 |
| CEO          | Yoon Chun Sung                    | No. of employees (HQ) | 468           |
| HQ location  | 58, Saemunan-ro, Jongno-gu, Seoul |                       |               |

## Key Subsidiaries

### Equity Ratio in Consolidated Subsidiaries



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## Our History

### 1953 - 2009

- 1953 11** Established Lucky Industry Corporation, a group dedicated to imports and exports  
In-Hwoi Koo was inaugurated as the first president of the company
- 1956 04** Changed the company name to Bando Corporation
- 1976 01** Public offering of shares
- 11** Designated as a general trading company
- 11** Won the 100 Million Dollar Export Tower and the Gold Tower Order Of Industrial Service Merit
- 1981 12** Won the Tower of Export on the Export Day for exporting USD 500 million
- 1983 03** Took part in the development of the ENSHAM coal mine in Australia
- 1984 01** Changed the company name to Lucky Goldstar International Corp.
- 1991 11** Won the Tower of Export on the Export Day for exporting USD 3 billion and the Silver Tower Order of Industrial Service Merit
- 1995 01** Changed the company name to LG International Corp.
- 11** Won the Gold Tower Order of Industrial Service Merit on the Export Day
- 1998 07** Received an order for an oil refinery plant from Qatar worth USD 700 million
- 1999 11** Won the Tower of Export on the Export Day for exporting USD 10 billion
- 2003 11** Won the Tower of Export on the Export Day for exporting USD 15 billion
- 2004 05** Received an order for the polypropylene plant from Oman worth USD 180 million
- 2006 02** Received an order for the aromatics plant from Oman worth USD 150 million
- 11** Spun into LG International and LG Fashion Corporation (current LF)
- 2009 02** Began commercial production at MPP coal mine in Indonesia
- 11** Ventured into the Palm Plantation business in Indonesia
- 12** Received an order for the gas treatment plant from Turkmenistan worth USD 1.5 billion



### 2011 - 2020

- 2011 09** Began commercial production at the Wantugou coal mine in Inner Mongolia, China
- 2012 03** Received an order for an oil refinery plant from Turkmenistan worth USD 530 million
- 07** Acquired the operation rights for GAM coal mine in Indonesia
- 10** Completed the construction of the crude palm oil (CPO) production plant in Indonesia
- 2013 07** Received an order for the petroleum processing plant from Turkmenistan worth USD 240 million
- 10** Acquired shares in the coal-to-chemicals urea plant in Inner Mongolia, China
- 2014 02** LG International-GS Consortium acquired STX Energy (current GS E&R)
- 05** Received an order for the petrochemical plant from Turkmenistan worth USD 3.4 billion
- 07** Began commercial production at coal-to-chemicals urea plant in Inner Mongolia, China

### 2021 -

- 2021 07** Changed the company name from LG International Corp. to LX International Corp.
- 12** Acquired the 'Family-friendly Company' certification from the Ministry of Gender Equality and Family
- 12** Won the Tin Tower Order of Industrial Service Merit on the Export Day
- 2022 02** Established a subsidiary, Eco & Logis Busan Corp., and resolved to invest in it
- 07** Lunched an ESG Committee
- 07** Acquired Poseung Green Power
- 10** Rated A in the ESG evaluation by the Korea Institute of Corporate Governance and Sustainability (KCGS) for three consecutive years
- 2023 01** Acquired Hankuk Glass Industries
- 04** Obtained ISO 27001, the most globally recognized certification for data protection
- 07** Signed an MOU for the LNG terminal business

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Key Subsidiaries

LX Pantos

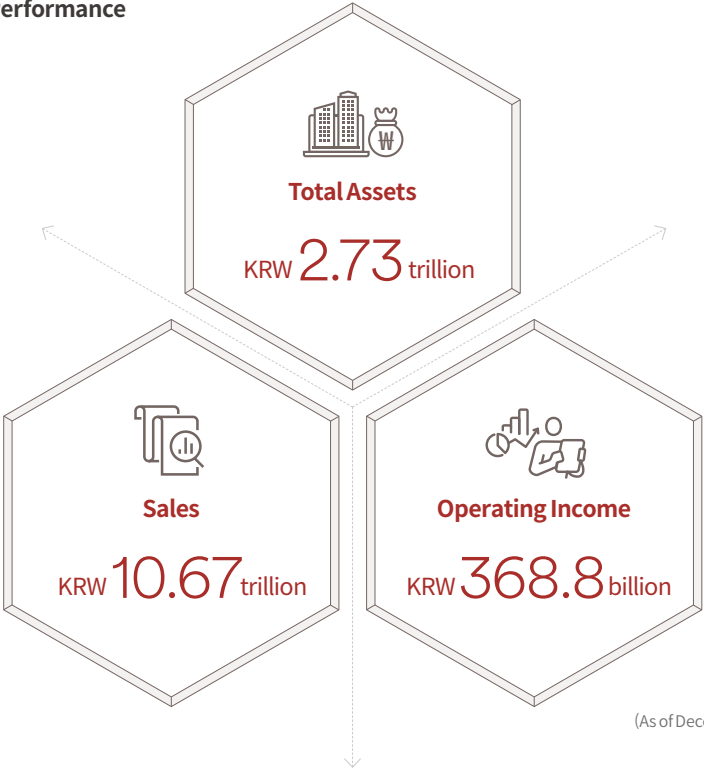
Founded in 1977 as ‘Bumhan Huengsan Corporation’, LX Pantos went through ‘Pan Korea Express’, ‘Pantos’ and finally became ‘LX Pantos’ in July 2021, a logistics company that provides a full suite of logistics services. Up to this present time, the company has never relented in challenging itself in pursuit of customer value. With its seamless 360 networks across the world, LX Pantos provides comprehensive logistics services for 13,000 domestic and overseas clients across a variety of industries, including electronics, construction, distribution, and many more, thereby solidifying its stature as a global logistics company. Going forward, LX Pantos will establish itself as a leading smart logistics firm through intensive investments in logistics IT. To satisfy customers and earn their trust, the company will remain persistent in making innovation-driven progress with distinguished full-service logistics.

Key Business Areas

LX Pantos is a global comprehensive logistics service provider. It has been in operation since 1977 and has grown to become the No.1 company in terms of freight volume by air and sea. LX Pantos is driving the industry as a leading player and serving as a reliable partner for local and overseas reputable companies. And its scope of business encompasses a wide range of logistics services including warehouse & distribution, project logistics, e-Commerce logistics, and SCM & logistics consulting.



Business Performance



(As of December 31, 2022)

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Key Subsidiaries

Poseung Green Power

Poseung Green Power operates a renewable energy power plant that runs on biomass fuel. Its biomass and cogeneration businesses utilize unused forest resources and other wood-based fuels to reduce pollutants and GHG emissions compared to conventional power generation methods, making a significant contribution to environmental protection. The power plant has a maximum capacity of generating 43MWh of electricity per hour, and it is an eco-friendly initiative that enhances energy efficiency by utilizing both electricity and heat. Since March 2018, Poseung Green Power has been actively operating and supplying energy for multiple companies, including the Korea Power Exchange. It also participates in a collective energy business, providing steam for companies within the Poseung Industrial Complex. Furthermore, it has expanded its business portfolio by selling Renewable Energy Certificates (RECs). Poseung Green Power has established a stable revenue structure by entering into long-term supply contracts for RECs in compliance with the Renewable Portfolio Standard (RPS). With the growing demand for environmentally friendly power generation and the implementation of the RE 100 initiative, it is planning to further enhance its renewable energy generation business.

|                |   |                       |           |
|----------------|---|-----------------------|-----------|
| Company name   | Poseung Green Power   | Date of establishment | Nov. 2014 |
| CEO            | Lee Myeong-hun  | No. of employees      | 58        |
| Address        | 94, Pyeongtaekhang-ro 156 beon-gil, Poseung-eup, Pyeongtaek-si, Gyeonggi Province |                       |           |
| Key businesses | Supplying electricity, steam, hot and chilled water, air conditioning             |                       |           |

Business Performance



(As of December 31, 2022)

Hankuk Glass Industries Inc.

Founded in 1957, Hankuk Glass Industries Inc. holds the distinction of being the oldest glass manufacturing company in Korea. Guided by its founding spirit of “Brightening, Beautifying, and Enriching the World”, the company is dedicated to the development and provision of superior products aimed at enhancing the lives of people, and fostering comfort and prosperity. Hankuk Glass Industries Inc. is a specialist in the production and distribution of flat / coated glass, primarily used in building and residential windows. With its extensive manufacturing experience, it has established a strong market position and attained exceptional technological expertise. Additionally, it has achieved a significant milestone by introducing energy-saving Low-E glass, becoming the first in the domestic market to do so. Hankuk Glass Industries Inc. puts energy use mitigation first in line with environmental changes. It has been playing a leading role in developing eco-friendly products and constructing environmentally sustainable plants with the aim of achieving zero-energy buildings. Through its ongoing research, development, and dedicated efforts, it is actively preparing for a sustainable and environmentally friendly future.

|                |                                      |                       |           |
|----------------|--------------------------------------|-----------------------|-----------|
| Company name   | Hankuk Glass Industries Inc.         | Date of establishment | Mar. 1957 |
| CEO            | Lee Yong-sung                        | No. of employees      | 295       |
| Address        | 5F 534 Teheran-ro, Gangnam-gu, Seoul |                       |           |
| Key businesses | Flat glass manufacturing             |                       |           |

Business Performance



(As of December 31, 2022)

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Global Network



**2 Headquarters and Local Hub**

- Headquarters Seoul
- Local hub Indonesia

**6 Overseas Corporations**

- the United States
- Japan
- Shanghai
- Singapore
- Hong Kong
- Europe

**14 Branch Offices**

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

**6 Liaison Offices**

- Qingdao
- Lanzhou
- Yangon
- New Delhi
- Yakutsk
- Buenos Aires

**17 Investment Assets**

|               |          |
|---------------|----------|
| • Indonesia 6 | • India  |
| • China 4     | • Poland |
| • Vietnam     | • Russia |
| • Australia   |          |
| • Qatar       |          |
| • Oman        |          |

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# Business Areas

## Resources Business

### Supply of Resources Indispensable for Humanity

With expertise in mine development and operation, LX International is actively involved in coal operations across countries like Indonesia, China, and Australia. Expanding our business scope, we have ventured into the development of promising minerals such as nickel, which is a crucial raw material for secondary batteries. Furthermore, we supply the Indonesian and global markets with crude palm oil (CPO) through the operation of three palm oil plantations in Indonesia.

#### Palm Oil Production and Trading

- Investment, development, and the operation of palm plantations in Indonesia
- Operation of our own facilities to produce and distribute CPO
- Solidifying the ESG management foundation through obtaining eco-friendly certifications



#### Metal Business and Promising Mineral Development for the Future

- Pursuing investment, development, and the operation of new promising mines (nickel, silica sand, lithium, etc.)
- Planning to enter the value chain of the secondary battery through investment in nickel refining facilities



#### Mine Development and Trading

- Investment, development, and the operation of coal mines



#### Infrastructure

- Investment, development, and the operation of power plants and plants



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## Trading & New Growth Business

### Providing Optimal Business Solutions & Building Business Models in Future Promising Fields

We combine our resource development business with trading services to connect the buyers and sellers of raw materials and industrial goods such as like coal, nickel, IT components, and petrochemical products. Our IT trading business offers a comprehensive range of supply chain management solutions, including purchase, procurement, customs clearance, storage, management, and transportation. Through optimized cost structures, we deliver added value and differentiation to our customers. Moreover, we are committed to swiftly adapting to market dynamics and actively embracing the growing trend of ESG management enhancement. We are determined to venture into new business sectors that align with ESG principles and expand our eco-friendly operations. This includes the investment and operation of renewable energy power plants to foster environmentally sustainable projects. We are also investing in the development of the eco-friendly logistics center in Busan.

### Environmentally Friendly / Renewable Energy

#### Renewable energy generation

- Pursuing new hydroelectric and non-governmental renewable energy power generation projects in Indonesia

#### LNG

- Pushing forward with the LNGterminal construction and operation, exploring possibilities in LNG trading and bunkering

#### Biomass

- Considering investment in the biomass fuel sector to ensure fuel supply stability for Poseung Green Power

#### Carbon credits

- Securing carbon credits based on operational assets (palm oil plantations / hydroelectric power plants) and selling the credits to Korean companies

### Petrochemical Trading and Project Development

- Exporting chemical products such as PE / PP, PET, methanol, and engaging in trilateral trade and import / export activities
- Investing in petrochemical and chemical plant shares and securing product distribution rights

### Wellness

#### Healthcare

Exploring business opportunities, such as specimen consignment services in Indonesia

#### Digital education

Exploring business opportunities in online education platforms in Indonesia



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## Logistics Business

### Providing Optimal Business Solutions

LX International (subsidiaries included) provides extensive logistics services across multiple industries, including electronics, construction, and distribution, leveraging its global network spanning 360 locations. We offer container and bulk services for various cargo types, such as general cargo and chemicals, through ocean freight. Additionally, we facilitate seamless air-sea services and rail services that connect Europe and Central Asia. With a global presence, we operate numerous logistics centers, including approximately 300 warehouses worldwide. Furthermore, we provide one-stop service ranging from installation logistics to inland transportation. In addition, we operate an integrated e-commerce logistics platform, and aim to establish ourselves as a leading smart logistics company through continuous service innovation.

#### Transportation

- Maritime transportation
- Air transportation
- Railway transportation



#### Installation / Logistics

- Warehousing and Distribution (W & D)
- Installation logistics for electronic products



#### Digital and e-Commerce

- e-Commerce services
- Digital solutions



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# ESG MANAGEMENT



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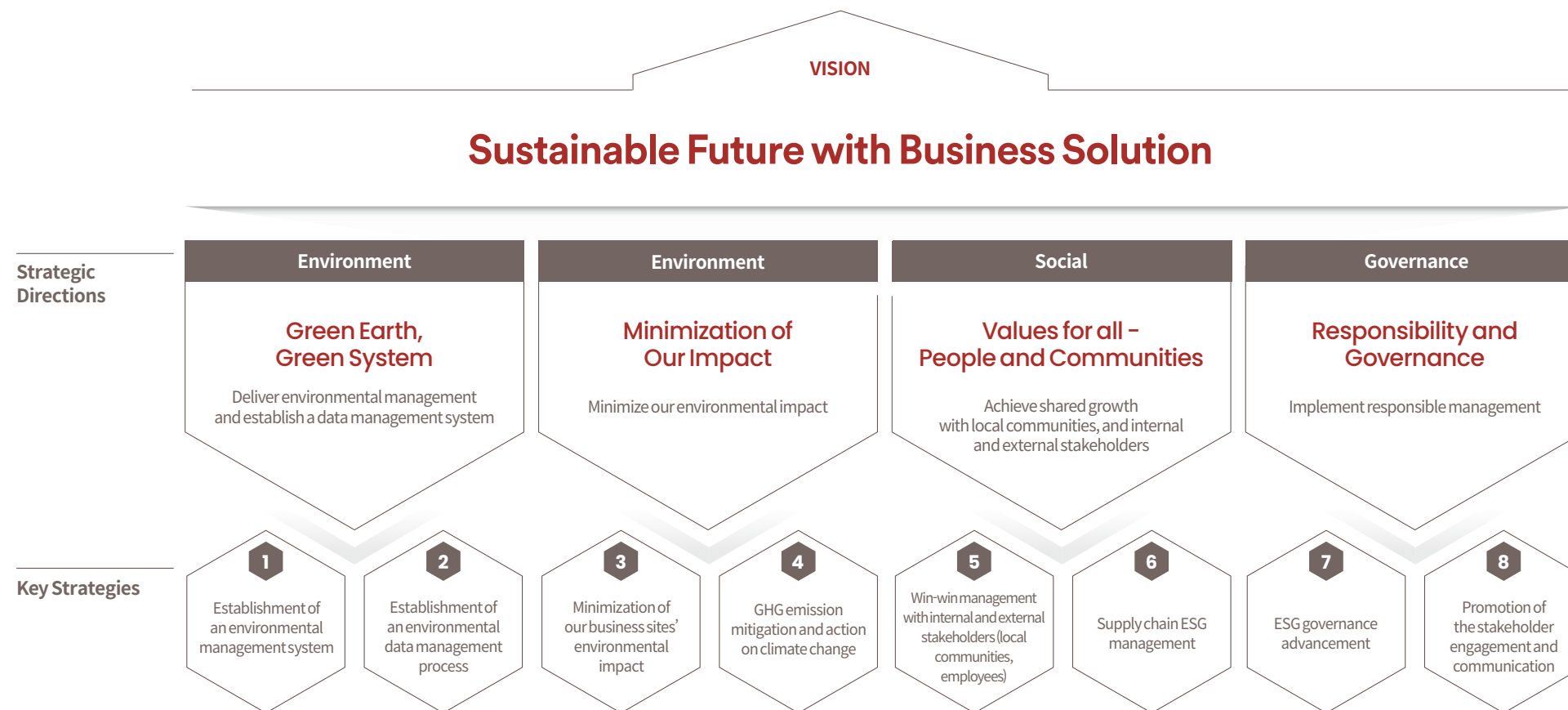
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# ESG Management

## ESG Management System

### Sustainable Future with Business Solution

With the aim of advancing our ESG management, we have established our vision and strategic system for ESG management. Our vision is ‘Sustainable Future with Business Solution’, a clear demonstration of our commitment to the creation of a new customer value and full-fledged ESG management in pursuit of a sustainable future. Taking into account the direction we will be headed in the environmental, social, and governance sectors, we have formulated detailed strategic directions and tasks to deliver detailed action plans for ESG management. Built on the vision and strategic system, LX International will step up its ESG management in collaboration with all stakeholders, seeking shared growth with them.



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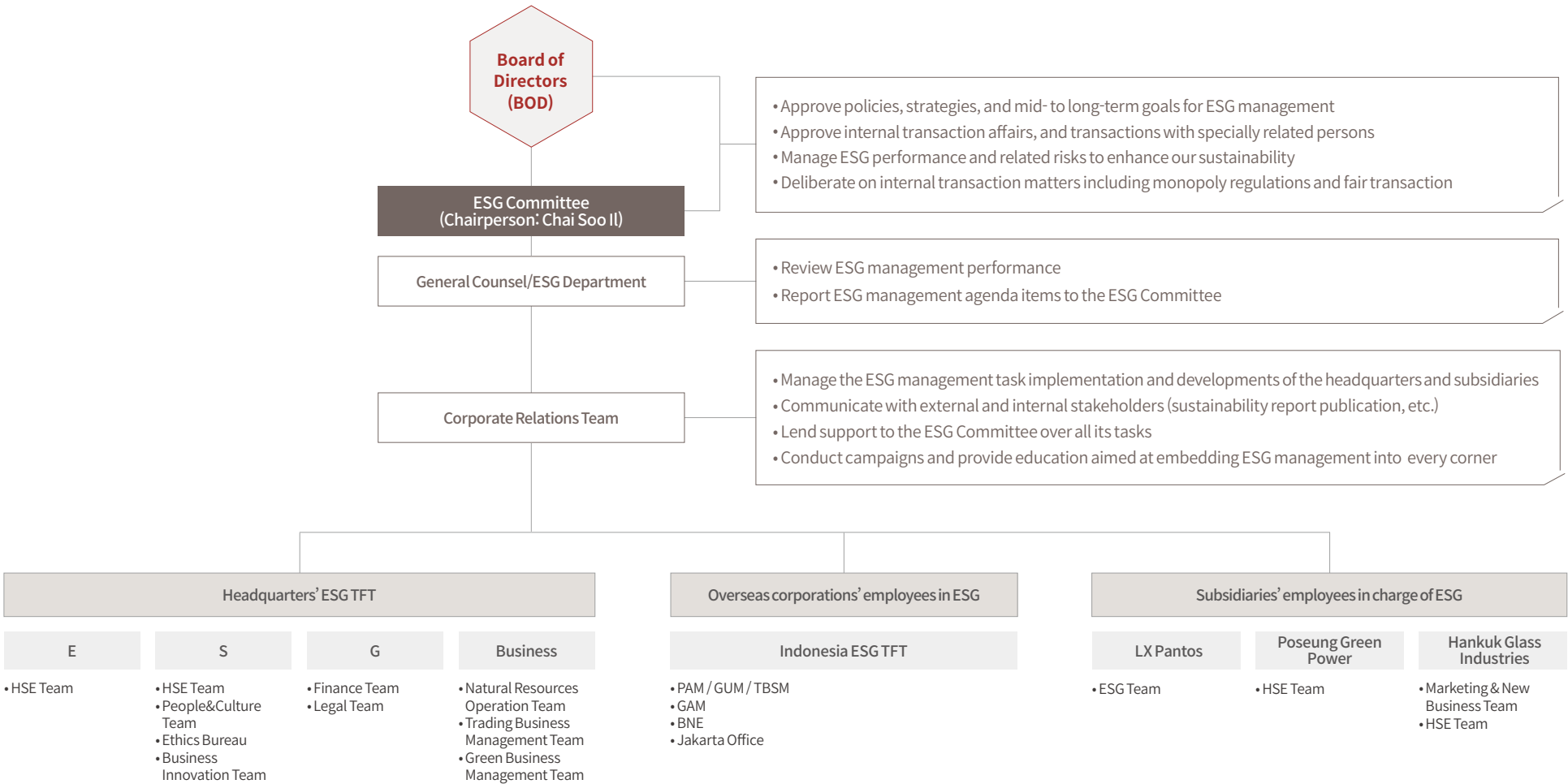
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ESG Governance

ESG Governance System

LX International puts in place its ESG Committee and working-level organization to carry out activities for ESG management at a company level. The Board of Directors (BOD), including the ESG Committee, and the top management are in charge of affairs in regard to ESG management, and take final responsibility. And our Corporate Relations Team, the working-level organization for ESG, plays a central role in implementing ESG-related activities in close coalition with the headquarters’ business and support departments, and also our subsidiaries’ employees in charge.

Our ESG Management Implementation System



## ESG Highlight

### Achieved 'A' in KCGS Evaluation for Three Consecutive Years

In 2022, LX International won 'A Overall' in the ESG evaluation conducted by the Korea Institute of Corporate Governance and Sustainability(KCGS). By sector, our environmental performance was rated B+ while our social aspect rated A. Also, we achieved an 'A' rating in the governance sector. And these achievements were a testament to our excellence in our ESG management. We are witnessing companies intensify their ESG management, and standards for ESG assessment more stringent compared to the previous years. Under the circumstances, we have maintained A rating for three consecutive years. In the years ahead, LX International will go the extra mile to put sustainable management into action as a leading ESG company in Korea to meet more tightened ESG evaluation criteria as well as rising expectations from our stakeholders.



### ESG Highlights



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# Sustainable Business

## Investment and Expansion into a Promising Future Business

Recently, there has been a growing focus on ‘critical minerals’ due to the expanding clean energy and hydrogen technology sectors. Critical minerals are rare resources that play a vital role in specific industries and are subject to careful government management. A number of significant examples of critical minerals include lithium, nickel, cobalt, and rare earth elements, which are extensively used in EVs, renewable energy systems, and the hydrogen economy. The acquisition of these resources is essential, as it not only enhances industrial competitiveness but also facilitates the transition to clean energy and the attainment of carbon neutrality.

### Critical Minerals, Essential Resources in Green Industry

However, critical minerals are often concentrated in specific countries, leading to intense competition among major importing nations and creating challenges to find substitutes. Korea relies on imports for approximately 95% of its mineral demand. Therefore, it is crucial to actively secure minerals through the diversification of sources and the establishment of a stable supply chain, along with recycling, to reduce dependence on specific countries and ensure a reliable supply.

### Secondary Batteries in the Spotlight

A secondary battery, also known as a rechargeable battery, refers to a battery that can be reused through recharging after being discharged. Unlike primary batteries, such as disposable batteries that cannot be used again after discharge and pose resource waste issues, secondary batteries can be charged and reused for a minimum of 500 cycles up to a maximum of 2,000 cycles, making them economical and environmentally friendly. Lithium-ion and nickel-based batteries are the most prominent types of secondary batteries. They are lightweight and have high energy density, making them suitable for various applications, including smartphones, laptops, and EV batteries. With the increasing production of EVs by car makers, the demand for secondary batteries continue to rise. Consequently, there is a growing need for critical minerals such as nickel and lithium, which are essential components of the batteries.

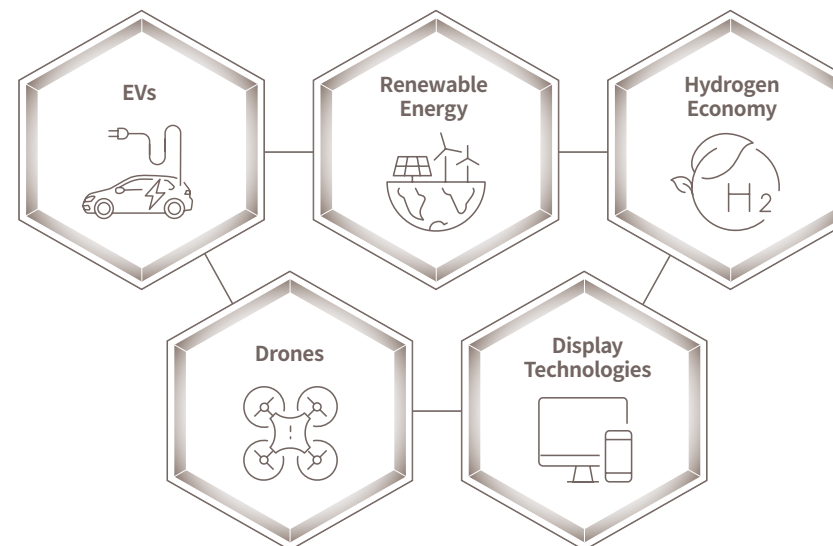
#### Key Critical Minerals

|                                    |  |
|------------------------------------|--|
| <div>Nickel 28</div> <div>Ni</div> | Nickel is used in batteries and fuel cell materials, various catalysts, plating for solar panel supports, and corrosion-resistant marine structures. In particular, the demand for nickel for batteries was only 125,000 tons in 2019, but it increased to 385,000 tons in 2022.   |
| <div>Lithium 3</div> <div>Li</div> | Lithium is a crucial raw material for the development of the EVs and energy storage system (ESS) industries, which utilize renewable energy. With the expansion of the domestic secondary battery market, the demand for lithium has been increasing by over 4% annually. In particular, lithium, which is essential for energy technology, is expected to reach a production volume of 415,000 tons in the 2050s, five times the volume in 2018.              |
| <div>Cobalt 27</div> <div>Co</div> | Cobalt is an essential metal for the cathode material of lithium-ion batteries, and its demand is expected to increase significantly as the EV and ESS industries expand in the future. Cobalt production is heavily concentrated, with the Democratic Republic of Congo accounting for 71% of cobalt ore production and China occupying 64% of metal product production. This regional concentration raises concerns about supply instability of the mineral. |

### Expansion into Environmentally Friendly Resource Businesses

We are securing a sustainable business foundation based on our existing capabilities. We are making efforts to discover environmentally friendly resource businesses that align with energy transition policies and ESG trends. As the global adoption of EVs progresses rapidly, the demand for critical minerals in secondary batteries is on the rise. Therefore, we are nurturing the critical mineral sector as a strategic business. We are also fostering collaborations with companies across various fields to facilitate the development of stable secondary battery materials. By supplying key materials for secondary batteries, which are essential for EVs, we are taking a leading role in GHG reduction both domestically and internationally. We will continue to expand our business in innovative materials that can contribute to the environment and society, thereby contributing to the transition to a more environmentally friendly society through the development and stable supply of critical minerals as part of our strategic initiatives.

#### New Businesses Utilizing Critical Minerals



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## Securing Sustainable Growth Drivers

We are actively pursuing multiple growth drivers to achieve sustainable growth through environmentally friendly businesses. Our focus lies in exploring promising future businesses, and we have established logistics systems to generate long-term value from an ESG standpoint.

### Green Compound Logistics Center, Eco & Logis Busan

Logistics serves as a vital backbone for all industries, and its significance continues to grow exponentially. With the rapid expansion of the e-commerce market, there is an expected surge in parcel and freight volumes. In the Korean market, there is a notable demand for new large-scale logistics centers, particularly in Busan and Gyeongsang provinces. However, the logistics industry inherently contributes to carbon emissions through packaging and transportation, posing a challenge in addressing environmental concerns within the supply chain. These issues are common challenges for the global community to address. In response to this societal need, LX International is leveraging its existing infrastructure and development capabilities to establish a subsidiary 'Eco & Logis Busan'. Its primary objective is to develop an eco-friendly complex logistics center in Busan. Our plan includes obtaining the LEED certification, which is awarded by the U.S. Green Building Council. To achieve this, we will incorporate solar panels for the renewable energy generation and implement water-saving systems. Additionally, we are committed to creating a secure logistics center environment by designing it in compliance with the highest domestic fire safety standards and the U.S. National Fire Protection Association (NFPA)'s stability guidelines. Leveraging our strengths in trading, supplier inventory management, and infrastructure projects, we have outlined several initiatives. These initiatives will enable us to develop and operate eco-friendly logistics centers, thereby contributing to the establishment of a sustainable logistics system and driving industrial development within the country and the region.



### Digital Education Project to Narrow Educational Gap in Indonesia

LX International is carrying out a project to provide digital educational content and services for central and local governments, the office of education, and schools in Indonesia to support the Indonesian government's 'school education reform' initiative. Targeting students who face limited learning opportunities due to socioeconomic factors, we are offering digital talent cultivation courses, taking advantage of online platforms. The beneficiaries of the courses are elementary, middle, and high school students, teachers, and college students. A total of 3,687 students and teachers benefited from coding education services from 2022 through the first half of 2023. In the first half of 2023, we developed a computational thinking competency test for Indonesian elementary, junior, and high school students to evaluate their relevant capabilities and give feedback. So far, a total of four educational offices and roughly 20,000 students have utilized this service.



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## Building Eco-Friendly Energy Infrastructure

### Biomass Power Generation – Poseung Green Power

Biomass, derived from organic waste generated by industrial activities, has risen to prominence as an environmentally friendly energy source due to its low carbon emissions during the conversion process into bioenergy. Consequently, the proportion of the biomass power generation in Korea is on the rise. In line with our commitment to sustainable practices, we have acquired ‘Poseung Green Power’, which operates eco-friendly biomass power plants, as part of our infrastructure projects. Our objective is to establish the biomass power generation as a dependable and sustainable source of income that we can benefit from. Moreover, building upon this foundation, we aim to expand our eco-friendly business throughout the entire value chain, including fuels.

Commencing with the Poseung Green Power plants, our strategy involves developing additional power plants that utilize biomass as fuel to generate electricity and steam. With our operational and developmental expertise, we aim to become a leading company in the biomass power generation by 2026.



Poseung Green Power

### LNG Terminal Establishment – Dangjin Tank Terminal

‘Coal phase-out’ is an irreversible global energy trend that seeks to transition to zero-carbon energy sources, such as renewable energy or hydrogen, from fossil fuels. This growing trend shines a spotlight on LNG (Liquefied Natural Gas) since it emits far less pollutants compared to fossil fuels, which has led to the recognition of LNG as a green fuel, and is likely to increase in demand for it. On the strength of our infra development capabilities, we are involved in the construction of a LNG terminal in Dangjin, Chungcheongnam-do Province. In May 2023, we signed an MOU with relevant companies and public institutions for the construction of the green LNG terminal infrastructure. The project is slated for completion in 2027. LNG is produced by cooling down natural gas to -162 degrees Celsius, which compresses it and makes it ideal for mass transportation and storage. It is also applied across a wide range of areas as fuel, including households, industries, and power plants. which makes it a stable energy source in Korea that heavily relies on energy imports. Upon the completion of construction, the terminal is projected to handle 3,500,000 tons of LNG per year, which is equivalent to 2.6 times for one-year LNG consumption of Chungcheongnam-do Province. Originating from this terminal, we plan to expand our presence into the related areas, such as LNG, cold energy, ammonia, and hydrogen. On top of that, future-proof energy sectors, including strategic minerals for secondary batteries and the renewable energy power generation, will be nurtured as our strategic businesses while asset investments will be scaled up to earn stable gains. By doing so, we will push back our boundaries in the green environment sector.



Dangjin LNG Terminal

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# Our Commitment to UN SDGs

LX International has joined the efforts to achieve UN SDGs (Sustainable Development Goals presented by the United Nations). We have carried out a range of activities aligned with the eight goals to fulfill our social and environmental responsibilities as a global trading company.

| Goal    | Targets  | Our Key Activities   | Page          |
|---------|--|--|---------------|
| Goal 1  | <br>Eradicate extreme poverty for all people everywhere and implement nationally appropriate social protection systems and measures for all to end poverty in all its forms | <ul style="list-style-type: none"><li>• Make donations in partnerships with local children shelters and lend support to soup runs for the marginalized of society</li><li>• Carry out disaster relief activities, and provide assistance for housing / residential infrastructure establishment</li><li>• Provide local residents in foreign regions with food and essential medicine including nutrition necessary for pregnant women and infants</li></ul> | 44-49         |
| Goal 4  | <br>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all  | <ul style="list-style-type: none"><li>• Provide digital education in Indonesia to narrow educational divide, and run a project for talent cultivation</li><li>• Provide educational items for local elementary and high schools, and offer assistance for sports talent cultivation</li><li>• Establish learning infrastructure for employee skill development</li></ul>   | 19, 47-49, 66 |
| Goal 6  | <br>Ensure availability and sustainable management of water and sanitation for all  | <ul style="list-style-type: none"><li>• Safeguard and manage HCVs (High Conservation Value Areas) and HCSs (High Carbon Stocks)</li><li>• Monitor and protect habitats and ecosystems for the preservation of biodiversity</li><li>• Manage water resources and contaminants to ensure clean and safe water</li></ul>  | 34-36         |
| Goal 8  | <br>Promote sustained, inclusive and sustainable economic growth, full and productive employment and respectable work for all   | <ul style="list-style-type: none"><li>• Attract and nurture excellent talents to secure future growth engine</li><li>• Operate diverse recruitment programs and provide educational courses by position and level</li><li>• Operate programs to help suppliers sharpen their capabilities</li></ul>  | 52, 64-66     |
| Goal 9  | <br>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation   | <ul style="list-style-type: none"><li>• Build eco-friendly logistics infrastructure including an eco-friendly complex logistics center</li><li>• Adopt eco-friendly procedures and create a circulation structure within our businesses</li><li>• Help developing countries boost sustainable businesses</li></ul>   | 19, 37, 49    |
| Goal 12 | <br>Ensure sustainable consumption and production patterns  | <ul style="list-style-type: none"><li>• Establish a structure for ESG strategies for sustainable management</li><li>• Introduce green packaging materials, and switch to eco-friendly transportation modes to accelerate the transition to green logistics</li><li>• Operate ESG Committee and its working-level consultative body to step up our sustainable management</li></ul>   | 16-19, 30     |
| Goal 13 | <br>Take urgent action to combat climate change and its impacts   | <ul style="list-style-type: none"><li>• Build an environment management system and climate response system</li><li>• Strengthen our eco-friendly business portfolio including the entrance into the green resources industry</li><li>• Spread an eco-friendly culture by carrying out relevant campaigns</li></ul>   | 29-39         |
| Goal 16 | <br>Promote peaceful and inclusive societies and build effective, accountable and inclusive institutions at all levels  | <ul style="list-style-type: none"><li>• Embed ethical norms into every aspect of our management through education on LX Jeong-do management and news letter issuance</li><li>• Conduct Jeong-do management surveys to check the status and operate a reporting channel</li><li>• Establish a compliance control system and appoint a compliance officer</li></ul>  | 75-77         |

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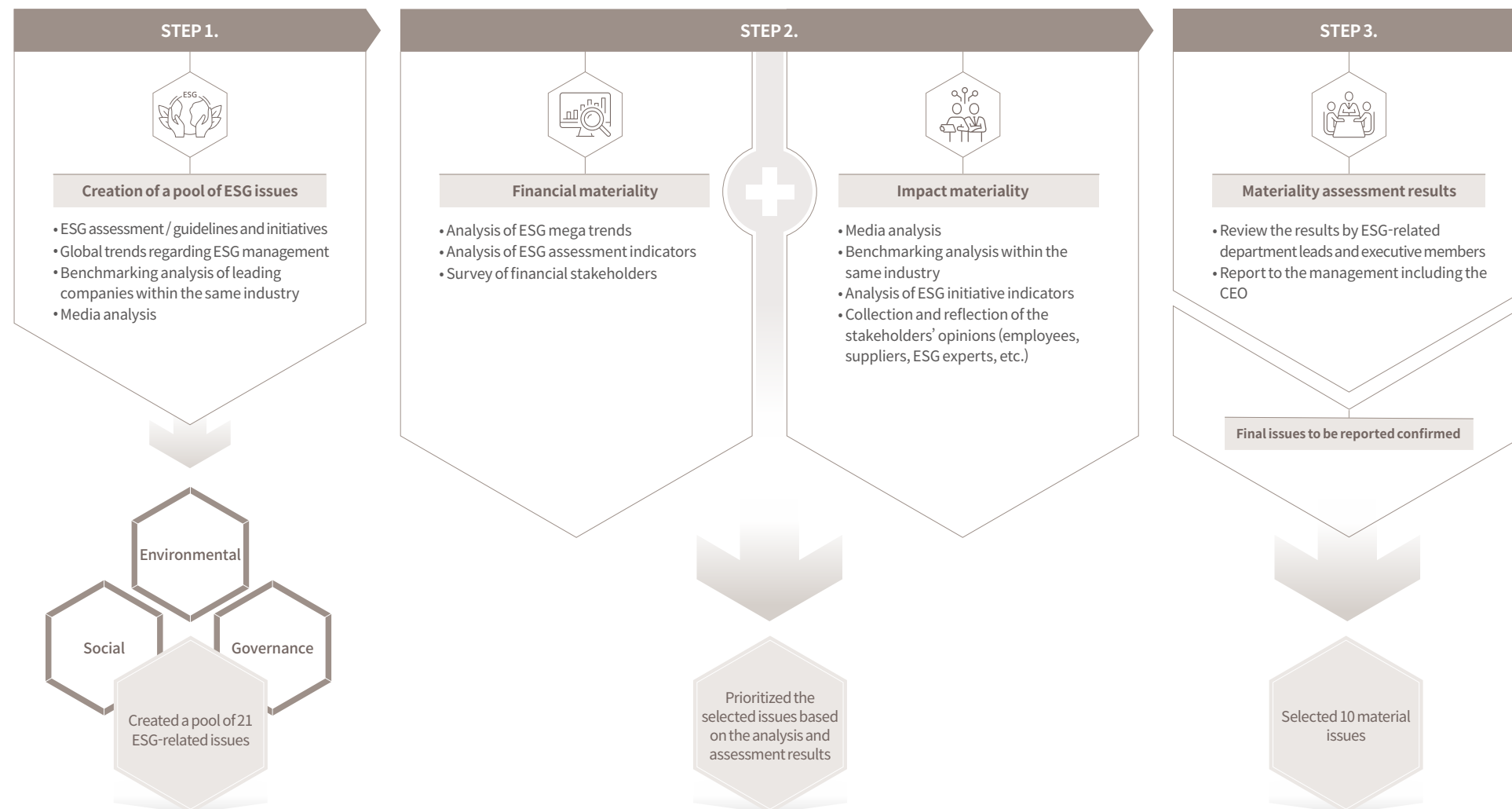


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# Materiality Assessment

## Materiality Assessment Process

LX International conducted a materiality assessment to identify and manage the material ESG issues and establish ESG management strategies. We used a double materiality assessment to evaluate the impact of external ESG elements on our financial status and analyze our business impact on the environment and society to select key ESG issues. The outcomes of the assessment were used to formulate our ESG strategic system and design this report. In the years to come, we will continue to make constant efforts to manage these issues and advance our ESG management.



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Materiality Assessment Results

We have selected 10 material issues from the perspectives of financial impact as well as environmental and social impact. We provide our ESG management activities and achievements around these issues in this report. Compared to the previous year’s report, we saw an increase in the impact of environmental and governance issues. Going forward, LX International will more actively communicate with the stakeholders and deliver its ESG management efficiently based on material issues.



| Area          | Issue   | Impact                |                    |                               |           |
|---------------|---|-----------------------|--------------------|-------------------------------|-----------|
|               |   | Financial materiality | Impact materiality | GRI                           | GRI       |
| Environmental | 1 Deliver environmental management and embed it into every aspect of our management | High impact           | High impact        | Non GRI                       | 29-32     |
|               | 2 Establish an environmental management system                                      | High impact           | High impact        | Non GRI                       | 33-34     |
|               | 4 Minimize our environmental impact   | High impact           | Medium impact      | 303-1~5<br>304-1,3<br>306-1~2 | 35-37     |
|               | 5 Respond to climate change   | Medium impact         | Medium impact      | 302-1~4<br>305-1~7            | 38-39     |
|               | 3 Create social value based on our social contribution activities                   | Medium impact         | High impact        | 203-1<br>413-1                | 44-49     |
| Social        | 6 Engage suppliers in ESG management practices                                      | Low impact            | High impact        | 308-1<br>414-1~2              | 50-53     |
|               | 8 Disseminate a culture of respect for human rights                                 | Low impact            | High impact        | 406-1                         | 54-55     |
|               | 7 Systematically manage non-financial risks   | High impact           | Low impact         | Non GRI                       | 74        |
| Governance    | 9 Promote stakeholder engagement and communication                                  | Medium impact         | Low impact         | 402-1                         | 26-27, 82 |
|               | 10 Establish and execute ESG management system                                      | Low impact            | Medium impact      | Non GRI                       | 16-18     |

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Material Issue Management

| Area        | Issue   | ESG trends  | Our responses  |
|-------------|---|---|--|
| Environment | 1 Deliver environmental management and embed it into every aspect of our management | Establish a decision-making system for environmental management, and operate organizations dedicated to environmental issues<br>Decisions on ESG matters made through the operation of an ESG council along with an organization responsible for environmental management | • Build a company-wide environmental management system and build the related capacity<br>• Operate the HSE Team, the dedicated organization for environmental management   |
|             | 2 Establish an environmental management system                                      | Define the way of calculating environmental data, and establish a company-wide process of regularly collecting data for management  | • Establish an environmental data management system including regular environmental checks<br>• Build a system for subsidiaries' environmental data management and plans for complementing insufficient data   |
|             | 4 Minimize our environmental impact   | Comply with standards to manage hazardous substances, such as air & water contaminants or waste generated during the course of business operations, and minimize their impact through appropriate disposal  | • Monitor our compliance with environmental laws and permissible standards<br>• Conduct activities for the prevention of environmental pollution, and investigate the related accidents  |
|             | 5 Respond to climate change   | Growing demand from the external stakeholders for action on climate change including growing global interest in climate change, with more countries declaring their goals toward carbon neutrality, and global targets to combat climate change                           | • Manage our GHG emissions, and step up our action on climate change   |
| Social      | 3 Create social value based on our social contribution activities                   | Establish visions and strategies for social responsibility, and stipulate the obligations to incorporate social responsibility in sustainable management strategies   | • Diversify our social contribution activities, and boost employee engagement<br>• Support children in local communities, and increase our assistance for areas affected by natural disasters<br>• Expanding our activities for shared growth with local communities where our overseas corporations are located |
|             | 6 Engage suppliers in ESG management practices                                      | Growing demand for suppliers to ramp up their financial and environmental management in accordance with the supply chain management policies driven by large companies<br>Build the capacity required for the ESG risk management for LX International and its suppliers  | • Establish a system for the suppliers' ESG management, and carry out safety checks on them<br>• Forge a culture of shared growth with suppliers   |
|             | 8 Disseminate a culture of respect for human rights                                 | Build a management system where human rights are respected, manage the related risks, provide human rights education, and operate grievance handling organizations  | • Carry out the activities aimed at internalizing human rights management<br>• Enacted the principles of employee behavior with respect for human rights and the prohibition of discrimination   |
| Governance  | 7 Systematically manage non-financial risks   | Operate an integrated risk management system at a company level, and manage non-financial risks with the same level of attention as financial risks   | • Operate an integrated risk management to identify potential risks<br>• Discover new businesses, and formulate business strategies based on the risk management process   |
|             | 9 Promote stakeholder engagement and communication                                  | Install communication channels tailored to stakeholders, and add more channels<br>Actively reach out to stakeholders for their feedback and opinions, and based on them, define the directions for ESG management   | • Promote stakeholder engagement and communication<br>• Report ESG-related issues received through communication channels to the ESG Committee, and reflect them when making decisions   |
|             | 10 Establish and execute ESG management system                                      | Establish and publicize ESG management strategies, management goals and detailed action plans at a company level  | • Strengthen the organizational capabilities in implementing a strategic plan by means of the ESG Committee and other improvisational task forces within the company<br>• Internalize the ESG values through a series of campaigns, in-house education programs, and so on                                       |

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# Stakeholder Communication

## Communication Channels by Stakeholder

LX International has classified its key stakeholders into several groups to guarantee efficient management. And through the operation of communication channels for each group, we have shared our business operations and related issues with them. In addition to sharing our environmental, social, governance, and economic achievements, we have contemplated our long-term directions. And the thoughts and opinions identified through the channels have actively been collected and reflected in our management.

### Our Stakeholders

| Stakeholders                    | Communication channels (frequency)  | Key concerns   |
|---------------------------------|---|--|
| The public & customers          | LX International's official website (always)<br>LX International's official SNS channels (always)<br>Sustainability Report (annually published)       | Environmental and social impact that define our products and services have Social responsibility fulfillment   |
| Shareholders & investors        | General shareholders' meetings (regular)<br>Business reports (quarterly)<br>Sales reports (once a year)<br>Corporate governance reports (once a year) | Creation of constant economic performance<br>Risk management   |
| Local and overseas partners     | Business briefings (always)<br>Workshops (always)<br>In-person visits (always)  | ESG management system establishment and responses to related issues<br>Implementation of ethical and compliance management   |
| Local and overseas employees    | Corporate bulletin board (always)<br>Internal meetings (quarterly)<br>Employee surveys (once a year)<br>Workshops, etc. (always)                      | Employee health management<br>Skill development, and employee welfare<br>Environmental management and response to climate change<br>Occupational safety and health<br>Welfare benefits for local employees |
| Local communities & governments | LX International's official website (always)<br>Local resident public hearings (if needed)  | Compliance with anti-corruption and other laws<br>Mutual growth and co-prosperity with local communities   |



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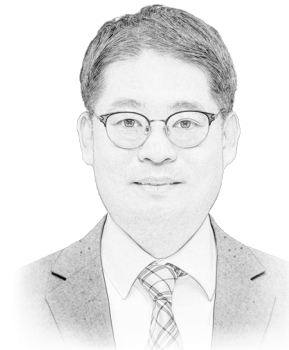
## Stakeholder Interview

We have taken steps to gather feedback from the stakeholders on their management activities by conducting interviews. We collected opinions mainly from stakeholders in the specialized area of ESG management through written interviews. Through these interviews, stakeholders were able to share their thoughts on ESG management-related trends and LX International's direction in ESG management.

Kim Dong Soo / Director of Kim & Chang ESG Management Research Institute

**“There is a requirement to establish norms and systems based on social consensus”**

As the EU Corporate Sustainability Reporting Directive (CSRD) and the International Sustainability Standards Board (ISSB) finalize their ESG disclosure regulations this year, the expectations and requirements for ESG disclosure quality and content are increasing. Against this backdrop, the 2023 Sustainability Report of LX International is a significant milestone that reflects its progress in shifting from voluntary to mandatory ESG disclosure. Especially, LX International has adapted various ESG regulations to suit LX International, assessed its business model from a sustainability perspective, and evaluated its significance. This is not only vital for clear stakeholder communication, but also for its ESG risk management. Therefore, LX International will need to maintain its attention and efforts beyond the current level. Moreover, I find it incredibly fitting that LX International has identified and addressed issues that are relevant to its business, such as climate change and safety, and moreover, LX International has measured, monitored, and communicated its performance related to them. While some ESG regulations have been applied uniformly at the global level, others are specific to each country. Therefore, LX International needs to monitor the ESG regulation status of each global business site more closely.



**“Carbon mitigation and eco-friendly business expansion are critical in corporate competitiveness in the future”**

As the climate crisis worsens, companies face growing pressure to reduce their greenhouse gas emissions from both inside and outside. Carbon reduction is no longer a choice but a necessity for gaining a competitive edge in today's world. LX International is aware of this and has been expanding its eco-friendly business portfolio by acquiring biomass power plants and LNG terminal businesses. I believe these strategies are vital for our long-term sustainability and success. Carbon neutrality is not only a challenge for LX International but also a responsibility for our society. We need to take proactive measures to achieve it. I hope that LX International will continue to pursue ESG management and enhance its environmental performance by developing more eco-friendly businesses and addressing climate risks.

Kim Nok Young / Head of Carbon Neutrality Office, Korea Chamber of Commerce and Industry

**“We can secure global competitive edge through enhanced ESG management and transparent disclosure”**

ESG management is all about becoming a ‘good company’ that delivers a positive impact through its business activities. This is not an easy task to accomplish. It requires convincing stakeholders that creating social value is good for business and finding solid methods to do so within the company. Publishing the Sustainability Report is a way of displaying our commitment to becoming a ‘good company’ after overcoming the many challenges and a milestone for ESG management. I hope that LX International will fulfill its promise and transform into a ‘good company’ with global competitiveness.



Lee Seung Yeol / President of Hana Bank

**“I will actively join the endeavor of LX International to create a sustainable future”**

My interest in social and environmental issues grew from taking a course called ‘ESG and Stakeholders’ in university. After witnessing the environmental destruction caused by plastic waste, the severity of climate change, and the COVID-19 pandemic firsthand, I realized how vital it is to create a healthy environment for the benefit of the earth. LX International is committed to creating a sustainable future in various fields such as resource development, trading, and new business. Its employees actively participate in resource recycling campaigns and local community contribution activities, contributing to the value creation for future generations. I believe that a company can only be competitive and grow exponentially if it communicates with its stakeholders and implements ESG management. I aspire to join with LX International's sustainable and positive impact and collaborate to create future energy.



Park Hye Rim / Staff of LX International Industrial Materials Team

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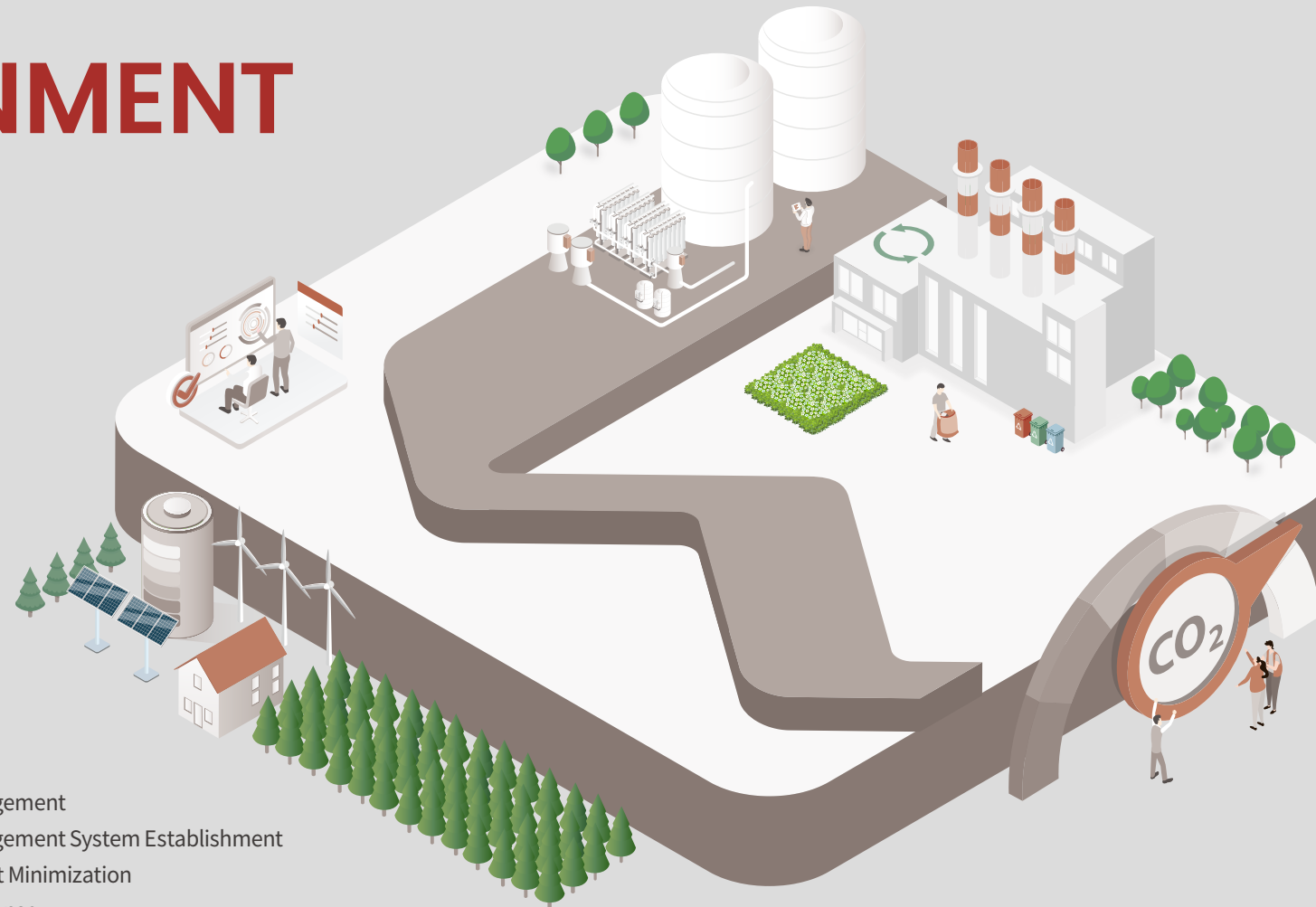
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Material Issue 1

# Environmental Management

## Environmental Management Structure

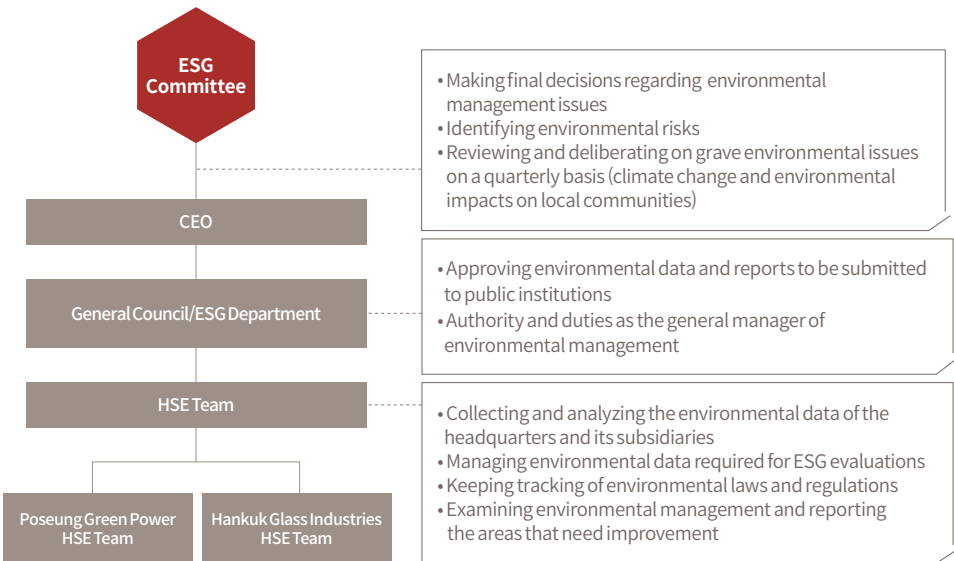
### Environmental Management System

With the aim of minimizing our environmental impact, LX International has established its environmental management aligned with the ESG management strategies. Based on our environmental policy, we have designed and carried out related activities. And the ESG Committee identifies environmental risks, and reviews and deliberates on grave environmental issues. As part of the effort to advance our environmental management, we have built a subsidiary risk management and environmental data reporting system to monitor and manage their environmental management.

### Organizational Structure for Environmental Management

Our ESG Committee is responsible for examining and deliberating on grave environmental issues, such as climate change or environmental impact on local communities. The HSE Team assumes the roles of collecting and analyzing environmental data, and fully managing environmental affairs while the Corporate Relations Team is in charge of carrying out tasks related to legal and ESG affairs and reporting their progress to the executives in charge of legal and ESG affairs. The CEO, top decision maker, and the ESG Committee are then informed according to our reporting system.

### Environmental Management Organizational Structure and Their Functions



### Our Environmental Management Policy

LX International has formulated its environmental management policy that guides us to shape an environment where human and nature coexist and thrive by achieving sustainable growth. We ensure our compliance with laws and regulations aimed at improving the environment, have set up better environmental management goals, and regularly updated them. A variety of activities will carry on to ramp up our environmental management according to the following policy.

### Environmental Management Policy

- 1 Compliance with environmental laws**  
We strictly comply with local and overseas environmental laws and agreements, and work together with local communities and customers to shape a sustainable society and environment.
- 2 Environmental management promotion**  
We establish a well-organized environmental management process to manage company-wide environmental data including our subsidiaries, as well as to enhance them.
- 3 Environmental impact minimization**  
We preserve biodiversity in the regions where we operate, and minimize our environmental impacts such as pollutants.
- 4 Eco-friendly culture dissemination**  
We train our employees to understand the significance of preserving the environment and engage in activities to improve it.
- 5 Environmental data disclosure**  
We publish sustainability reports to disclose our environmental data in a transparent manner, thereby earning greater trust from our stakeholders.

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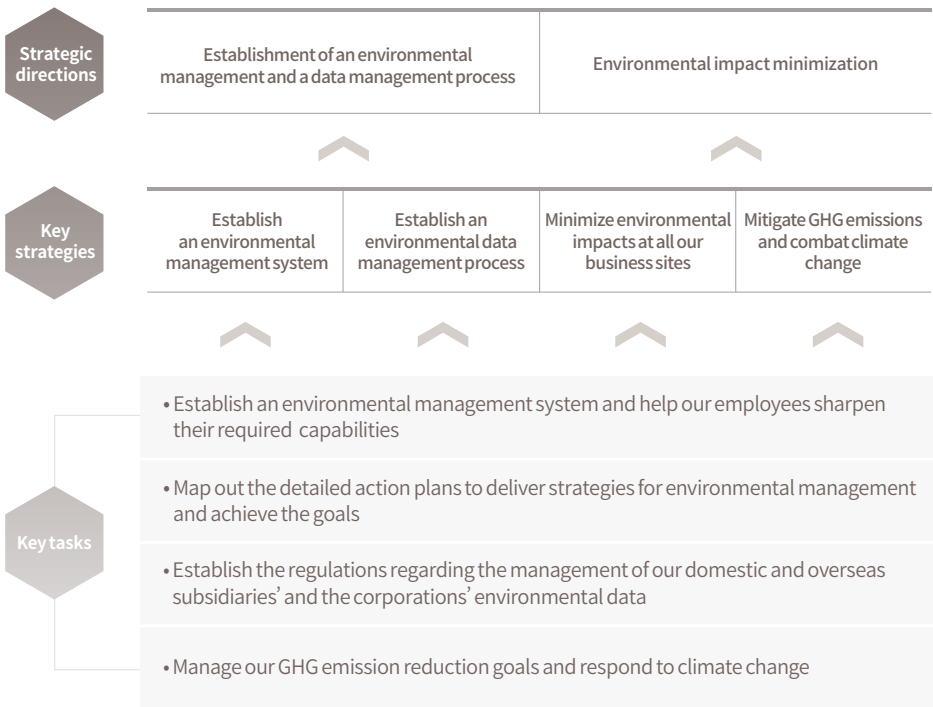
## Environmental Management Goals

### Mid- to Long-term Environmental Management Goals

#### Strategy and Goal

With the objective to minimize our adverse environmental impact that our business operations have, LX International has mapped out environmental management strategies. First, we have defined the directions for environmental management and the key strategies that will guide us through the systematic management of our environmental impacts, and the subsequent key tasks have been derived to attain the strategic goals. These tasks are being executed in line with the goals and plans over the short- mid- and long-term periods. Going forward, LX International will make the all-out efforts to deliver the tasks and achieve our strategic goals, thereby taking our environmental management capabilities to the next level, and advance our entire environmental management system.

#### Environmental Management Strategies



### Environmental Management Performance

#### Environmental Management System Establishment

In active response to environmental issues, we have established our environmental management and policy. As we are seeing environmental regulations tightened to a greater extent at home and abroad, we ensure that our company-wide environmental management system meets the stringent regulations and cater to the demand from stakeholders. Furthermore, we have formulated our environmental management policy aimed at achieving sustainable growth and environmental preservation, which will guide all our organizations and employees to minimize our negative environmental impacts. Additionally, we have launched an ESG Committee as the decision-making organization, with the goal of delivering environmental management in a systematic manner. The committee is responsible for examining our environmental vision and system, and will function as a supervisor over ESG matters through constant management and performance review.

#### Eco-friendly Business Expansion

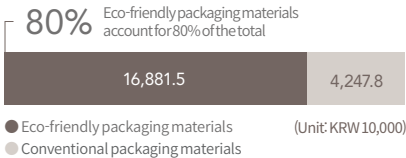
LX International is committed to embedding ESG management into every aspect of its business and laying the foundation for sustainable growth by building a green business portfolio. In recent years, we acquired Poseung Green Power and Hankuk Glass Industries, which clearly demonstrates our will towards our expansion into the green and materials sectors. The main business of Poseung Green Power is power generation using environmentally friendly renewable energy sources. It uses green biomass as fuels to generate electricity. Hankuk Glass Industries is a manufacturer of high-functional and green building materials which are an integral part of zero-energy buildings, such as smart glass products and insulation glass conducive to energy efficiency. It is equipped with green and high-efficiency facilities. In conjunction with our subsidiaries, we will push forward our boundaries in the green sector, and also broaden the scope of our environmental management.

#### Eco-friendly Logistics Facilitation

LX Pantos has carried out multiple activities to move forward environmental management. One of the representative efforts is the replacement of 80% of vinyl and plastic used as product subsidiary materials with eco-friendly packaging materials such as paper buffers and bubble paper, and paper tapes, which is a testament to LX Pantos being a leading player in the green logistics. Moreover, it has switched some of their shipments from trucks to rail transport, a more environmentally friendly mode of transportation, thereby reducing its GHG emissions.



Eco-friendly packaging materials



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## Eco-friendliness Internalization

### Environmental Education for Employees

#### Environmental Management Education at Overseas Corporations

LX International provides personnel in charge of environmental affairs with diverse educational courses so as to prevent the negative environmental impacts and accidents at overseas corporations. For example, in July 2022, the BNE conducted an emergency drill on the assumption that an oil leakage occurs due to poor management, with a total of 19 field workers and managers participating. Given the fact that the initial measure is significant in dealing with the oil leak, the drill was focused on enhancing their response capabilities, giving guidance on the immediate spread of the situation, and how to use their own equipment and items. At the palm oil plantation of GUM, the workers were trained on water quality management in December 2022. The content of training covers how to identify water contaminants and how to operate effluent treatment facilities, guiding them through the practical ways of minimizing water pollutants. The employees of PAM were educated on how to abide by Indonesian environmental laws, respond to the related evaluations, and mitigate the GHGs. On top of that, multiple educational programs under the diverse themes, including the HCV(High Conservation Value Area) monitoring and management, were offered.

#### PAM's Environmental Educational Programs in 2022

| Educational programs   | Content   | No. of participants |
|--|---|---------------------|
| Course for RSPO senior auditors  | Basic internal control, how to draw up a checklist, the understanding of how to conduct interviews and check on the documents                           | 2                   |
| PROPER (Program for Pollution Control Evaluation and Rating in Indonesia)-based environmental management | Backgrounds of environmental management education, evaluation criteria, strategies to meet the requirements of water quality, etc.                      | 2                   |
| Education on GHG emission mitigation   | How to use the measuring devices of GHG emissions   | 22                  |
| HCV (High Conservation Value Area) evaluation license education  | HCV evaluation and measures to monitor  | 1                   |
| HCV monitoring and management  | How to preserve HCV soils and how to monitor and manage HCS (High Carbon Stock)   | 21                  |
| Basic environmental education  | Environmental impact assessment and PROPER-based environmental management, residential and office environment, environmental safety for employees, etc. | 20                  |

#### Education on Toxic Chemical Substance Handling and TMS\* Operation

Poseung Green Power offered safety training on toxic chemical substances in accordance with the Enforcement Rule of the Chemicals Control Act. The training, which was mainly provided through an online platform, covered topics such as chemical toxicity, responding to chemical accidents, handling hazardous chemicals, and proper conduct. A total of 77 employees completed the course in 2022. Additionally, employees in the Power Generation and Operation Team received specialized education on operating TMS and disposing of the exhaust fumes. This education enabled them to maintain combustion exhaust gas concentrations below the levels defined by an organization under the Ministry of Environment and to comply with regulations concerning environmental preservation. In 2022, 24 employees in related departments received this education.

\*TMS(Tele Monitoring System) : It refers to a remote system that monitors pollutants emitted from business sites 24/7



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## Eco-friendly Campaign

### Multi-use Cup Usage Campaign

As part of the Gwanghwamun One Team initiative, we've set up a multi-use cup booth in our building to encourage employees to choose reusable cups over disposable ones. Employees can find these cups in lounges and tea-making rooms, and after use, they can place them in designated collection boxes. From there, specialized agencies collect the cups and put them through a 6-stage cleaning and disinfection process so they can be reused. Worn-out cups are crushed and reprocessed into raw materials for other multi-use products, creating a virtuous cycle.



### Energy Saving and Eco-friendly Culture

We are promoting a paperless culture in our office to reduce paper usage and eliminate unnecessary printouts. As part of this campaign, we use Teams for virtual meetings and electronic documents, reducing our environmental impact. We've also introduced a system that automatically turns off lights during non-working hours, such as lunch breaks. Additionally, we've installed energy-saving outlets for office machines to decrease our energy consumption.

### Eco-friendly Umbrella Sharing

With the purpose of disseminating a culture of eco-friendly sharing, LX Pantos placed additional eco-friendly umbrellas within the company in addition to the existing umbrella sharing service, which enables its employees to circumvent any inconvenience posed by the unexpected weather changes, and reduce their single-use umbrella consumption, thereby providing a higher level of convenience. This is part of the Gwanghwamun One Team Activity, a funding project that recycles the scrap of the paraglider fabric whose characteristics are water repellency and proofness into eco-friendly umbrellas. This project has allowed the company to replace single-use items and also seek out zero waste, thereby contributing to environment protection.



Eco-friendly umbrella for shared use

### Green Procurement

LX Pantos doesn't hesitate to invest in green business in diverse ways including the installation of eco-friendly plant equipment, and the procurement of green products and raw materials. The establishment of the Shihwa MTV Center utilizing environmentally friendly materials is in the pipeline, and the company expects it to mitigate carbon emissions by 159 tons per year. As part of the effort to improve energy efficiency, LX Pantos also replaced the lights with LED ones at the West Icheon Warehouse and the warehouse in Sweden, which, in turn, led to a 52% reduction in electric bills compared to the previous year. Additionally, it has managed its entire energy consumption on a monthly basis, including the amount of oils used at all centers, and replaced forklifts with electric ones. Likewise, LX Pantos has made constant investments in activities and campaigns aimed at improving the environment. In the years to come, it will maintain and scale up our green investments to go green in its logistics and curtail energy consumption.

### Eco-friendly Investments Made

Replaced lights with LED ones



52%

reduction in electricity bill compared to the previous level

Established Shihwa MTV Center using eco-friendly materials



159 tons

to be mitigated

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Material Issue 2

# Environmental Management System Establishment

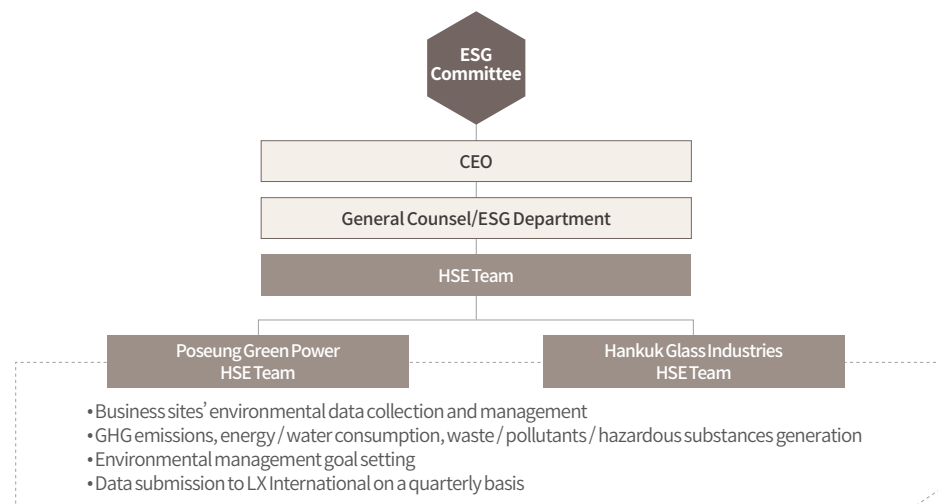
## Environmental Management System

With the purpose of minimizing our environmental footprint over the areas of toxic substances, waste, air pollutants, resources consumption, and water management, we built an environmental management system in December 2022. This system outlines the organization responsible for environmental management, its roles and responsibilities, our environmental management policy, and the process for managing environmental data. With this new system in place, we will expand the scope of our environmental management efforts and more closely manage our impact on the environment.

### Organization Dedicated to Environmental Management

An organization has been established to manage the environmental aspects at a company level, including the subsidiaries. Our ESG Committee identifies environment-related risks and reviews and deliberates on serious environmental issues. The executive responsible for ESG affairs, who also serves as the general manager of environmental management, has the authority and responsibility to approve data and reports for disclosure. The HSE Team is responsible for managing environmental performance against targets, providing environmental education and promotion, inspecting emission and prevention facilities, ensuring compliance with the relevant laws and regulations, and disclosing data. Additionally, we have appointed personnel in charge of environmental matters at our key subsidiaries, Poseung Green Power and Hankuk Glass Industries, to collect data on a quarterly basis, which has strengthened our system for collecting and managing environmental data.

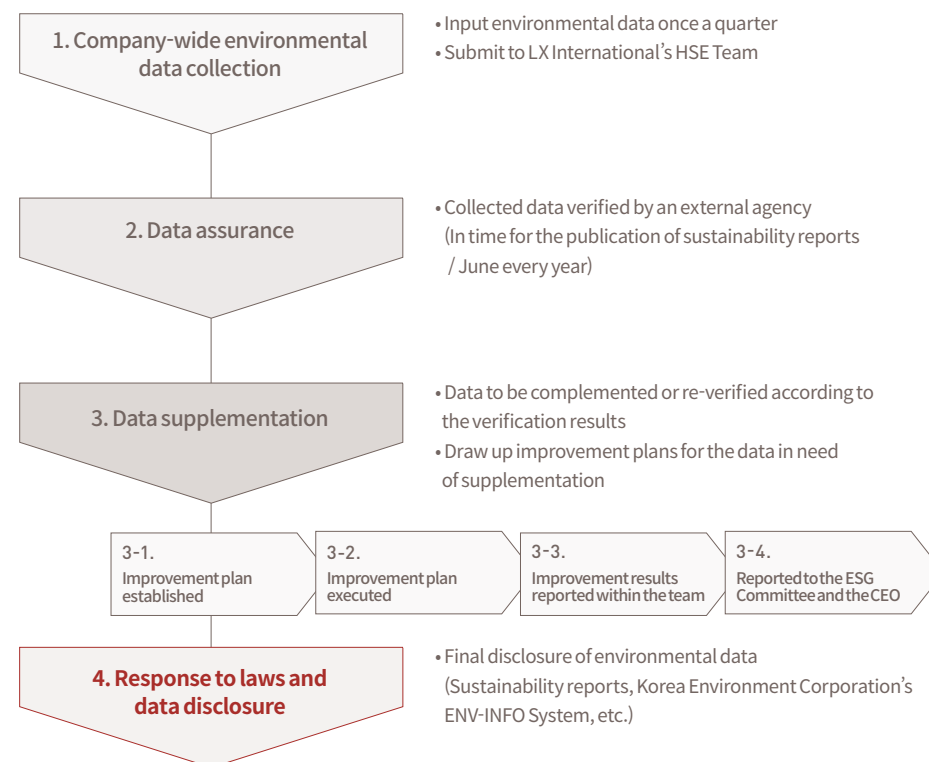
### Environmental Management Organizational Chart



## Environmental Impact Data Management

LX International has implemented an environmental data management process where environmental data is collected quarterly from across the company and undergoes external verification annually. Through this verification, we identify any data that needs to be supplemented and develop a plan to do so, ensuring our environmental impact management stays on track. We have also expanded the scope of our environmental management to include data from our subsidiaries. For any performance that falls short of our targets or data that may have a significant negative impact on the environment, we require appropriate action to be taken for improvement. LX International is committed to continuing this integrated data management, monitoring our environmental impact, complying with the laws and regulations, increasing communication with the stakeholders, and expanding disclosure in the future.

### Environmental Impact Data Management Process



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## Pollution and Resources Management

### Air Pollution Management

We have measured and managed air pollutants we generated pursuant to the applicable laws to minimize our adverse environmental impact. Poseung Green Power and Hankuk Glass Industries use the TMS to separately measure the emissions of SOx (Sulfur Oxides), NOx (Nitrogen Oxides), and dust. In case of an emergency, such as exceeding legal pollutant discharge limits, we immediately halt the discharge, provide a transparent account of the situation, and take corrective measures to prevent recurrence.

### Water Resources Management

#### Water and Recycled Water Management

As water management has come to the fore, we have managed our water consumption. As part of our water management efforts, we have been monitoring the water consumption at our main business sites to detect any sharp increases and take appropriate measures. At Poseung Green Power, we manage the use of industrial water, chemical make-up water, and tap water, and keep track of usage data. We have also installed filters to reuse wastewater from boilers as cooling, cleaning, or dilution water.

#### Water Pollution Management at Local Business Sites

Poseung Green Power fulfills its obligation to measure water quality by analyzing water pollution levels every quarter for quality control. Similarly, Hankuk Glass Industries conducts bi-annual analysis of its effluent to determine pollution levels and manages data on its effluent discharge, BOD, COD, and SS. To prevent water pollution, the voluntary monitoring of water quality will continue. We are committed to enhancing our water control measures and ensuring the proper disposal of wastewater to reduce our environmental impact.

#### Water Quality Management at Overseas Corporations

Our overseas corporations in Indonesia have joined PROPER (Program for Pollution Control Evaluation and Rating), which is driven by the Ministry of Environment and Forestry of Indonesia. The goal is to comply with environmental laws and maintain environmental management. As water pollution management is one of the evaluation areas, they have installed automated monitoring devices for water quality within their palm oil plantations. This allows them to monitor water quality-related figures, which are transparently reported to the Ministry of Environment and Forestry of Indonesia. Our corporations in Indonesia are now rated Blue and Green, and they are making every effort to achieve higher grades.

## Waste Generation and Management

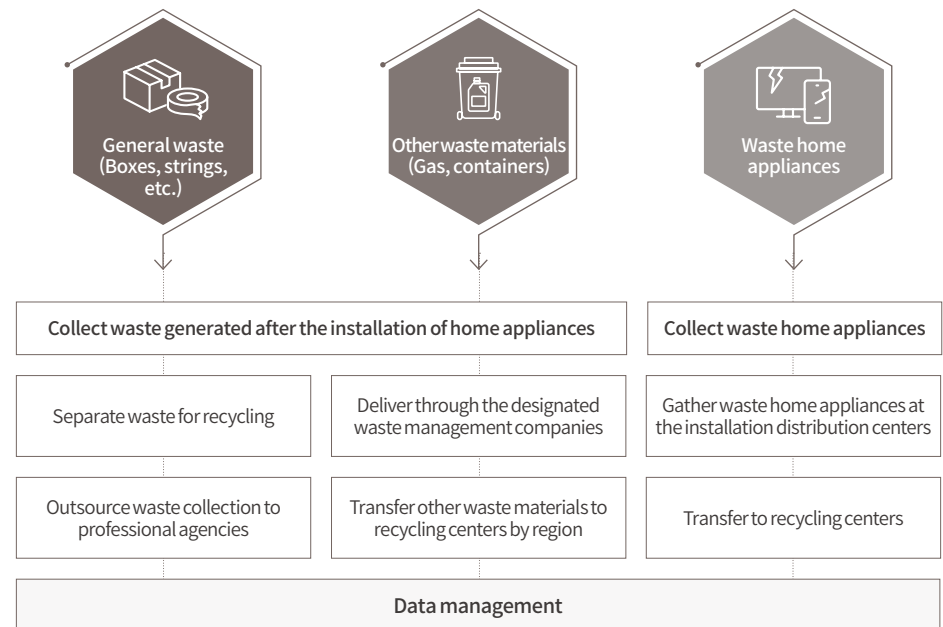
### Waste Management

LX International is committed to minimizing its environmental footprint by managing the amount of waste generated at its headquarters and subsidiaries. At our headquarters, we separate recyclable waste from domestic waste to better manage waste generation. Subsidiaries such as Poseung Green Power and Hankuk Glass Industries classify waste into several types according to their business nature and ensure that each type of waste is disposed of legally and appropriately.

#### LX Pantos Electronics Logistics Waste Management

LX Pantos manages the waste generated during the course of conducting the business of electronic logistics. The waste is classified into general waste, waste home appliances, and other waste materials (containers for refrigerant gas, etc.) to dispose of them according to the appropriate processes.

#### Electronic Logistics Waste Management Process



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Material Issue 4

# Environmental Impact Minimization

## Environmental Impact Mitigation

### Environmental Impact Assessment

Since 2016, Poseung Green Power has regularly conducted environmental impact assessments. These assessments examine the air and water quality, hygiene, public health, odor, soil, and eco-friendly resource circulation. They also survey the occurrence of environmental damage, concerns over potential damage, and the presence of legally protected flora and fauna in the region. The assessments comply with the relevant regulations and standards. In addition to monitoring the discharge of toxic substances, measures to lessen environmental impacts and the compliance with the related standards are monitored.

The post-environmental impact assessment showed that Poseung Green Power’s business operations did not cause any environmental damage or concerns. We thoroughly investigated the root causes of any specific impacts identified in the assessments and took follow-up measures. In particular, we found that some of the biomass we used exceeded quality standards during an assessment conducted in June 2022, so we issued a warning to our suppliers. The measurements of TMS and environmental quality showed that this issue did not cause any damage to the environment. However, we will continue to keep an eye on this issue through regular monitoring and manage our fuels seamlessly.

Environmental Impact Assessment Areas and Results

| Category                                 | Survey areas   | Survey types and criteria  | Survey results   | Measures taken   |
|--|--|--|--|------------------|
| Water quality, hygiene and public health | • General air pollutants<br>· NOx, SOx, PM10, CO, etc.   | • Standard methods for the examination of air<br>• Standard methods for the examination of persistent organic pollutants<br>• Field survey | • No damage incurred and no concerns over possible damage  | -                |
|  | • Toxic air pollutants<br>· HCl, Pb, As, Cd, Hg, etc.  |  |  |                  |
| Odor                                     | • Odor compounds   | • Air dilution olfactory method  | • Meager impact  | -                |
| Water quality                            | • Management of facilities for nonpoint pollutant reduction<br>· PH, BOD, COD, DO, SS, etc.  | • Standard methods for the examination of water<br>• Field surveys   | • Meager impact  | -                |
| Soil                                     | • Soil around oil storage tanks<br>· BTEX, TPH, heave metals   | • Field survey   | • Meager impact  | -                |
|  | • Pollution caused by hazardous air pollutants<br>· Cd, Cu, As, Hg, TPH, etc.  |  |  |                  |
| Noise                                    | • Equivalent noise level   | • Standard methods for the examination of noise and vibration<br>• Spot surveys four times a week  | • Meager impact  | -                |
| Eco-friendly resource circulation        | • Test of fuel quality   | • Quality test and the analysis of solid fuels   | • Abnormal quality of fuels<br>· Some of the unused forest biomass exceeding quality criteria in July 2022 | • Measures taken |
|  | • Incineration ash components and properties test  |  |  |                  |
|  | • Appropriate waste disposal, etc.   |  |  |                  |
| Flora and fauna                          | • Terrestrial plants<br>· Naturalized plants and hazard plants   | • Documentary survey<br>• Field survey   | • One legally protected species identified<br>• No damage incurred and no concerns over possible damage    | -                |
|  | • Terrestrial animals<br>· Mammals, birds, amphibians, reptiles, terrestrial insects, and their movement among habitats<br>· Presence of legally protected species, etc. |  |  |                  |

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## Local and Overseas Business Sites’ Activities for Ecosystem Conservation

### Monitoring of Legally Protected Species and Natural Monuments in Korea

In 2021, Poseung Green Power conducted an environmental impact assessment to monitor the presence of legally protected species and natural monuments in nearby areas. The assessment found that one bird species subject to legal protection inhabits near its business site. However, the company’s operations did not cause any damage to the environment or raise concerns about the potential harm.

### Overseas Corporations’ Activities for Ecosystem Conservation

#### – High Conservation Value Area Restoration

Our overseas corporations strive to reduce their negative impact on the environment and preserve the ecosystems near their business sites. In 2022, PAM conducted a field survey to define the boundaries of an HCV (High Conservation Value Area) and designated the region where its palm plantation is located as an HCV region. PAM is now working to protect this area and plans to transplant new seedlings from its tree nursery to help create and restore the ecosystem.

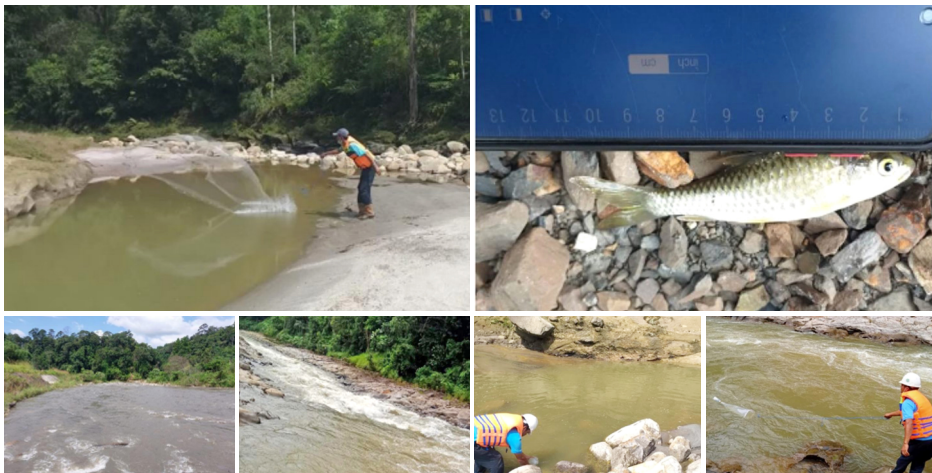
### Biodiversity and Water Quality Monitoring at BNE

BNE has been monitoring the ecology and habitats in nearby areas, analyzing the parameters such as stream water quality, stream biodiversity, and the presence of animals and plants. In 2022, their monitoring of stream life revealed that two types of fish live in the stream, one of which is a legally protected species. As a result, BNE has placed the signs around the stream to notify people that fishing and littering are prohibited. Their security team also monitors the area to take the appropriate action in case of any violations. Furthermore, BNE monitors the water quality to prevent habitat disturbance in compliance with the regulations set by the Indonesian government. In addition, BNE has been checking the flora and fauna, including mammals, and monitoring for any accidents caused by its business operations. LX International is committed to managing its operations in a way that does not harm biodiversity and preserves the ecosystem.

### Results of underground water and steam health analysis

|   |  |               |      |             |                |              |    |           |     |
|---|--|---------------|------|-------------|----------------|--------------|----|-----------|-----|
| <div>BNE 법인</div> <div>수질 모니터링 결과</div> |  | 지하수 수질 분석 결과  |      |             |                | 하천수 수질 분석 결과 |    |           |     |
|   |  | 구분            | 단위   | 결과          | 기준치            | 구분           | 단위 | 조사 지역별 결과 | 기준치 |
|   |  | 온도            | ℃    | 25.4        | 1~15℃ Air temp |              |    | Ⅰ         | Ⅱ   |
|   |  | 총 용존 고형물(TSS) | mg/l | 137         | 1,000          |              |    | Ⅲ         |     |
|   |  | pH            | NPd  | 5.43        | -              |              |    |           |     |
|   |  | 탁도            | -    | Obscureness | Obscureness    |              |    |           |     |
|   |  | 중금속           | -    | Traceless   | Traceless      |              |    |           |     |
|   |  | 비소            | mg/L | 6.28        | 50             |              |    |           |     |
|   |  | 수은 (mg)       | mg/l | <0.001      | 0.001          |              |    |           |     |
|   |  | 카드뮴 (mg)      | mg/l | <0.002      | 0.05           |              |    |           |     |
|   |  | 망간 (mg)       | mg/l | 0.08        | 1              |              |    |           |     |
|   |  | 황산의           | mg/l | 0.28        | 1.5            |              |    |           |     |
|   |  | 아모늄 질산        | mg/l | <0.001      | 0.005          |              |    |           |     |
|   |  | 질산 질산염        | mg/l | 52          | 500            |              |    |           |     |
|   |  | 아세트산          | mg/l | <0.01       | 0.05           |              |    |           |     |
|   |  | 염산 (mg)       | mg/l | 0.04        | 0.5            |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | 1.47        | 10             |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | <0.004      | 1              |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | 7.38        | -              |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | <0.001      | 0.01           |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | 0.05        | 15             |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | <0.01       | 0.1            |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | 6.21        | 400            |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | <0.01       | 0.05           |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | <0.05       | 0.05           |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | 5.21        | 10             |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | 9           | 40             |              |    |           |     |
|   |  | 아세트산염 (mg)    | mg/l | 6           | 50             |              |    |           |     |

2022년 5월



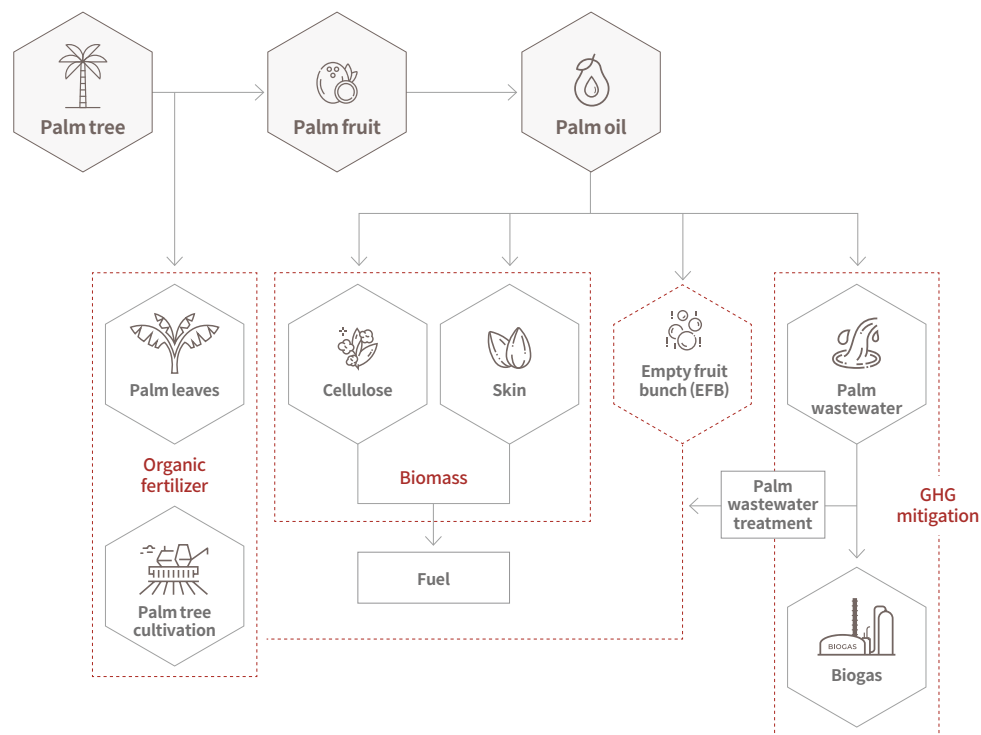
Stream creatures monitoring activity

## Sustainable Palm Oil Plantation Operation

### Eco-friendly Operation System of Palm Oil Plantations

As part of our resource development efforts, LX International operates palm oil plantations. We are committed to maximizing productivity while minimizing our environmental impact. To achieve this, we have adopted a ‘Zero Waste’ approach, and forged a circulation system that utilizes the byproducts generated during palm oil manufacturing for other purposes. With the growing demand for environmentally friendly palm oil, we plan to increase our trading volume through the sustainable operation of our plantations over the mid- to long-term period.

#### Resource Circulation Structure of PAM’s Palm Plantation



### RSPO (Roundtable on Sustainable Palm Oil) Certification Obtained

The WWW (World Wide Fund), an international NGO, founded RSPO (Roundtable on Sustainable Palm Oil) in 2004 to promote the eco-friendly development of the palm plantations and production. The RSPO, which includes 54 NGOs, issues certifications to palm plantations that meet its eight principles and 43 criteria. Our PAM corporation has been working to acquire the RSPO certification since 2018 and obtained it in March 2023, making its company-operated plantation the 6th RSPO-certified one in Kalimantan, Indonesia. This achievement demonstrates PAM’s commitment to environmental values and efforts. LX International will continue to work towards green palm oil production and distribution to maintain its certification.



RSPO certification obtained by PAM

#### 8 principles of the RSPO

- ① Commitment to Transparency
- ② Compliance with Applicable Laws and Regulations
- ③ Commitment to Long-term Economic and Financial Viability
- ④ The Use of Appropriate Best Practices by Growers and Millers
- ⑤ Environmental Responsibility and Conservation of Natural Resources and Biodiversity
- ⑥ Responsible Consideration of Employees, and of Individuals and Communities Affected by Growers and Mills
- ⑦ Responsible Development of New Plantings
- ⑧ Commitment to Continuous Improvement in Key Areas of Activity



RSPO certification logo

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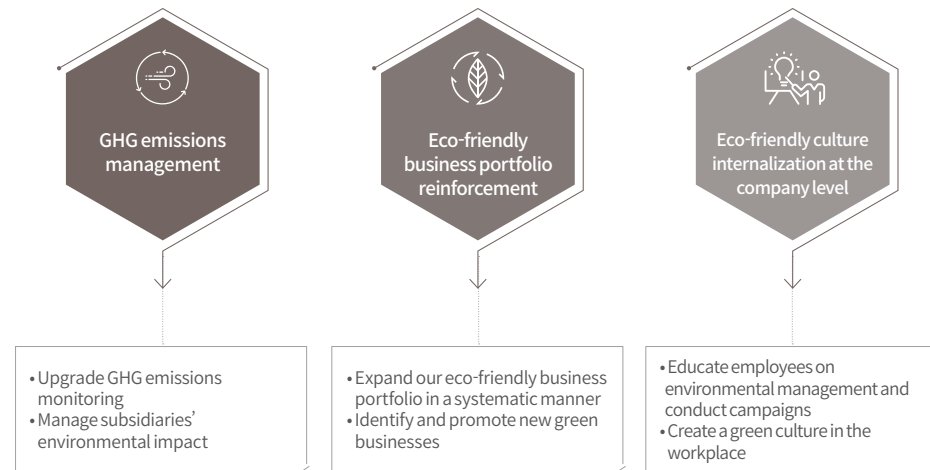
Material Issue 5

# Climate Change Response

## Climate Change Response Strategies

### Climate Change Response System

In response to climate change, LX International has been establishing its system to respond to climate change, taking into account local and international energy and climate change policies, as well as its own business strategies. LX International plans to manage its GHG emissions, promote new green businesses, and strengthen its eco-friendly business portfolio.



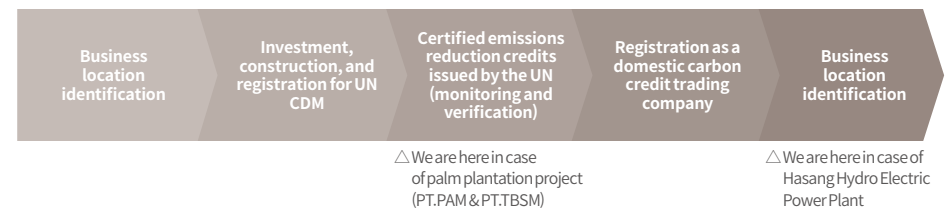
### Voluntary Joining of the Carbon Disclosure Project (CDP)

LX Pantos voluntarily became a member of the Carbon Disclosure Project (CDP) in July 2022. The CDP requires companies to disclose their response to climate change and relevant data. And based on which, it publishes the annual reports of firms. The reports are recognized for high reliability, which is evidenced by the utilization as guidelines for investment by global financial institutions. In the years to come, LX Pantos will disclose its GHG emissions, water consumption, and climate change response strategies through the CDP.

### GHG Emissions Mitigation Project – CDM (Clean Development Mechanism)

GHG emissions reduction is a challenging task that all nations must undertake. In response to the Paris Agreement, the Korean government has tightened related regulations, including setting its NDC (Nationally Determined Contribution). Against this backdrop, to join the efforts to cut down on GHGs, LX International is applying CDM projects to our palm plantations and Hasang Hydro Electric Power Plant, capitalizing on its experience in developing GHG emissions reduction businesses and securing carbon credits. Clean Development Mechanism (CDM) allows countries to earn CERs (certified emissions reductions) by implementing emission reduction projects in developing countries. These credits can be sold and are equivalent to the amount of emissions reduced through the project. Under the Paris Agreement, the CDM business under the Kyoto Protocol is set to transition to the SDM (Sustainable Development Mechanism). This business model provides a foundation for sustainable business practices by allowing companies to use CERs to meet their GHG mitigation targets. Our Hasang Hydro Electric Power Plant has been recognized for its emission reductions, which are achieved through the use of hydro power instead of fossil fuels. As a result, we have secured 200,000 tons of certified emissions credits per year, which are counted as domestic carbon credits. LX International is currently installing GHG mitigation equipment in its palm plantation to reduce carbon emissions and earn carbon certified emissions reductions (carbon credits). In addition to our own plantation, we are also implementing this GHG mitigation business in external and new palm plantations. In the future, we plan to adopt new technologies to expand our carbon credit business and explore alternative markets to further lesson GHG emissions.

### CDM Business Process



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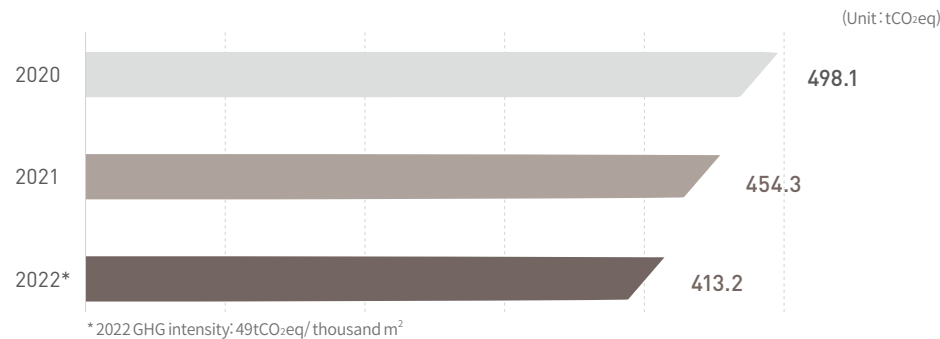
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## GHG Mitigation Efforts

### GHG Emissions Management

LX International is committed to managing and monitoring its GHG emissions every year. Starting in 2023, we will expand our management scope to include our subsidiaries and assist them in developing and implementing the measures to reduce emissions. We are dedicated to joining the global effort to combat climate change through consistent management and will continue to take proactive steps in the years ahead.

#### GHGs emitted form LX International' headquarters

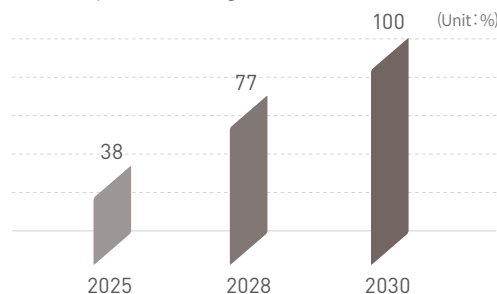


### Carbon Mitigation through the Transition to Zero-emissions Cars

In March 2022, LX Pantos joined the K-EV100, the Korean transition project towards zero-emission cars driven by the Ministry of Environment, declaring its goal of transitioning to 100% pollution-free vehicles. To reach net-zero in the transport sector as well as to improve air quality, LX Pantos will shift its owned and rented vehicles to 100% electric or hydrogen fuel cell vehicles.



#### <Roadmap for Mid-to-Long Term Transition to Pollution-free Vehicles>

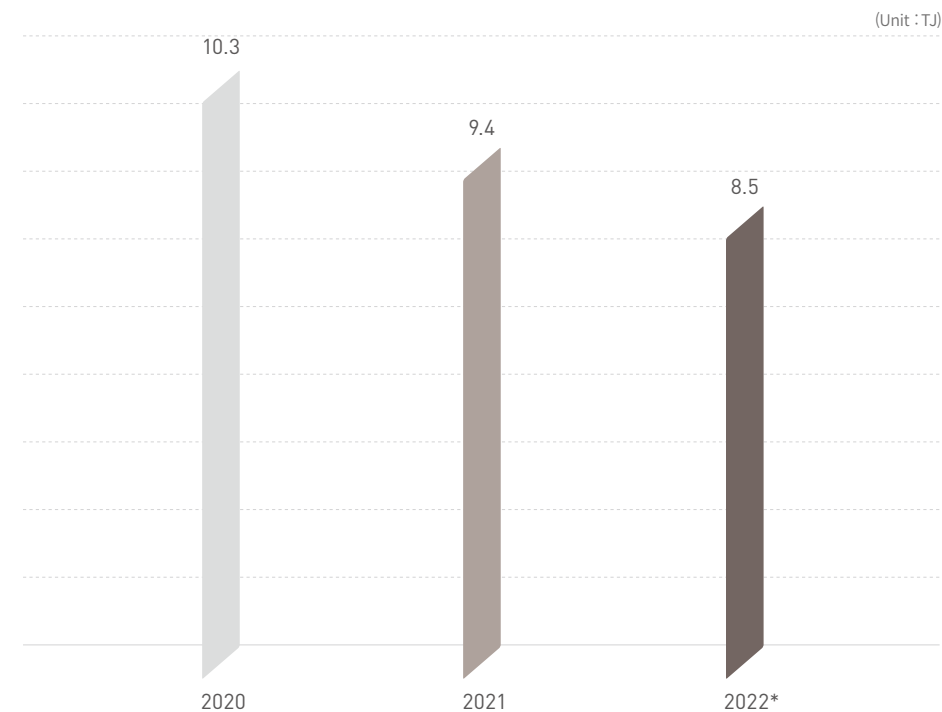


## Energy Consumption

### Energy Management Activities

We are committed to managing our energy use sustainably and improving our energy efficiency. This includes our subsidiaries, where we separate stationary and mobile combustion for better management. Hankuk Glass Industries has invested in high-efficiency glass tanks and installed natural gas combustion equipment to save energy. These changes have resulted in a 20% reduction in energy consumption and GHG emissions. In addition, the introduction of energy-efficient facilities for energy transition has resulted in the energy savings of 5% to 10%. LX International has also taken steps to reduce energy consumption by replacing lights with high-efficiency LEDs and optimizing the usage schedule of lights in public areas in our Gwanghwamun office building to curtail energy consumption.

#### Our energy consumption



\* 2022 energy intensity: 0.001TJ / thousand m<sup>2</sup>

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# Environmental Data

## GHG Emissions

### LX International

| Category                         | Unit                | 2020  | 2021  | 2022  | Remarks |
|----------------------------------|---------------------|-------|-------|-------|---------|
| Direct GHG emissions (Scope 1)   | tCO <sub>2</sub> eq | -     | -     | -     |         |
| Indirect GHG emissions (Scope 2) | tCO <sub>2</sub> eq | 498.1 | 454.3 | 413.2 |         |
| Total GHG emissions              | tCO <sub>2</sub> eq | 498.1 | 454.3 | 413.2 |         |

### LX Pantos

| Category                         | Unit                | 2020   | 2021   | 2022   | Remarks |
|----------------------------------|---------------------|--------|--------|--------|---------|
| Direct GHG emissions (Scope 1)   | tCO <sub>2</sub> eq | 35,924 | 35,901 | 25,181 |         |
| Indirect GHG emissions (Scope 2) | tCO <sub>2</sub> eq | 8,066  | 8,388  | 9,450  |         |
| Total GHG emissions              | tCO <sub>2</sub> eq | 43,990 | 44,289 | 34,631 |         |

### Poseung Green Power

| Category                         | Unit                | 2020  | 2021  | 2022  | Remarks |
|----------------------------------|---------------------|-------|-------|-------|---------|
| Direct GHG emissions (Scope 1)   | tCO <sub>2</sub> eq | 191   | 189   | 224   |         |
| Indirect GHG emissions (Scope 2) | tCO <sub>2</sub> eq | 1,024 | 832   | 937   |         |
| Total GHG emissions              | tCO <sub>2</sub> eq | 1,215 | 1,021 | 1,161 |         |

### Hankuk Glass Industries

| Category                         | Unit                | 2020    | 2021    | 2022    | Remarks |
|----------------------------------|---------------------|---------|---------|---------|---------|
| Direct GHG emissions (Scope 1)   | tCO <sub>2</sub> eq | 236,314 | 211,945 | 184,889 |         |
| Indirect GHG emissions (Scope 2) | tCO <sub>2</sub> eq | 38,210  | 45,259  | 41,490  |         |
| Total GHG emissions              | tCO <sub>2</sub> eq | 284,408 | 257,200 | 226,376 |         |

## Energy Consumption

### LX International

| Category                 | Unit            | 2020    | 2021    | 2022    | Remarks |
|--------------------------|-----------------|---------|---------|---------|---------|
| Gas                      | Nm <sup>3</sup> | 75,108  | 81,577  | 77,844  |         |
| Electricity              | kWh             | 741,433 | 613,129 | 540,097 |         |
| Total energy consumption | TJ              | 10.3    | 9.4     | 8.5     |         |

### LX Pantos

| Category                         | Unit            | 2020       | 2021       | 2022      | Remarks |
|----------------------------------|-----------------|------------|------------|-----------|---------|
| Electric power                   | MWh             | 17,300     | 18,259     | 20,571    |         |
| LNG                              | Nm <sup>3</sup> | 126,504    | 112,066    | 122,842   |         |
| Diesel                           | L               | 13,305,144 | 13,353,183 | 9,301,652 |         |
| Gasoline                         | L               | 99,978     | 92,916     | 88,823    |         |
| Others (kerosene for indoor use) | L               | 1,392      | 0          | 0         |         |
| Total energy consumption         | TJ              | 677        | 687        | 557       |         |

### Poseung Green Power

| Category                 | Unit        | 2020          | 2021          | 2022          | Remarks       |
|--------------------------|-------------|---------------|---------------|---------------|---------------|
| Mobile combustion        | Gasoline    | MJ            | 47,541        | 45,177        | 66,054        |
|                          | Diesel      | MJ            | 2,534,787     | 2,512,125     | 2,963,188     |
| Stationary combustion    | Bio-SRF     | MJ            | 3,130,263,366 | 2,895,434,274 | 2,861,711,234 |
|                          | Unused wood | MJ            | 102,173,029   | 305,970,309   | 207,987,498   |
|                          | Diesel      | MJ            | 40,948        | 44,725        | 29,652        |
| Total energy consumption | MJ          | 3,235,018,722 | 3,203,961,885 | 3,072,727,973 |               |

### Hankuk Glass Industries

| Category                 | Unit     | 2020                     | 2021          | 2022          | Remarks |
|--------------------------|----------|--------------------------|---------------|---------------|---------|
| Mobile combustion        | Gasoline | KL                       | 36            | 33            | 12      |
|                          | Diesel   | KL                       | 374           | 409           | 374     |
| Stationary combustion    | B-C coil | KL                       | 53,413        | 37,380        | 34,694  |
|                          | LNG      | Thousand Nm <sup>3</sup> | 53,413        | 24,115        | 17,846  |
|                          | Diesel   | KL                       | 12            | 21            | 34      |
|                          | Kerosene | KL                       | 7             | 25            | 34      |
|                          | Propane  | ton                      | 15            | 12            | 5       |
| Total energy consumption | MJ       | 2,827,282,986            | 2,617,261,290 | 2,234,492,306 |         |

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Waste Generation

LX International

| Category                        | Unit | 2020   | 2021   | 2022   | Remarks  |
|---------------------------------|------|--------|--------|--------|--|
| Household waste                 | kg   | 38,869 | 40,035 | 33,161 | Total amount of generation in the building X Ratio of dedicated area |
| Recycled waste                  | kg   | 7,274  | 5,799  | 4,339  |  |
| Total amount of waste generated | kg   | 46,143 | 45,834 | 37,500 |  |

LX Pantos

| Category      | Unit | 2020 | 2021 | 2022 | Remarks   |
|---------------|------|------|------|------|---|
| General waste | Ton  | -    | 384  | 419  | Calculated from 2021 according to the waste generation calculation methodology set by the Ministry of Environment |

\* In the case of LX Pantos, the management of designated waste (other waste materials and waste electronics) is handled by LG Electronics and other external treatment companies.

Poseung Green Power

| Category                        | Unit | 2020   | 2021   | 2022   | Remarks |
|---------------------------------|------|--------|--------|--------|---------|
| General waste                   | Ton  | 23,710 | 24,972 | 28,665 |         |
| Designated waste                | Ton  | 40     | 113    | 34     |         |
| Total amount of waste generated | Ton  | 23,750 | 25,084 | 28,665 |         |

Hankuk Glass Industries

| Category                        | Unit | 2020  | 2021  | 2022  | Remarks |
|---------------------------------|------|-------|-------|-------|---------|
| Designated waste                | Ton  | 1,073 | 963   | 695   |         |
| General waste                   | Ton  | 2,393 | 2,794 | 5,323 |         |
| Total amount of waste generated | Ton  | 3,466 | 3,757 | 6,018 |         |
| Waste recycling rate            | %    | 58    | 64    | 74    |         |

Water Management

LX International

| Category          | Unit | 2020   | 2021   | 2022  | Remarks |
|-------------------|------|--------|--------|-------|---------|
| Water consumption | Ton  | 11,886 | 10,797 | 8,298 |         |

LX Pantos

| Category          | Unit | 2020   | 2021  | 2022   | Remarks |
|-------------------|------|--------|-------|--------|---------|
| Water consumption | Ton  | 17,426 | 9,541 | 14,216 |         |

Poseung Green Power

| Category                           | Unit                     | 2020      | 2021      | 2022      | Remarks |
|------------------------------------|--------------------------|-----------|-----------|-----------|---------|
| Industrial water consumption       | Ton                      | 1,016,185 | 1,063,225 | 1,032,718 |         |
| City water (tap water) consumption | Ton                      | 5,066     | 3,626     | 2,649     |         |
| Recycled water                     | Medication make-up water | 896       | 896       | 896       |         |
|                                    | Site cleaning water      | 20,658    | 20,658    | 20,658    |         |
| Total water consumption            | Ton                      | 1,042,805 | 1,088,405 | 1,056,921 |         |

Hankuk Glass Industries

| Category                           | Unit | 2020    | 2021    | 2022    | Remarks |
|------------------------------------|------|---------|---------|---------|---------|
| Industrial water consumption       | Ton  | 77,094  | 92,706  | 110,161 |         |
| City water (tap water) consumption | Ton  | 267,042 | 259,060 | 215,587 |         |
| Total water consumption            | Ton  | 344,136 | 351,766 | 325,748 |         |

Water Pollutant Management

Poseung Green Power

| Category                             | Unit | 2020    | 2021    | 2022    | Remarks |
|--------------------------------------|------|---------|---------|---------|---------|
| BOD                                  | ppm  | 2       | 1       | 1       |         |
| COD                                  | ppm  | 12      | 9       | 8       |         |
| SS                                   | ppm  | 7       | 6       | 8       |         |
| Total amount of wastewater treatment | Ton  | 278,336 | 291,165 | 268,794 |         |

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Air Pollutant Management

Poseung Green Power

| Category                       | Unit | 2020   | 2021   | 2022   | Remarks |
|--------------------------------|------|--------|--------|--------|---------|
| Sulfur oxides (SOx) emissions  | kg   | 754    | 0      | 0      |         |
| Nitrogen oxide (Nox) emissions | kg   | 43,045 | 33,275 | 37,085 |         |
| Dust emissions                 | kg   | 1,252  | 1,445  | 1,527  |         |
| Total air pollutant emissions  | Ton  | 45,051 | 34,721 | 38,612 |         |

Hankuk Glass Industries

| Category                       | Unit | 2020    | 2021    | 2022    | Remarks |
|--------------------------------|------|---------|---------|---------|---------|
| Sulfur oxides (SOx) emissions  | kg   | 991,515 | 740,749 | 659,097 |         |
| Nitrogen oxide (NOx) emissions | kg   | 657,580 | 579,525 | 520,908 |         |
| Dust emissions                 | kg   | 31,080  | 20,014  | 10,104  |         |
| Total air pollutant emissions  | Ton  | 1,680   | 1,340   | 1,190   |         |

Eco-friendly Vehicle

LX International

| Category                     | Unit   | 2020 | 2021 | 2022 | Remarks |
|------------------------------|--------|------|------|------|---------|
| Zero-emission vehicles owned | No. of | 20   | 20   | 20   |         |
| Total corporate vehicles     | No. of | 30   | 29   | 29   |         |

Environmental Education

LX International

| Category                                       | Unit   | 2020 | 2021 | 2022 | Remarks                  |
|--|--------|------|------|------|--------------------------|
| No. of participants in environmental education | Person | 4    | 5    | 48   | Based on PAM corporation |

Poseung Green Power

| Category                                       | Unit   | 2020 | 2021 | 2022 | Remarks |
|--|--------|------|------|------|---------|
| No. of participants in environmental education | Person | -    | 78   | 77   |         |

Environmental Investments and Expenditures

Poseung Green Power

| Category  | Unit | 2020          | 2021          | 2022          | Remarks   |
|---|------|---------------|---------------|---------------|---|
| Investment in air pollution prevention facilities   | KRW  | 1,483,087,140 | 1,441,541,630 | 2,086,842,160 | Facility investment and anti-pollution chemical cost included |
| Investment in water pollution prevention facilities | KRW  | 5,525,090     | 37,486,360    | 29,458,500    |   |
| Total   | KRW  | 1,488,612,230 | 1,479,027,990 | 2,116,300,660 |   |

Hankuk Glass Industries

| Category   | Unit | 2020        | 2021          | 2022          | Remarks |
|--|------|-------------|---------------|---------------|---------|
| Investment in filter dust collector facilities   | KRW  | 31,225,000  | 17,300,000    | 98,330,000    |         |
| Investment in electrostatic precipitator and SCR | KRW  | 199,616,000 | 51,361,000    | 46,144,000    |         |
| Water facility maintenance                       | KRW  | 30,000,000  | 34,079,000    | 26,346,000    |         |
| Installation of CCBF                             | KRW  | -           | 6,330,000,000 | 8,190,000,000 |         |
| Total  | KRW  | 260,841,000 | 6,432,740,000 | 8,360,830,000 |         |

Violation of Environmental Laws

LX International

| Category                                     | Unit | 2020 | 2021 | 2022 | Remarks |
|--|------|------|------|------|---------|
| No. of violations                            | Case | 0    | 0    | 0    |         |
| Amount of fines related to violation of laws | KRW  | 0    | 0    | 0    |         |

※ Scope of environmental data: headquarters of LX International, headquarters and domestic business sites of LX Pantos, Pyeongtaek site of Poseung Green Power, Gunsan plant of Hankuk Glass Industries

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Material Issue 3 Social Contribution Activities

Social Contribution System

Social Contribution Activity System

LX Group's core values are 'link', 'future', and 'human'. LX International is committed to fulfilling our corporate social responsibility through various social contribution activities that are aligned with the company's key competencies with the goal of a 'shared life'. To accommodate the characteristics of local communities, we have separately established social contribution plans and support directions for domestic and international activities. We plan to continue implementing the existing social contribution systems in 2023, including providing donations, material support, and talent volunteering. For global social contribution, we have allocated a budget of approximately USD 1.14 million to promote a shared life with local communities, create a harmonious environment through talent donations, and support environmental improvements.

Our Contribution Policy to Engage in Local Communities

| Category          | Domestic social contribution  | Global social contribution  |
|-------------------|---|---|
| Direction         | <ul style="list-style-type: none"><li>Activities centered around the core values of LX Group, focusing on 'future' and 'human'</li></ul>  | <ul style="list-style-type: none"><li>Collaborative activities with local communities near the overseas business sites for a 'shared life'</li></ul>  |
| Beneficiaries     | <ul style="list-style-type: none"><li>Children, youth, and natural environment for the 'future' of the next generation</li><li>Vulnerable groups in society for a 'human' centered approach</li></ul>   | <ul style="list-style-type: none"><li>Local communities and residents near overseas corporations</li><li>Local environment</li></ul>  |
| Support direction | <ul style="list-style-type: none"><li>Donation of funds and goods</li><li>Remote talent donation through non-face-to-face means</li><li>Environmental / safety protection activities</li></ul>  | <ul style="list-style-type: none"><li>Support for talents and local economies utilizing the capabilities of the overseas business</li><li>Support for the improvement of the living environment and the health of local residents</li><li>Support for the restoration of the natural environment</li></ul>  |
| UN SDGs           | <div></div> | <div></div> |

In-house Volunteer Group 'LEXT'

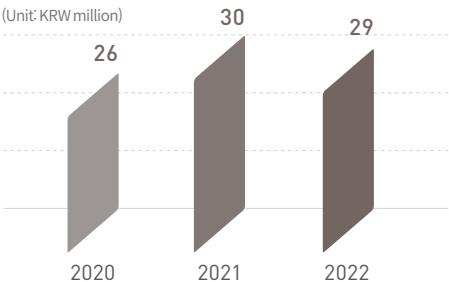
LX International operates an in-house volunteer group 'LEXT' to support employee participation in volunteer activities, donations, material support, talent donations, and environmental / safety protection initiatives. In addition to various domestic social contribution activities, we organize volunteer activities such as blood donation campaigns and charity events to encourage employee engagement. We plan to organize and implement the volunteer activities at least once a month, led by LEXT members, and also encourage and facilitate participation.



Matching Grant System

LX International operates a 'Matching Grant System' in which the company matches the amount donated by employees. Since 2018, we have been steadily accumulating employee donations through the Matching Grant System. In 2022, approximately 150 million KRW of donated funds, including matching grants and employee salaries, were used to support social contribution projects.

Yearly Employee Donation Amount



Operation of Local Community Consultation Channel

To minimize the negative impacts on local communities and foster communication, we operate a consultation channel. The employees of overseas corporations and area residents in the vicinity are free to express their opinions to the responsible personnel at LX International regarding any issues related to farm operations. The responsible personnel review the received feedback from the local community, determine whether to incorporate it, and establish the feedback measures to take appropriate actions.

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## Social Contribution Programs and Activities

### 2022 Domestic Social Contribution Activities

LX International actively participated in various social contribution activities to support local communities. We provided temporary shelters and essential supplies to the victims of the wildfire in Uljin, as well as supported the reconstruction of damaged houses by providing building materials. Additionally, we supported the maintenance of the facilities and implemented recreational programs for children at community child centers in Jongno-gu, creating a better living environment for underprivileged children. As a result of these activities, we received recognition such as the ‘outstanding volunteer enterprise’ commendation from Jongno-gu Office on the volunteers’ day and a certificate of appreciation from the ‘Community Child Center of Playful Explorers School’ in Jongno-gu for our volunteering and donation efforts. We also received the ‘Bronze Partner’ award at the Make-A-Wish Foundation’s 20th-anniversary event, ‘Night of Hope’. LX International plans to continue collaborating with local community organizations and institutions to sustain our social contribution activities in the future.

### Participation in Gwanghwamun One Team Activities

LX International actively participates in collaborative activities to promote the well-being of the Gwanghwamun and Jongno-gu communities where our headquarters is located. Through the Gwanghwamun One Team’s initiative, which brings together 20 local businesses, organizations, and associations, we engage in activities that support local small business owners and promote community development. We also provide assistance to marginalized groups such as people with disabilities, the elderly, youth, and multicultural families. In addition, we actively participate in environmental protection and energy-saving campaigns. In 2022, we provided nutritious meals to elderly individuals living alone, organized a marketplace for products from areas affected by wildfires, implemented navigation services to improve pedestrian accessibility for people with disabilities, and conducted blood donation campaigns.



Inauguration ceremony of Gwanghwamun One Team’s volunteer corps



Blood donation event



Charity market for specialties produced at areas affected by wild fires



Chicken soup sharing event for elderly living alone in Jongno-gu

### Supporting Areas Affected by Wild Fires

LX International conducted disaster relief activities to support the victims and local community affected by the wildfire in Uljin. We provided immediate assistance to the residents who lost their homes by offering reconstruction materials for the damaged houses, as well as a temporary shelter and emergency supplies. Additionally, we extended support for recovery efforts, including financial assistance as needed. Moving forward, we will continue to share the pain of the local community and bring hope to our society through various acts of sharing, including support for disaster victims.



Providing emergency supplies to disaster victims



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**Support for Vulnerable Children in Jongno-gu**

Since 2022, LX International has been actively involved in supporting vulnerable children in the Jongno-gu area through the volunteer group ‘LEXT’ comprised of its employees. We have provided assistance to 37 children in three community child centers in Jongno-gu, including donations, sports programs, and sports events. We have also supported facility repairs such as addressing wall leaks and replacing outdated air conditioning units in the centers. In addition, we have planned various cultural activities to enhance the children’s cultural experiences, including historical tours, musical performances, baking workshops, and bowling competitions.



Donation handover ceremony



Supporting sports program for children

**Support for Orphanage in Yangpyeong**

Shinmangwon, an orphanage located in Yangpyeong, Gyeonggi Province, provides protection and care for a total of 33 children. We have been supporting the children in the facility by organizing various cultural and experiential activities. In the first half of 2023, our employee volunteer group arranged a fun-filled outing to an amusement park for the children. We have also contributed financially to improve the living environment of the facility, including renovating the interior spaces. Additionally, we have made donations to support a wide range of activities for the children’s well-being and development.



Support for Orphanage in Yangpyeong



**Make-A-Wish Activity**

We are actively involved in the ‘Make-A-Wish’ program, which aims to fulfill the wishes of children with incurable illnesses. Through this program, we provide support to children in need, helping them experience positive emotional and psychological changes, fostering a positive mindset, and increasing their determination for treatment. We have selected 16 children with incurable illnesses as beneficiaries and conducted individual interviews to understand their unique wishes. We have supported various wish fulfillments such as play activities, purchasing desired items, and providing educational support. Additionally, we have provided support for remote learning, including desks and computers, as well as arranged visits to amusement parks, musicals, and baking classes. Since September 2022, we have been actively engaged in this program, and currently, approximately 80% of the wishes have been fulfilled. We plan to continue fulfilling the remaining wishes that were delayed due to health conditions during the first half of 2023.



Make-A-Wish volunteer team inauguration ceremony



Make-A-Wish’s Bronze Partner Award achieved



Supporting children’s Wish Day



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## 2022 Domestic Social Contribution Activities – LX Pantos

LX Pantos has been consistently engaged in social contribution activities to foster mutual growth with the local community.

### Establishment of VR Learning Playground

LX Pantos’ flagship social contribution activity, the ‘VR Learning Playground’, is an initiative to create a dedicated welfare space for children where they can freely experience elementary education subjects such as Korean, English, and Math, as well as various physical activities using VR devices. Targeting densely populated areas with vulnerable populations, this activity aims to provide opportunities for children to bridge the information gap by using VR devices and content without any economic burden. Following the opening of the first public VR facility open to all children free of charge in Korea at Yeongdeungpo General Welfare Center in 2021, a second facility has been established in Busan, and efforts are underway to expand its opening to the local community where the LX Pantos offices are located.



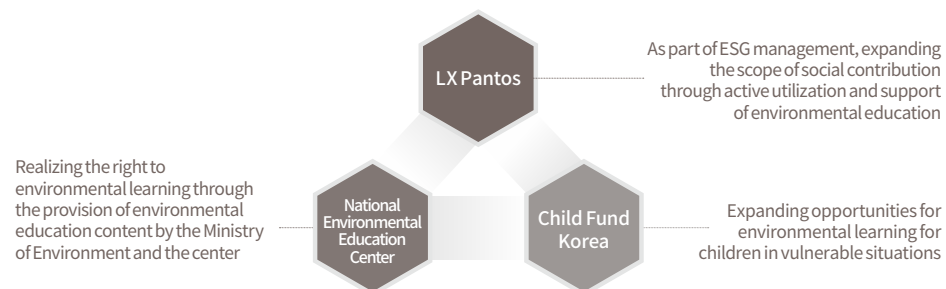
1st VR Learning Playground  
- Yeongdeungpo General Welfare Center  
(Opened in Nov. 2021)



2nd VR Learning Playground  
- Busan General Welfare Center  
(Opened in Jan. 2023)

### Offering Environmental Education Opportunities to Children

LX Pantos has signed a tripartite agreement with the National Environmental Education Center designated by the Ministry of Environment and the Child Fund Korea to ensure environmental learning rights for children. By incorporating environmental education VR content (carbon neutrality, fine dust, and environmental health) into the VR Learning Playground, we are making every efforts to provide climate change and environmental education opportunities for future generations.

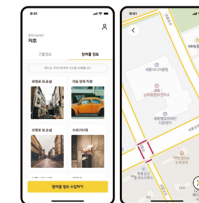


### Supporting Children’s Independent Living

LX Pantos is implementing a support program for the independent living of children who will leave an orphanage. It provides support through the child savings account and independent settlement fund to help children establish a foundation for their lives when they transition to independent living from protective care facilities. In addition to financial support, it also conducts emotional support activities, including the ‘family (orphanage) visitation program’, to prevent social isolation after independence.

### Participating in Gwanghwamun One Team’s Vista Walk Project

LX Pantos actively participates in community problem-solving and the realization of ESG values through voluntary engagement in the Gwanghwamun One Team. As part of its Gwanghwamun One Team’s social contribution activities, LX Pantos has participated in the ‘Vista Walk’ project, which provides pedestrian navigation for visually impaired individuals. In this project, its employees collect building and obstacle information to create and provide accessible maps, contributing to the establishment of an inclusive city and pedestrian safety. In addition to this project, its employees actively participate in various activities such as reusable cup campaigns, the ‘love meal kit’ project supporting local small businesses, and the step-counting project.



### Shared Life with Local Communities

LX Pantos has been supporting the medical expenses of economically vulnerable children since 2017. It has been engaged in long-term social contribution activities, including providing financial assistance for the medical treatment of children with rare diseases through Seoul National University Children’s Hospital. Additionally, it organizes annual activities called ‘Cool Summer & Warm Winter’ for vulnerable elderly individuals living alone in the Jongno-gu area where its headquarters is located. During the summer, it provides cooling devices and dehumidifiers to help them cope with the heat, while during the winter, it supports them with kimchi and heating equipment, ensuring they have a healthy diet and a warm living environment.

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**2022 Domestic Social Contribution Activities - Hankuk Glass Industries**

Hankuk Glass Industries is carrying out various social contribution activities for mutual growth with the local community. These activities include collaboration with the local environmental committee, support for health check-ups for elderly residents in nearby villages, the operation of free soup kitchens for vulnerable populations, and volunteer activities. It is also providing support for the development of local sports talents. Through collaborative efforts, it is exploring ways to expand multi-faceted social contribution activities to foster the development of the local community.

**Signing of Mutual Growth Agreement for Local Environmental Improvement**

Hankuk Glass Industries has signed a mutual growth agreement with the 'Yeoldaeja Environmental Committee' in September 2021 to promote environmental conservation and mutual development in the local community of Yeoldaeja. Through this agreement, it supports the activities of the committee for local environmental improvement. In addition, it has provided support for health check-ups for elderly residents in nearby villages and for the improvement of elementary schools, contributing to the mutual growth and development of the local community. In 2022, it supported health check-ups for elderly residents in four different villages and provided necessary supplies for the activities of the environmental committee. Additionally, it supported the enrollment of students at Haeseong Elementary School in Miseong-dong by providing educational supplies and assisting in the improvement of school facilities, thereby contributing to the enhancement of the educational environment.



Mutual growth agreement ceremony with Yeoldaeja Environmental Committee



Support for Haeseong Elementary School's sports facilities



Provision of health check-up vouchers to Yeoldaeja residents

**Support for Local Sports Talents**

Hankuk Glass Industries is providing support for the development of local sports talents in Gunsan area. In November 2021, it entered into a support agreement with Sanbuk Middle School in Gunsan, and it is currently providing annual support worth KRW 6 million for track and field athletes and wrestling athletes. Its support includes assistance for participation in competitions, training camps, provision of sports uniforms, athletic shoes, and other sports equipment, aiming to provide opportunities for diverse experiences and growth. It will continue to support the growth of sports talents who will lead the future generation.



Agreement signed with Sanbuk Middle School to support sports talents



Providing sports uniforms and athletic shoes

**Supporting a Free Soup Kitchen for Underprivileged Groups**

As part of its social contribution efforts, Hankuk Glass Industries supports a free soup kitchen in the local community for underprivileged groups. Recognizing the difficulties faced in operating the free soup kitchen due to recent increases in prices, it has provided goods worth KRW 3 million to the free soup kitchen located in Miseong-dong. In addition, its employees actively participate in volunteering at the soup kitchen, providing warm and hearty meals to the marginalized neighbors. The volunteering is performed twice a year, and the company is continuously exploring opportunities to expand its activities and support to underprivileged groups in the future.



Providing kitchen supplies and volunteering at a free soup kitchen in Miseong-dong



**Support for In-house Foreign Workers**

In order to assist in improving the living conditions of its foreign workers who may face challenges in their lives in a foreign country, it has initiated a social contribution activity by providing essential living items in the form of gift vouchers. In December 2022, it provided gift vouchers to foreign workers from its partner companies, and it will continue to identify the difficulties faced by its employees working in domestic sites and make every effort to support their settlement in Korea.



Offering gift voucher to foreign workers



2022 Overseas Social Contribution Activities

LX International actively supports various social contribution and coexistence activities in the communities where its overseas corporations are located. In 2022, we carried out initiatives such as providing groceries to the extremely impoverished, conducting safety education programs, and assisting in the restoration of religious facilities and roads in earthquake-affected areas. We plan to install wells for improved access to clean water and provide support for the income generation through farm operations in 2023. Through these efforts, we aim to implement social contribution programs that promote economic self-reliance among the local residents. We will continue to support the construction of an essential infrastructure for the improved quality of life in the communities, as well as contribute to the growth of future generations through various educational activities.

| Overseas Corporation | 2022 Activities  | Activity Plan for 2023  |
|----------------------|--|---|
| PAM                  | <ul style="list-style-type: none"><li>• Support for daily necessities and safety education in nearby villages</li><li>• Support for cooking oil for the underprivileged (632 households in 9 villages, approximately 2,000L provided)</li><li>• Donation of fire extinguishers (200 units) and training on usage (at 8 villages)</li></ul>   | <ul style="list-style-type: none"><li>• Support for the self-economic activities of local residents</li><li>• Providing seeds and fertilizer to vegetable farms operated by women's associations</li><li>• Health checkups for local residents</li><li>• Well drilling for vulnerable communities' water supply</li></ul>   |
| GAM                  | <ul style="list-style-type: none"><li>• Establishing and supporting an educational infrastructure in nearby schools</li><li>• Support for farming education</li><li>• Support for facility maintenance in nearby villages</li><li>• Support for medical facilities and religious facilities' maintenance</li><li>• Support for infant and child health</li><li>• Support for small-scale self-employment and agricultural cooperative development</li></ul>  | <ul style="list-style-type: none"><li>• Department-specific education support</li><li>• Education support for young professionals and teacher training</li><li>• Education support for healthcare professionals</li><li>• Support for housing and living infrastructure</li><li>• Support for housing construction for vulnerable groups – Community and small-sized market construction in Sumpaya Village</li></ul>   |
| BNE                  | <ul style="list-style-type: none"><li>• Support for disaster recovery</li><li>• Equipment and materials support for public road slope landslides and damaged areas' restoration</li><li>• Establishing and supporting educational infrastructure</li><li>• Support for elementary schools' supplies and musical instruments - After-school English learning support</li><li>• Support for religious facility maintenance</li><li>• Providing maintenance material for churches, cathedrals, mosques and other religious facilities</li></ul> | <ul style="list-style-type: none"><li>• Support for increasing the local residents' income</li><li>• Donation of multi-purpose tractors to local district offices, seed and fertilizer support, etc.</li><li>• Improving the learning environment and education support</li><li>• Replacement of desks in nearby elementary schools, support for IT devices and sportswear for classes</li><li>• Support for medical supplies and emergency medications in nearby public health centers</li><li>• Support for home repairs and scholarships for vulnerable groups</li></ul> |
| GUM                  | <ul style="list-style-type: none"><li>• Provision of cooking oil to local residents (approximately 2,400 households, 12,000L provided)</li><li>• Restoration of inaccessible local roads near farms (approximately 17km)</li></ul>   | <ul style="list-style-type: none"><li>• Installation of wells for an improved household water supply (at 4 villages, approximately 20 installations)</li><li>• Recruitment of doctors and the provision of medical services in nearby villages</li><li>• Support for improving an educational infrastructure</li><li>• Scholarship program and dormitory for students in remote locations jointly operated by 3 palm oil plantations</li><li>• Teacher recruitment and library support for elementary schools in nearby areas</li></ul>                                     |
| TBSM                 | <ul style="list-style-type: none"><li>• Support for medical services for local residents - Essential medication support</li><li>• Regular check-ups and the supply of nutritional supplements for pregnant women and infants</li><li>• Support for an infrastructure improvement in nearby villages - church construction material support</li><li>• Support for road repair and local groundwater development</li></ul>   | <ul style="list-style-type: none"><li>• Honey comb farming development and sales support</li><li>• Provision of seeds to the residents of nearby villages</li></ul>   |



Overseas corporations' social contribution activities

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Material Issue 6

# Spread of ESG to Partner Companies

## ESG Management in Partner Companies

### Code of Conduct for Suppliers

We have established the Code of Conduct for Suppliers together with LX Group, aiming to foster ESG management among our supply chain and to support their development and excellence in this area. We are committed to building mutually beneficial relationships with our partners based on the Code of Conduct for Suppliers, as well as to promote ESG management across the industry.

### LX Group ESG Code of Conduct for Suppliers

The LX Group ESG Code of Conduct for Suppliers (hereinafter the “Code”) is a standard that all domestic and foreign suppliers (hereinafter “Suppliers”) related to LX’s products and services must adhere to in order to pursue a sustainable future together with LX Group. Suppliers shall comply with this code, and they shall also ensure that all sub-suppliers that provide assembly, parts, and raw materials to the partner comply with this code.

#### 1. Labor and Human Rights

##### 1.1 Voluntary Work (prohibition of forced labor)

Suppliers shall not compel workers to perform forced labor (slavery, human trafficking, involuntary prison labor, etc.) against their will. Upon hiring, a copy of the labor contract written in a language that the worker can understand shall be provided to all workers after signing. Workers shall retain their own government-issued documents, such as passports and work permits, and suppliers or labor dispatch companies shall not request workers to pay fees incurred during hiring. Suppliers shall not unreasonably restrict the workers’ movement, and workers shall have the freedom to leave the company at any time.

##### 1.2 Prohibition of Child Labor and the Management of Minor Workers

Suppliers shall have a procedure for verifying the age of workers when hiring workers, and comply with the minimum employment age established by each country and local laws. Young workers under the age of 18 shall not participate in processes that are hazardous to their safety and health or work for extended or night hours. When operating apprenticeship programs, local laws and regulations shall be followed.

##### 1.3 Prohibition of Excessive Overtime Work

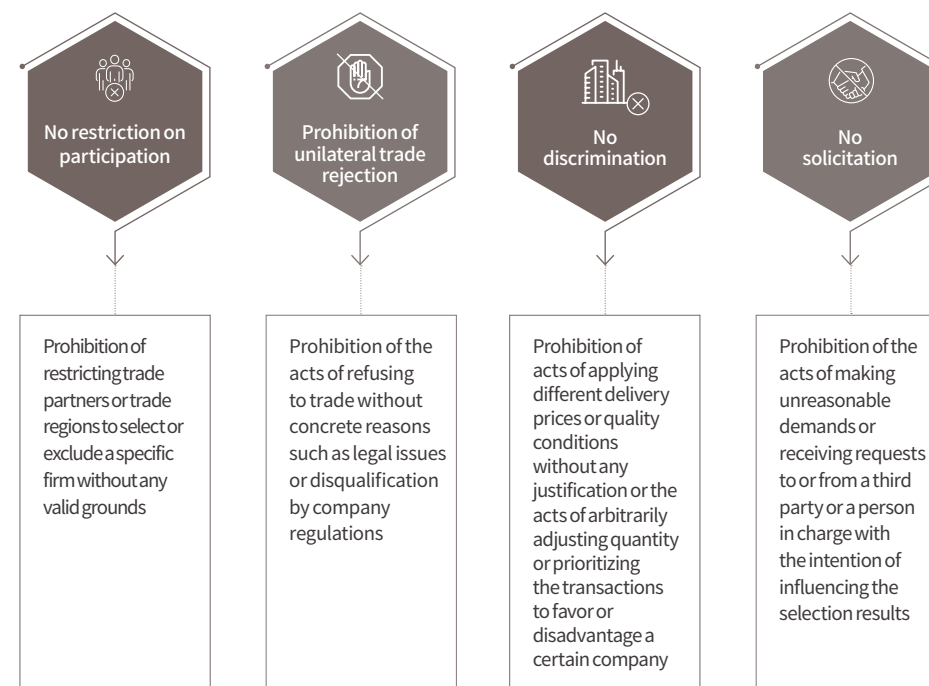
Total hours worked per week shall not exceed local legal standards. All overtime work shall be voluntary, and this shall be applied equally to all in-house partners working within the workplace, and compliance shall be required.



### Selection of New Partner Companies

We seek to achieve shared growth with our partners by creating a transparent supply chain and adhering to our Code of Ethics, which outlines the relevant norms and best practices. We ensure that all companies have equal opportunities to undergo an impartial evaluation based on the ‘business partner selection and operation procedures’, and we establish and enforce the related standards to strengthen the competitiveness of suppliers and uphold fair trade order. Furthermore, we push forward with win-win growth by jointly sharing the benefits through technical assistance and management advice.

#### Conditions in Selecting Partner Companies



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Policy and Activities for ESG management of Partner Companies

We obtain the ‘commitment to practicing Jeong-Do management’ from our suppliers to ensure their adherence to ethics, and we manage supply chain risks, including ESG, by verifying the history of safety and environment incidents and the breaches of local laws through a checklist during the supplier selection process. Moreover, regular operational evaluations are conducted on the same items, and the evaluation results are taken into account in contract renewal review. We aim to continuously manage the ESG factors throughout the entire supply chain, encompassing the head office and overseas corporations.

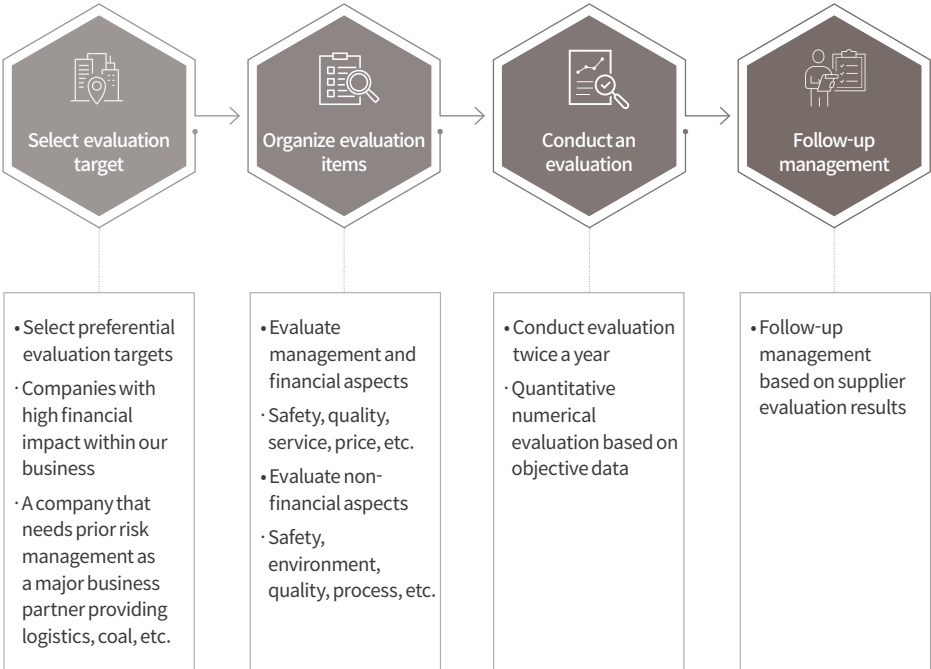
Checklist for the Partner Selection Deliberation and Operation

| Item                 | Checklist   |
|----------------------|---|
| Jeong-Do Management  | <ul style="list-style-type: none"><li>• Special relationship under the ownership structure between the shareholders and the parent company and the verification of the borrowed-name shareholder</li><li>• Existence of any issue regarding bribery</li><li>• Agreement on the mandatory inclusion of the Jeong-Do management compliance clauses in the contract</li><li>• Existence and compliance of the partner’s own code of ethics</li></ul> |
| Compliance           | <ul style="list-style-type: none"><li>• Possession of a legal permit for business operation</li><li>• Breach of local laws</li><li>• Existence of subcontractors for the partner</li><li>• Cases of child labor</li></ul>   |
| Environment / Safety | <ul style="list-style-type: none"><li>• Accident or incident that caused a significant negative impact on the profits of the main contractor</li><li>• Warnings from national or local governments due to the breaches of the environment and safety</li></ul>  |
| Affordability        | <ul style="list-style-type: none"><li>• Price comparison with subcontract prices in adjacent mines and farms</li><li>• Appropriateness of the profit margin compared with the supplier’s other sites</li><li>• Appropriateness of the profit margin compared with the other suppliers’ sites (waste rocks, coal transport, water transportation, etc.)</li></ul>  |

ESG Evaluation of Partner Companies

Our goal is to reform the supplier evaluation system in order to reduce the ESG risks that may arise from our partner companies and to enhance their ESG competencies. In 2023, we have established the Code of Conduct for Suppliers, which will guide our ESG assessment of our partner companies. We will prioritize and evaluate the partners that are involved in the key areas of our business portfolio, such as logistics and coal. We will also examine their performance in the management and finance areas, with a focus on the ethical and Jeong-Do Management and safety aspects. We have developed a more rigorous ESG evaluation management system by dividing the evaluation items into safety and environment, and distinguishing between the qualitative and quantitative evaluation items. We will persist in our efforts to improve our suppliers’ ESG competencies through adequate follow-up management based on the evaluation results derived from objective data.

ESG Evaluation of Partner Companies



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Win-win Cooperation with Partner Companies

Expansion of Communication Channels for Partner Companies

We pursue win-win growth with our partner companies. As part of our endeavors, we have created a dedicated communication channel for partners on our website. Our partner companies can express various complaints and suggestions through this channel. We will verify the opinions received through these channels with the responsible department, review them thoroughly, and implement the necessary actions to ensure improvement and feedback.



Shipping Company and Shipper Partnership Program

Our subsidiaries also promote partnership programs and win-win growth activities with various partners. LX Pantos has joined in activities to develop the logistics industry through win-win cooperation with domestic shipping companies and shippers. LX Pantos has connected key shipping data systems, which has, in turn, led to better utilization of national carriers' services, just-in-time responses to changes, such as demand forecast, blank sailing, or schedule delays, and their strengthened reliability. In addition, it has established strategic partnerships with national carriers to expand the scope of businesses with them while having produced the best cases of reducing costs and increasing shipping efficiency of national carriers.

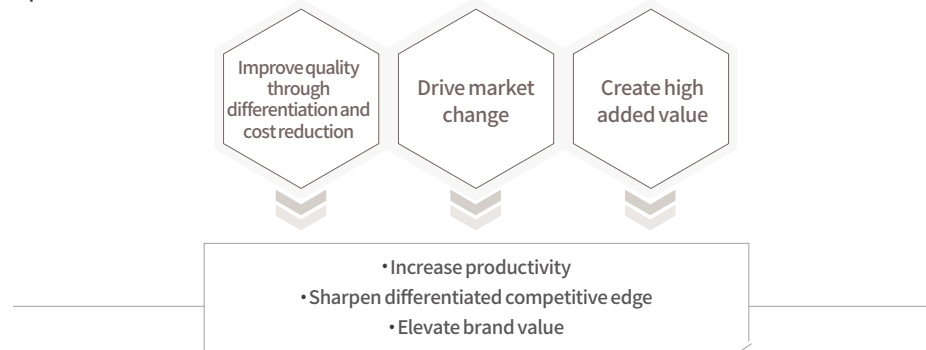
Strategic Partnership between LX Pantos and National Shipping Companies



Operation of the Quality Reinforcement Network

Hankuk Glass Industries has established a network that offers various support to carefully selected companies that have been certified for technology and quality among the domestic pair glass and tempered glass processing companies, with an objective to build a shared growth structure and foster sustainable growth. 'Duolite Club' and 'Seculite Partner' are the first processed glass producer networks in Korea that aim to achieve coexistence with small and medium-sized processed glass companies and to transform the domestic processed glass supply structure into a quality-oriented market structure with a fair price. The network, which consists of only the companies whose quality has been verified, currently includes 98 certified member companies that share their technology, quality know-how, and brand. It will continue to provide benefits such as regular quality management, technical support, and EHS training to help member companies establish a basis for quality competitiveness and growth on their own, and to continuously expand the support programs to foster the overall development of the industry.

Operational Direction



Support Details

| Strengthening production capacity  | Sharpening quality management capabilities   | Marketing support   | Sales and customer support  |
|--|--|---|---|
| <ul style="list-style-type: none"><li>• Technical support in Super Jumbo / Jumbo</li><li>• Support in new product processing technologies</li><li>• Productivity analysis and improvement</li><li>• Assistance with joint purchase</li></ul> | <ul style="list-style-type: none"><li>• Regular evaluation of product / sub-material quality</li><li>• Regular on-site quality assessment</li><li>• Technical and on-site training support</li></ul> | <ul style="list-style-type: none"><li>• 'Duolite Club' branding</li><li>• Club advertising and publicity activities</li><li>• Production of various publicity materials</li></ul> | <ul style="list-style-type: none"><li>• Connection with the green remodeling business</li><li>• Network connection with sash companies</li><li>• Customer service support</li></ul> |

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## Fair Trade

### Trade / Procurement Policy

#### Fair Trade Principle

LX International upholds transparent and fair trade. We register and select our partner companies based on the principle of free competition according to the objective and fair criteria. We prohibit any unfair treatment of suppliers, the unilateral alteration of transaction terms, and the unauthorized use of the suppliers' technology or assets. We will persist in pursuing mutual development based on trust and win-win cooperation through fair trade.

#### Internalization Efforts for Fair Trade


We regularly provide compliance training on fair trade to raise our employees' awareness of fair trade. We offer training on the amendments to the Fair Trade Act and the prevention of unfair competition four times a year to the entire employees, and we offer separate compliance training for new expatriates, managers, and new hires according to their duty or position. Moreover, to instill fair trade among our employees, we publish a newsletter on the domestic and international law revisions and the latest cases. In 2022, we sent out two newsletters related to the Fair Trade Act, covering issues to be mindful of in affiliate transactions and the cases of sanctions and trends for other companies' executives and employees related to collusion.


#### Training on Fair Trade and Compliance in 2022

| Date     | Training details  |
|----------|---|
| April    | Amendments of the Fair Trade Act and enforcement trends regarding violations of the relate laws   |
| July     | Guidelines for contacting competitors and collecting competitive information  |
| October  | Details and examples of laws in regard to anti-corruption, such as the Foreign Corrupt Practices Act (FCPA) and the Improper Solicitation and Graft Act |
| November | Details and examples of job-related crimes (breach of trust, embezzlement, illegal use of seals, leakage of trade secrets                               |

#### Newsletters about fair trade

COMPLIANCE LETTER  
VOL.20 / OCT. 31, 2022



**담합 행위자에 대한 처벌 강화**

최근 검찰은 이아스크림 가격 담합 혐의를 받는 제조사에 대한 수사 후 법인과 담합에 가담한 임원에 대해서도 공정거래법 위반 혐의로 기소를 하였습니다.

공정위는 담초 법인만 검찰에 고발했지만, 검찰은 수사를 통해 담합의 책임 주체를 밝혀 담합에 가담한 임원 4명도 기소한 것으로, 향후 담합 근절을 위하여 개인에 대한 처벌도 강화하겠다는 방침을 밝혔습니다.

임직원께서는 담합으로 인한 회사의 손실은 물론 개인적인 처벌의 가능성을 감안할 때 절대 담합을 해서는 안된다는 점을 유의하시기 바랍니다.

1. 배경

(1) OECD 권고

OECD는 '19. 6월 이사회 권고문을 통해 '담합의 행위자 개인에 대한 제재 도입'을 권고하였으며, 회원국인 우리나라는 '24년까지 이행상황을 보고해야 함

(2) 미국 등의 담합 행위자에 대한 처벌 강화

미국 등 서방 선진국의 경우 2000년대 초반부터 이미 담합의 행위자인 개인에 대한 처벌을 강화하고 있는 등 국제적 추세임

(3) 검찰의 담합 근절 의지

'22. 3월 서울중앙지검에 공정거래조사부가 신설되어 공정거래법 위반 행위에 대한 수사 및 처벌이 강화되고 있으며, 담합 근절을 위해서 개인에 대해서도 엄정하게 책임을 추궁하겠다는 입장임

COMPLIANCE

NEWSLETTER

Vol.14 / Apr. 28, 2022

**[개업사 거래시 유의 사항]**  
개업사 간 거래는 내부 효율성 제고 등의 긍정적인 측면도 있지만, 계열사에 대한 지원으로 인하여 비계열사와의 경쟁경쟁이 저해되거나 효율성이 낮은 기업의 회생을 방해함으로써 시장 기능을 저해하고 특정 기업에 경제력이 집중되는 부정적인 측면이 있습니다. 이러한 사유로 공정거래법은 계열사 간 거래를 불공정 거래행위의 한 유형으로 규제하고 있으므로, 계열사와의 거래시 아래 사항을 충분히 숙지하시고 법무팀의 검토를 받아 진행하시기 바랍니다.

1

개업사 거래 규제의 개요

☒ 공정거래법에서 규제하는 계열사 거래는 아래와 같습니다.  
1) 계열사를 위한 차별적 취급 금지  
2) 부당한 지원행위의 금지  
3) 특수관계인에 대한 부당한 이익제공 등 금지

☒ 특히, 부당한 지원행위란 1)거래대가 차이 내지 상당한 규모에 의한 지원행위 혹은 2) 동행세 거래로 인한 지원행위를 의미합니다.

부당지원행위

거래대가 차이 내지 상당한 규모에 의한 지원행위

• 지원주체가 지원객체에게 부당하게 대여금, 인력, 부동산, 상품, 용역 등을 제공하거나 지원객체에게 상당히 유리한 조건으로 거래하는 행위

동행세 거래로 인한 지원 행위

• 지원주체가 다른 사업자와 직접 상품·용역을 거래하면 상당히 유리함에도 불구하고 거래상 실질적인 역할이 없는 지원객체를 매개로 거래하는 행위

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Material Issue 8

# Respect for Human Rights

## Human Rights Management System

### Human Rights Declaration

LX International announced its Human Rights Declaration in accordance with international standards, such as the 'Universal Declaration of Human Rights,' UNGC 'Principles on Human Rights and Labor,' and UN 'Guiding Principles on Business and Human Rights.' Under the Declaration of Human Rights, we will endeavor to protect human rights, adhering to the principles of respect for human rights, the prohibition of discrimination, the prohibition of forced labor, the prohibition of child labor, compliance with working hours and working conditions, freedom of association, safety and environment in the workplace, and the protection of the human rights of local residents.

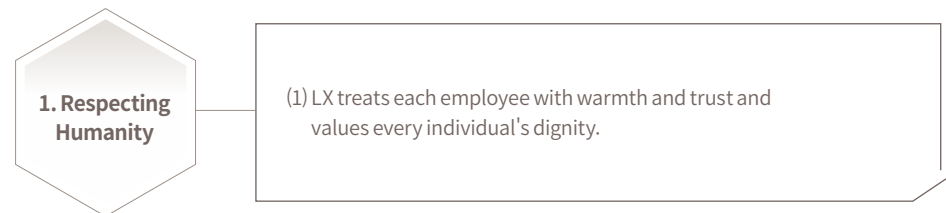
### Organization Dedicated to Human Rights Management

We foster trust and cooperation among all stakeholders, including our employees, under the management philosophy of respect for human dignity. For this purpose, we have developed and are operating a human rights management system based on Jeong-Do Management, and have set and implemented ethical standards as criteria for proper conduct and value judgments that the executives and employees must follow. Our human rights management is operated in cooperation with the Ethics Bureau and HR team. We have established operational directions to disseminate a culture of respect for human rights within the organization and conduct human rights training for the employees to embed it.

### Human Rights Principles

The Code of Ethics, which is the foundation of our employee's principle of conduct, stipulated the respect for employee human rights and the prohibition of discrimination in Chapter 5 'Responsibility for Employees.' It specifies that employees should be treated fairly, such as respecting human rights and providing equal opportunities, respecting individual privacy, and not being discriminated against for unreasonable factors, so that employees can develop themselves as equal talents. Moreover, we strive to safeguard and enhance the human rights of the local workers not only at the headquarter but also at overseas business sites. We have also developed and operated the Standard Operational Procedure (SOP) to comply with the labor laws of the local country and ensure that the workers work in an environment where safety and human rights are safeguarded.

### LX Code of Ethics Chapter 5. Responsibilities for Employees



## Human Rights Declaration

Under the vision of 'Future in Business Solution', LX International proactively addresses the customer pain points and develops the business models and solutions that identify and deliver differentiated customer value, paving the way for the future growth and change. In this process, LX International fosters autonomous management based on autonomy and responsibility in line with LX's 'human rights management', and puts its utmost priority on the respect for human rights with equal trust and sincere affection for people. Accordingly, we will support and comply with the key human rights principles noted in the international guides such as the 'UN Universal Declaration of Human Rights', 'UN Guiding Principles on Business and Human Rights' and the human rights principles presented by the OECD Due Diligence Guidance for Responsible Business Conduct. We will not only spearhead the efforts to protect the human rights of our employees, but also actively implement human rights management through activities that respect the human dignity and basic rights of all stakeholders.

1. We stipulated respect for the employees' human rights and the prohibition of discrimination in Chapter 5 of the LX Code of Ethics, 'Responsibilities for Employees', which is the foundation of the employee's code of conduct, and strive to internalize it to all our members. Based on mutual trust and affection, we treat each employee as an independent individual, and we do not tolerate any acts that violate this whatsoever.
2. We prohibit involuntary work through mental or physical coercion, and forbid the employment of child workers.
3. We adhere to local laws and regulations in creating an environment where human rights and safety are safeguarded for employees at Headquarter and overseas sites so that human dignity and a stable life can be preserved.
4. We respect the diversity of our employees, do not discriminate based on personal identity such as gender, age, origin, race, religion, or disability, and establish a fair and reasonable working environment. In particular, we provide equal opportunities for employment based on job qualifications and competencies.
5. We endeavor to ensure that all members of the company, subsidiaries, and partner companies can work in a safe and pleasant working environment through continuous safety and health management activities.
6. We enhance human rights management within the supply chain and disseminate a culture that respects and safeguards human rights in our subsidiaries and partner companies.
7. We actively collaborate in activities to improve the quality of life and protect human rights in order to coexist with external customers, shareholders, and local communities.

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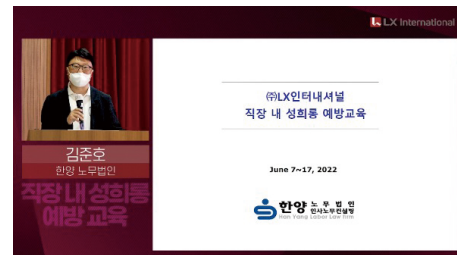
## Human Rights Management Activities

### Internalization of Human Rights Management

We offer legally mandatory education, such as training to raise the awareness of people with disabilities, prevent sexual harassment, and prevent bullying in the workplace, in order to disseminate a culture of respect for human rights. We conducted offline training for employees at the head office in 2022 aiming to further enhance the education. As a result, all employees actively participated, achieving an annual completion rate of 100%. On top of that, in terms of embedding the Jeong-Do Management culture, we provide additional ethics training and carry out dissemination activities. For overseas business sites, we additionally provide emergency management response manuals and SOS services to protect our employees.

#### Ethical Management Training

| Training   | Details  |
|--|--|
| Training on the prevention of workplace bullying                 | Workplace bullying education background and conventional discipline<br>Related laws such as the Labor Standards Act<br>Concept and criteria of workplace harassment<br>Workplace bullying case study<br>Ways to prevent and respond to workplace bullying  |
| Training on the prevention of sexual harassment in the workplace | Laws related to sexual harassment in the workplace<br>Concept and types of sexual harassment in the workplace<br>Cases of sexual harassment in the workplace<br>Employer responsibilities regarding sexual harassment in the workplace<br>Response to sexual harassment in the workplace and internal procedures |

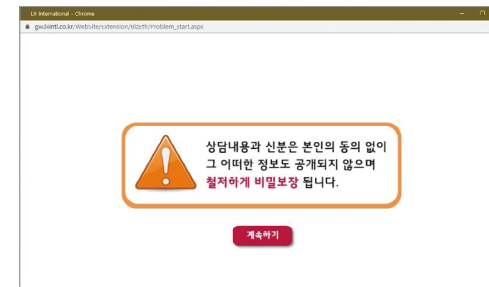


## Grievance Handling System

### Operation of Grievance Handling System

We operate an in-house grievance handling center to establish a healthy organizational culture through handling the grievances of the employees. We receive reports on workplace sexual harassment and bullying through a hotline which the Ethics Bureau, HR team, and the labor-management council are in charge of, and make every efforts to respond to such cases rapidly and appropriately. Filing for grievance can be made via the extension number or the personal contact number of the employee in charge, or the counseling link provided in the grievance handling center.

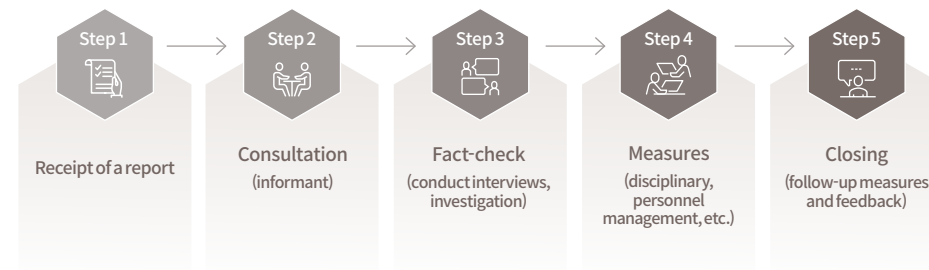
#### Display of grievance handling report



### Grievance Reporting Process and Informant Protection

The confidentiality regarding details of the consultation and the identity of the informant are strictly ensured, unless the person gives consent. After receipt of a grievance, we conduct an investigation on the relevant matters and consultation with the informant, and based on this, we take disciplinary action and personnel management measures according to the confirmed facts. We also carry out thorough follow-up measures to prevent further damages.

#### Grievance Handling Process



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# Safety and Health Management

## Safety and Health System

### Safety and Health Policy

Our goal is to achieve zero accidents in all our operations. Under the roof of LX, all members are working diligently every day to achieve the goal of ‘zero harm’. We are concentrating on three major areas, namely people, production process, and logistics, and are endeavoring to ensure that all members of LX International, subsidiaries, and partner companies can work in a safe and pleasant working environment by improving safety work procedures. Moreover, in order to enhance safety and health management activities, we are developing and revising the safety and health management system (SMS) and proclaiming the Golden Rule. We established the LX Safety Principle to manage items divided into respect for life, safety culture, safe machine facility operation, and internal safety work procedures and processes.

### Health, Safety and Environment (HSE) Management Policies

#### • Management with Respect for Human Beings

We put the safety and health of our customers and employees first.

#### • Compliance with Safety Environment Regulations

We fully comply with domestic and foreign safety and environment related laws and regulations.

#### • Creating a Safe and Comfortable Work Environment

We create a safe and pleasant working environment by evaluating the risk factors at the workplace and taking preventive measures to minimize the risks.

#### • Globally Recognized Health, Safety, and Environment Management System in Place

We provide training for workers to better understand and follow the health, safety, and environment system and operate the safety, health, and environment management system that allows regular internal and external evaluations and continuous improvement.

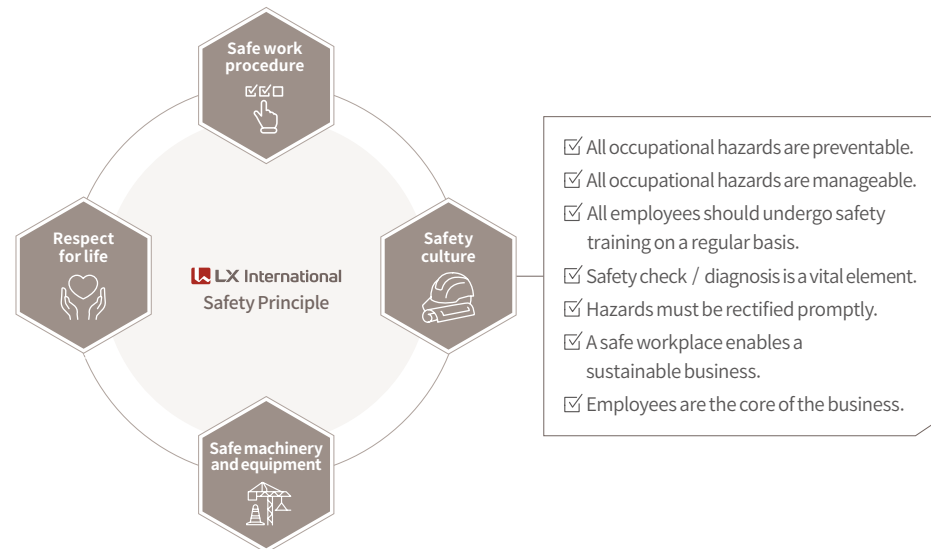
#### • Building Safety Culture at Business Sites

We have a communication channel between the management and employees to transparently share policies, issues, and achievements for health, safety, and environment, and all levels of employees work hand in hand with subcontractors and local communities to actively contribute to building a safety culture.

### Safety and Health Management System

We have developed and implemented health, safety, and environment (HSE) management policies. Based on the management policy, we prioritize the safety and environment of all business sites and endeavor to improve potential risks. We regard the safety and health of our employees, fully comply with the relevant laws, and conduct various activities to establish a safe workplace culture. On top of that, for the development of the safety environment and health management system, we have adopted a global standard management system and are supporting to enhance the capacity of the business sites. We will sustain an accident-free workplace by establishing HSE standard manuals and procedures, developing processes, increasing the employment of the safety and environment management experts, and enhancing the capabilities of managers and workers.

### Our Safety Principle



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## Safety Environment Management Policy Manual

We perform safety inspections at all subsidiaries and devise and execute improvement plans based on the inspection results. Safety environment inspection checklists comprise safety work guidelines, compliance with safety laws, and the operation of safety and health management system. Through the inspection, we assess the risks at workplaces and incessantly improve the items as part of our preventive measures before any occupational accidents occur.

### Golden Rule

| General rule  |  | High risk management rule   |   |
|---|--|---|---|
|    | Risk assessment and Stop work in case of any risk                              |    | For hot work, eliminate all ignition sources, and place fire extinguishers      |
|    | Comply with a permit-to work procedure for high-potential-risk work            |    | Install certified work platforms or wear a safety harness for working at height |
|   | All employees and visitors must wear PPE correctly                             |   | For confined space work, comply with safety regulation such as gas monitoring   |
|  | All employees must identify emergency contacts and be prepared for emergencies |  | For electrical work, apply LOTO(Lock-Out & Tag-Out) before work                 |
|  | Report all incidents/accidents immediately                                     |  | Comply with the environmental protection and waste management regulations       |

### Items for Safety Environment Management and Inspection

|   |                                 |   |
|---|---------------------------------|---|
|    | <b>Safe Working Instruction</b> | <ul style="list-style-type: none"> <li>Assessing risks</li> <li>Lifting heavy weights</li> <li>Welding and fusing, construction safety</li> <li>First aid and emergency response</li> <li>Environment and safety accident management plan</li> <li>Warning for hazardous chemicals</li> </ul> |
|    | <b>Legal Requirements</b>       | <ul style="list-style-type: none"> <li>Environment</li> <li>Health and safety</li> <li>Society</li> <li>Mines</li> </ul>  |
|    | <b>Management System</b>        | <ul style="list-style-type: none"> <li>Policy</li> <li>Identifying risks and impacts</li> <li>Management programs</li> <li>Stakeholders</li> <li>Organization's competency</li> <li>Emergency preparedness &amp; response</li> <li>Monitoring</li> </ul>                                      |
|   | <b>Environment</b>              | <ul style="list-style-type: none"> <li>Energy and resource efficiency</li> <li>Contamination prevention</li> <li>Protecting and preserving ecosystems</li> </ul>  |
|  | <b>Health &amp; Safety</b>      | <ul style="list-style-type: none"> <li>Safe work environment</li> <li>Safety education programs</li> <li>Emergency response</li> <li>Health and safety of community</li> </ul>  |
|  | <b>Construction</b>             | <ul style="list-style-type: none"> <li>Impact during construction</li> </ul>  |
|  | <b>Social Aspects</b>           | <ul style="list-style-type: none"> <li>Labor/work-related laws and legislation</li> <li>Prohibiting child labor and discrimination of any kind</li> <li>Local residents</li> <li>Cultural heritage</li> </ul>   |

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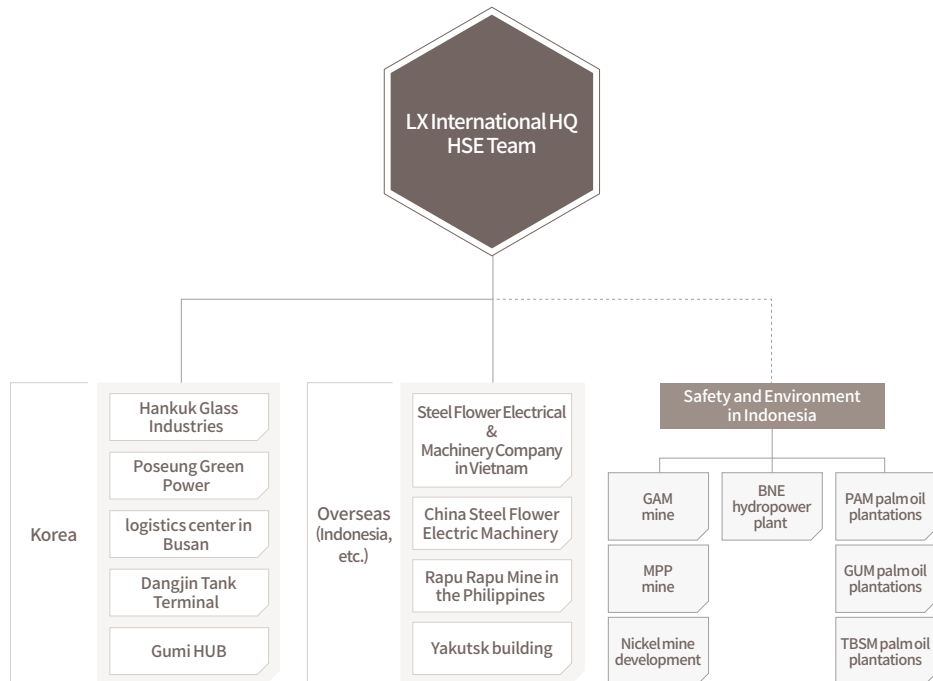
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## Organization Dedicated to Safety and Health

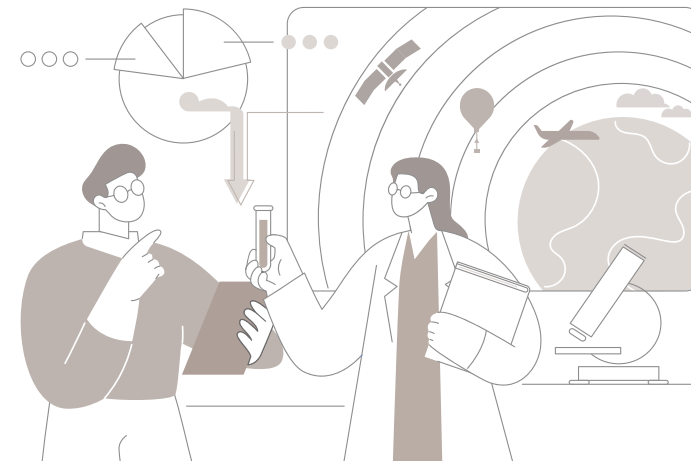
We concentrate on safety and environment work from the perspective of the company centered on the HSE Team, an organization specialized in safety and environment at the Headquarter. The HSE Team manages the company standard safety environment system and system, devises strategies according to internal and external safety environment trends, and advances the safety management of new domestic and existing overseas businesses. We monitor the status of safety management at domestic and overseas business sites, conduct regular safety inspections, and enhance expertise in safety and the environment by securing professional talents according to the business characteristics of each business site. In the case of the Indonesian business site, a safety environment aspect is separately operated, and safety environment competencies have been enhanced by establishing a safety environment management system and reorganizing the safety environment organization and work at the workplace.

### Domestic and Overseas Roles and Responsibilities for Safety and Environment



## Health, Safety, and Environment (HSE) Regular Meeting

We convene regular HSE meetings to enhance our safety management and foster a culture of responsible behavior in our workplaces. The participants of these meetings include the CEO, all the executives, the employees of company-wide positions, and the managers of the safety and environment department. Furthermore, we welcome any employees who wish to join the meetings. We conducted three safety, environment and health consultation meetings in 2022 on a quarterly basis. In the November meeting, we shared the outcomes of establishing the safety and health management system, the status of activities to enhance and improve the safety environment of our overseas business sites, and the safety environment management plan for our biogas facilities. We plan to hold a regular meeting twice a year in 2023. Through this body, we will propose agendas for improving the safety environment, and we will reinforce our company-wide safety management by directing the improvement actions and verifying their execution.



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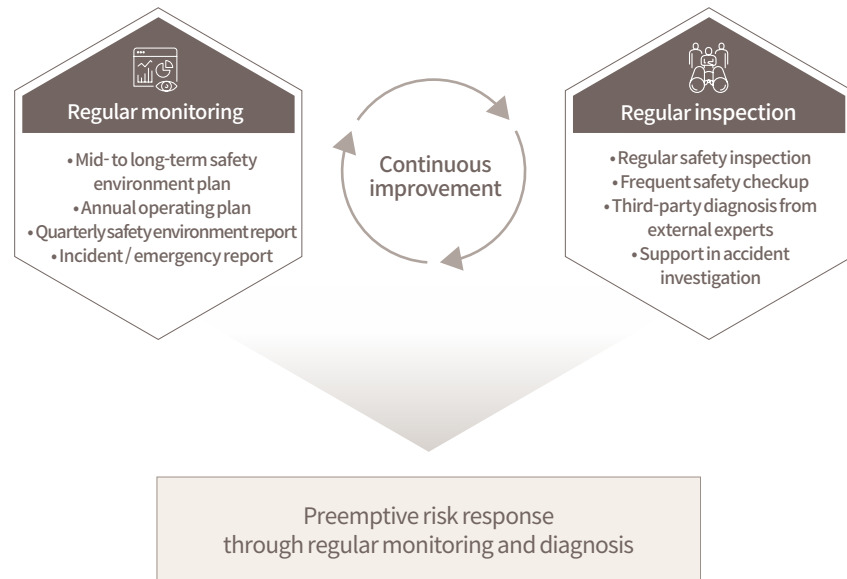
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## Safety and Health Control Activities

### Safety and Health Monitoring and Diagnosis

We continuously monitor and diagnose our overseas operations to address the safety, environmental, health, and social risks that may arise in the global supply chain and production sites. For regular monitoring, we set mid- to long-term objectives for each site, including investments in safety facilities and PSM rating management. We monitor their implementation on a regular basis. Additionally, we create yearly operation plans and oversee their execution. Furthermore, we select major KPIs for safety and the environment and monitor their quarterly status, accidents and emergencies, and emergency response training outcomes. We conduct regular safety environment diagnosis biannually in the summer / winter, and the team responsible for the inspection, which comprises LX International's HSE Team and safety personnel at domestic subsidiaries' business sites, performs cross-checks among the workplaces.

### Basic Safety and Health Management System



### Implementation of Safety Improvement Tasks

We believe creating an environment where employees can work safely is a fundamental duty of a company. With an aim to continuously enhance the safety of the working environment, we established four company-wide common tasks in 2022. Besides, and we have also set up and implemented priority improvement tasks that reflect the characteristics of each business site. All subsidiaries completed the safety and environment priority improvement tasks in 2022, and we plan to monitor the status of some unfinished tasks until 2023 continuously. Regarding progress, the HSE Team, a dedicated organization for safety and the environment, is responsible for re-evaluation and management.

### Improvement Tasks in Safety and the Environment and the Implementation Goals

|                      |   |   |
|----------------------|---|---|
| Common tasks         | Manage law amendments                                   | • Update the amendments and revisions of the related laws, enforcement ordinances, and enforcement rules for each site                      |
|                      | Conduct emergency / crisis response simulation training | • Conduct the various drills such as medical rescue, fire, underwater rescue, confined space, vehicle accident, earthquake evacuation, etc. |
|                      | Conduct risk assessments                                | • Identify the harmful and risk factors in the field and establish and execute reduction measures   |
|                      | Manage safety / health budget                           | • Review the safety and health budget and establish next year's budget  |
| Site-specific tasks* | Provide professional training on safety                 | • Provide specialized training targeting high-risk groups dealing with welding, boilers, pesticides / weeding, generators, etc.             |
|                      | Conduct quarterly safety inspection                     | • Conduct a quarterly facility, equipment and machine safety inspections  |
|                      | Conduct the safety inspection on farm factories         | • Conduct a regular farm safety inspection once a year  |
|                      | Secure safety in the coal delivery road                 | • Secure space for commissioning and heavy equipment driving test center and fatigue test   |
|                      | Review the checklist before work                        | • Create a checklist of key points by the equipment characteristics and check the daily equipment items before work                         |
|                      | Manage the dangerous section of the on-site road        | • Improve through the reinforcement of old safety facilities and the inspection of facility soundness                                       |

\*Some of the safety-related improvement tasks among the specific tasks of 10 business sites

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Execution of Safety Improvement Tasks

Domestic and Overseas Safety Improvement Cases

All subsidiaries of LX International conduct safety risk assessments and identify and implement safety improvement tasks based on the evaluation results. Considering the different working environments of each business site, we carry out more systematic safety management by identifying company-wide common safety improvement tasks and individual improvement tasks and implementation plans depending on the materiality of the item. We manage the implementation status of the improvement tasks of all subsidiaries, endeavoring to create a safe working environment through the continuous monitoring of the improvement outcomes.

| Corporation  | Major safety improvement tasks   | Materiality                              | Implementation status   |
|--|--|--|---|
| PAM  | <ul style="list-style-type: none"><li>Improve on-site autonomous firefighters' firefighting skills and training capacity</li><li>Complete external agency training after selecting personnel</li><li>Operate an autonomous firefighting team by farm accommodation and the execution of mock training once a month, etc.</li></ul>     | High                                     | <ul style="list-style-type: none"><li>Provided on-site training from the forest fire response team under the Ministry of Forestry</li><li>Training on the theory / practice of fire prevention</li></ul>  |
| TBSM   | <ul style="list-style-type: none"><li>Conduct a quarterly facility, equipment and machine safety inspections</li><li>Health check-ups for all employees and follow-up monitoring</li></ul>   | High<br>Medium to High                   | <ul style="list-style-type: none"><li>Completed the 4th quarter safety diagnosis</li></ul>  |
| GUM  | <ul style="list-style-type: none"><li>Conduct a farm factory safety inspection once a year</li></ul>   | Very high                                | <ul style="list-style-type: none"><li>Completed the December safety diagnosis and continuously carried out suspension inspection</li></ul>  |
| GAM  | <ul style="list-style-type: none"><li>Secure safety in the coal delivery road</li><li>Commissioning a heavy equipment driving test center (Km5)</li><li>Secure space for a fatigue test, etc.</li></ul>  | Very high                                | <ul style="list-style-type: none"><li>Purchased simulators for practicing heavy equipment and completed securing the space for commissioning and practical test centers</li></ul>   |
| KMP  | <ul style="list-style-type: none"><li>Check on the checklist of heavy equipment before work daily</li><li>Conduct a regular safety inspection and the daily management of major operations, etc.</li></ul>   | High<br>Very high                        | <ul style="list-style-type: none"><li>Created a checklist with major points by equipment features and conducted a daily inspection, etc.</li></ul>  |
| BNE  | <ul style="list-style-type: none"><li>Secure the on-site road risk section management and visibility in curved sections</li><li>Check on old safety facilities that have already been installed</li><li>Prevent fatal accidents</li><li>Prevent civil structures from falling / apply safety facilities for water work, etc.</li></ul> | Very high                                | <ul style="list-style-type: none"><li>Replaced aging and damaged the safety bars</li><li>Painted speed bumps and conducted monthly regular inspections of facility soundness</li><li>Reinforced safety railings, completed production and the installation of safety cage for grit chamber work, etc.</li></ul> |
| China Steel Flower Electric Machinery (Tianjin)              | <ul style="list-style-type: none"><li>Provide monthly safety training</li><li>Validate and revise the standard operating procedures (SOPs) for each task</li><li>Manage heavy weight items</li></ul>   | Medium to High<br>Very high<br>Very high | <ul style="list-style-type: none"><li>Completed monthly safety training</li><li>Provided training by work group after SOP revision</li><li>Inspect the weekly of crane hook inspection and aging inspection, etc.</li></ul>   |
| Vietnam Haiphong Steel Flower Electrical & Machinery Company | <ul style="list-style-type: none"><li>Manage the inspection and maintenance of heavy material moving facilities and devices</li><li>Improve the storage of heavy objects, inspect crane hooks, etc.</li><li>Carry out the activities to prevent accidents involving heavy objects</li></ul>  | Very high<br>Very high                   | <ul style="list-style-type: none"><li>Improved the coil loading status, the installation of supports and stoppers, and others after inspection</li><li>Conducted 2 NDTs in the crane welding joints</li><li>Provided daily safety education and inquiries, occasional case education, etc.</li></ul>            |
| Gumi HUB   | <ul style="list-style-type: none"><li>Establish and implement procedures for listening to working-level personnel</li><li>Manage safety and health related laws and regulations, duty fulfillment management, etc.</li></ul>   | Very high<br>Very high                   | <ul style="list-style-type: none"><li>Listened to the on-site opinions related to safety and health monthly</li><li>Posted and shared the related laws / enforcement ordinances, safety training, etc.</li></ul>  |



Safety Inspection of GUM corporation



Daily safety meetings at KMP corporation



Installation of fall prevention block at BNE corporation



Installation of fences in the loading area at Haiphong corporation

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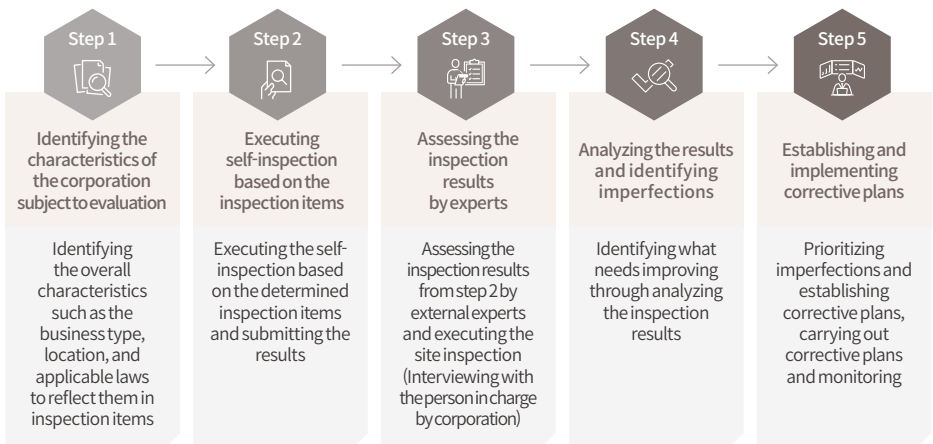
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## Safety and Environment Check and Disaster Control

### Corporate Safety and Environmental Inspection

LX International conducts safety and environment inspections at all corporations and establishes and executes improvement plans based on the inspection results. In addition to installing and improving safety and environmental facilities at construction sites, we check everything that can affect safety and the environment, including nearby roads and safety training. Furthermore, all corporations conduct safety environment mock drills based on the types of accidents that may occur depending on the characteristics of the region and corporations, and report the results. For deficiencies identified in this process, improvement plans are established to address the related issues. In addition, through training at a corporate level, we are striving to effectively respond to various disaster situations and occupational accidents.

#### Safety Environment Inspection Process



### Compliance with Laws Regarding Safety and Accident Prevention

Our HSE Team visits domestic and overseas subsidiaries biannually to evaluate the risk factors related to safety and disasters and check the compliance. For workplaces where non-compliance is likely to be detected or where remedial or insufficient measures are found, we strengthen the on-site management systems and expertise. In the case of Korea, we support the response to the enforcement of the laws related to serious accident punishment. We also support the related matters for overseas corporations through continuous cooperation with the relevant ministries such as local laws and the Ministry of Labor. We endeavor to enhance employee safety and health management and increase efficiency so that everyone can operate a safe workplace beyond legal compliance.

### Occupational Crisis Management

In order to prevent and manage industrial accidents in advance, we monitor the data of the industrial accident rate, the number of injured persons, and deaths every year. Over the past 3 years, we have achieved zero safety accidents with zero cases of serious industrial accidents at domestic and overseas business sites.

#### Occupational Accident Prevention Activities

LX International Gumi HUB complies with the safety-related laws and regulations, such as the Occupational Safety And Health Act and the Serious Accidents Punishment Act while conducting various safety and health activities to prevent industrial accidents in advance. We convene a safety and health meeting once a month for the effective safety improvement and prepare improvement procedures by listening to the opinions of working-level personnel. In addition, we verify the implementation of the improvement through bi-annual monitoring activities. Every morning, we provide safety and health training to ensure compliance with the relevant laws and regulations and to minimize risky work situations. We also established a safety and health consultative body to conduct joint inspections twice a year. Our goal is to enhance safety measures and prevent workplace accidents through effective safety management. This includes posting safety-related laws and regulations in the workplace.

#### Status of Occupational Accidents During 2021-2023

| occupational accident rate for 3 consecutive years | occupational accidents for 3 consecutive years | disasters and fatalities for 3 consecutive years |
|--|--|--|
| ZERO   | ZERO   | ZERO   |

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## Spread of a Culture of Occupational Safety and Health

### Occupational Safety and Health-oriented Culture Dissemination

We firmly believe that accident prevention through technological advancements is essential. However, we also recognize the significant impact that fostering a culture of safety within our organization can have on reducing the accident rates. Safety culture encompasses the values, attitudes, perceptions, and behavioral patterns that individuals and the organization hold regarding safety. Our goal is to cultivate a safety culture throughout our entire organization that begins with a shift in consciousness, encouraging individual behavioral changes for every member to perform their tasks correctly and safely.

#### Safety Training at Headquarters

To ensure the safety and smooth response during disasters and emergency situations, we provide emergency and crisis response training for all employees. In 2022, we conducted quarterly training sessions at a corporate level. Additionally, at our headquarters, we provide education on cardiopulmonary resuscitation (CPR), safety accident prevention, and treatment. These an effective aim to enable effective response in various disaster and safety accidents.



#### Safety Training at Overseas Corporations

We remain committed to fostering a safety-first culture, extending safety education to our overseas corporations. We tailor the necessary safety training to the characteristics of the business at each overseas corporation. In cases where the safety risks are high, we engage external expert instructors to provide high-quality education. Furthermore, to promote a culture of safety, we offer safety training not only to employees within the corporations but also to personnel from the partner companies when necessary. Moving forward, we will continue our efforts to enhance employee safety awareness and create a safe working environment at all domestic and international workplaces.

#### Safety Training Programs at Overseas Corporations in 2022

| Overseas corporation | Course   | Target audience   |
|----------------------|--|---|
| PAM                  | Fire prevention and fire safety education                | Forest fire response team, On-site volunteer firefighters   |
|                      | Occupational safety training for high-risk job positions | Welders, boiler operators, pesticide/herbicide handlers, generator operators (approximately 80 individuals) |
|                      | Lead auditor training                                    | Safety and health management personnel  |
|                      | Chemical handling expert course                          | Chemical handling practitioners   |
|                      | Environmental impact analysis (AMDAL) training           | Environmental managers and personnel  |
| GAM                  | Electrical / cable safety education                      | Subcontractors  |
| BNE                  | Emergency response training                              | All employees   |



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EHS Training at Hankuk Glass Industries

Hankuk Glass Industries places great importance on EHS education. Responsible personnel attend external training programs specializing in EHS-related laws and regulations. At its factory in Gunsan, it conducts in-house training programs for workers including members from partner companies. In 2022, it focused on safety management for the production process and production line maintenance. In 2023, it conducted a risk assessment and job safety training to educate the field practitioners, managers, as well as representatives and safety personnel from partner companies on company safety regulations, legal requirements, and relevant incident cases. This approach ensures they stay informed about the latest safety and health issues, enabling them to prevent accidents proactively. Additionally, it enhanced the safety capabilities of its employees by providing training on emergency response, equipping them to handle emergency situations. Moving forward, it will continue to conduct regular safety education to foster a safety-first culture and maintain a zero-accident environment.

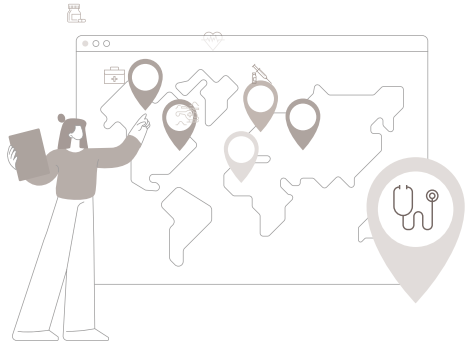
EHS Training Programs at Hankuk Glass Industries in 2022

| Course   | Content   | Target audience  | Date                    |
|--|---|--|-------------------------|
| Process Safety Management (PSM)  | Changed factors and procedures on PSM   | Division heads, PSM practitioners (total of 13 individuals)                                      | Jun. 29, 2022           |
| Safety officer training for the production line maintenance (i.e. cold repair) | Internal regulations, job safety, work permit management for production line repair (i.e. cold repair)  | GF3 production employees including on-site supervisors (a total of 25 individuals)               | Jun. 30 – Jul. 7, 2022  |
| Risk assessment  | Lecture on the revised risk assessment procedures, risk assessment simulation   | HGI managers, partner companies' representatives, safety personnel (a total of 89 individuals)   | Feb. 15 – Mar. 29, 2023 |
| Work safety training   | Work permit (Procedures, management points)<br>LOTO (Relevant laws, internal regulations, work safety, accident cases, etc.)<br>Equipment safety (Relevant laws, internal regulations, work safety, accident cases, etc.) | HGI department heads, contractors' representatives, safety personnel (a total of 62 individuals) | Apr. 18 – Apr. 20, 2023 |
| Emergency response drills  | Emergency response including cardiopulmonary resuscitation (CPR)  | Internal and partner companies' emergency response personnel (total of 40 individuals)           | Apr. 13 – Apr. 20, 2023 |



Emergency Support for Overseas Employees

Due to the nature of our business in trade, commerce, and logistics, LX International employees frequently travel on business trips for trading and exploring new ventures in global strategic regions. To ensure the protection of our employees, we have collaborated with overseas emergency medical and security agencies to establish a rapid emergency response system. Our overseas employees can receive safe and appropriate assistance in various crisis situations, such as experiencing health issues, requiring safe transportation, or perceiving personal threats while abroad. Additionally, for expatriates stationed in a remote area, emergency support services have been extended to their accompanying family members as well.



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# Talent Management

## Talent Management System

### Personnel System

LX International considers its members as its most valuable asset. To enable our employees to accumulate experience and knowledge and unleash their full potential, we have implemented various personnel systems and programs. Our aim is to foster a sense of pride and entrepreneurial spirit among our employees as they grow and excel based on their capabilities.

#### Personnel Principles



### Recruitment Fair of Outstanding Talents

LX International operates a fair and transparent recruitment process to ensure equal opportunities for all candidates. To prevent biased evaluations during the recruitment stages, we employ a document cross-assessment and utilize a panel of interviewers from various departments, ensuring evaluations are conducted from multiple angles. We conduct regular training for interviewers to enhance the professionalism of the recruitment process. Furthermore, to prevent any misconduct in online aptitude tests, we have taken various security measures, including the use of cameras for monitoring.

#### LX International Talent Profile



### Recruitment of New and Experienced Employees

For new employee recruitment, we promote our job opportunities through various channels to attract exceptional talents in a timely manner. We enhance our recruitment branding through microsites, YouTube, and the utilization of recruitment characters. Simultaneously, we continuously expand our network with educational institutions offering a relevant curriculum in line with our business domains. In the case of experienced employee recruitment, we employ various methods such as public recruitment, direct sourcing, and employee referrals to hire outstanding talents. To ensure fairness in our experienced employee recruitment system, we implement a document cross-assessment and conduct objective interviews with interviewers from third-party departments unrelated to the applicant’s desired department.

#### LEX, our new employee at LX International



To enhance recruitment promotion efforts, LX International has created a new recruitment character named ‘LEX’. Through storytelling associated with the character, we effectively communicate LX International’s desired talent profile and the strengths required for our business. This initiative aims to create a more approachable corporate image. Moving forward, we plan to utilize this character to actively promote various recruitment updates and an organizational culture, attracting candidates who align with our company values.

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## Various Recruitment Programs

### Internship Program Linked to Recruitment

To ensure the timely recruitment of the outstanding candidates suitable for specific job roles, we have implemented an internship program linked to new recruitment. In 2022, we conducted a total of four internship programs linked to recruitment. Prior to posting job advertisements, we provided the necessary information to applicants through online and offline recruitment information sessions to facilitate their smooth participation in the recruitment program. Additionally, to ensure fair assessment of the interns' potential, we conducted weekly evaluations and systematically evaluated their performance. The opinions of the mentors, recruitment personnel, and supervisors from the target departments are taken into consideration when assessing whether the interns should be offered regular employment opportunities.

### Operation of an Experiential Internship

We provide experiential internship opportunities for undergraduate students in their third year of university during vacation periods, allowing them to gain firsthand experience in their desired fields. In 2022, we conducted a total of two internships, providing support for exceptional talents to develop a sense of belonging to our company before their university graduation. Moving forward, we plan to continue operating experiential internships to proactively secure outstanding talents in advance.

### Business Academy

The Business Academy program is an educational program designed to enhance the professional competencies of the applicants in key business areas over a period of approximately one month. During the four-week training period, participants attend various courses such as fundamental finance and practical trade. Exceptional performers in the program are given the opportunity to participate in an internship program linked to recruitment. This allows them to apply the knowledge gained during the training program to real-life industry settings, providing practical experience.

### Candidate Experience Management

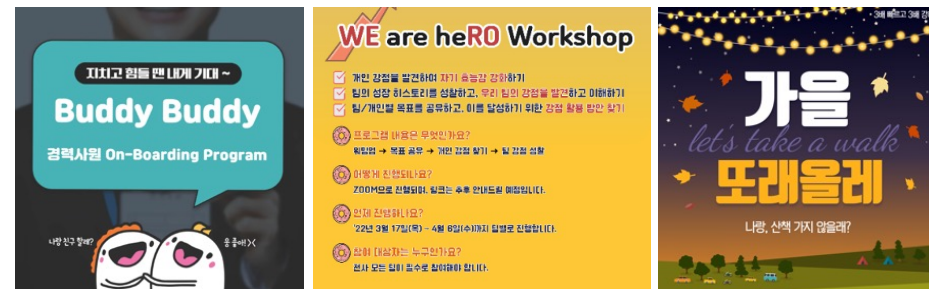
We strive to ensure that candidates do not experience any discomfort throughout the recruitment process. To achieve this, we are continuously improving our recruitment process guidelines, enhancing the waiting areas and interview room environments, and undertaking various activities. Our recruitment department conducts overall evaluations to identify and remove any potential discomfort that candidates may experience during the recruitment process.

## Employee diversity

LX International strives to create an organization where diverse employees can synergize together based on fair and non-discriminatory recruitment, evaluation, and compensation policies, in line with our personnel principles. We do not tolerate discrimination on the ground of gender, nationality, race, disability, or any other factors. We ensure equal opportunities and treatment during the process of employee recruitment and evaluation. We have plans to continuously increase the proportion of female employees and managers. We are committed to creating an environment where all employees can work together based on mutual respect and trust, and we continuously make the efforts towards realizing that goal.

## Efforts to Improve Organizational Culture

To create a positive and enjoyable work environment, we have implemented an organizational culture improvement program. We operate the 'Buddy Program' specifically for new employees, matching them with employees who provide information regarding the organization and support networking opportunities. Additionally, we conduct team-focused programs, such as team workshops, to enhance team performance, strengthen a sense of belonging and increase team member retention. Furthermore, to foster synergy among our members, we have planned and implemented programs such as 'Peer Connections' that expand internal networks.



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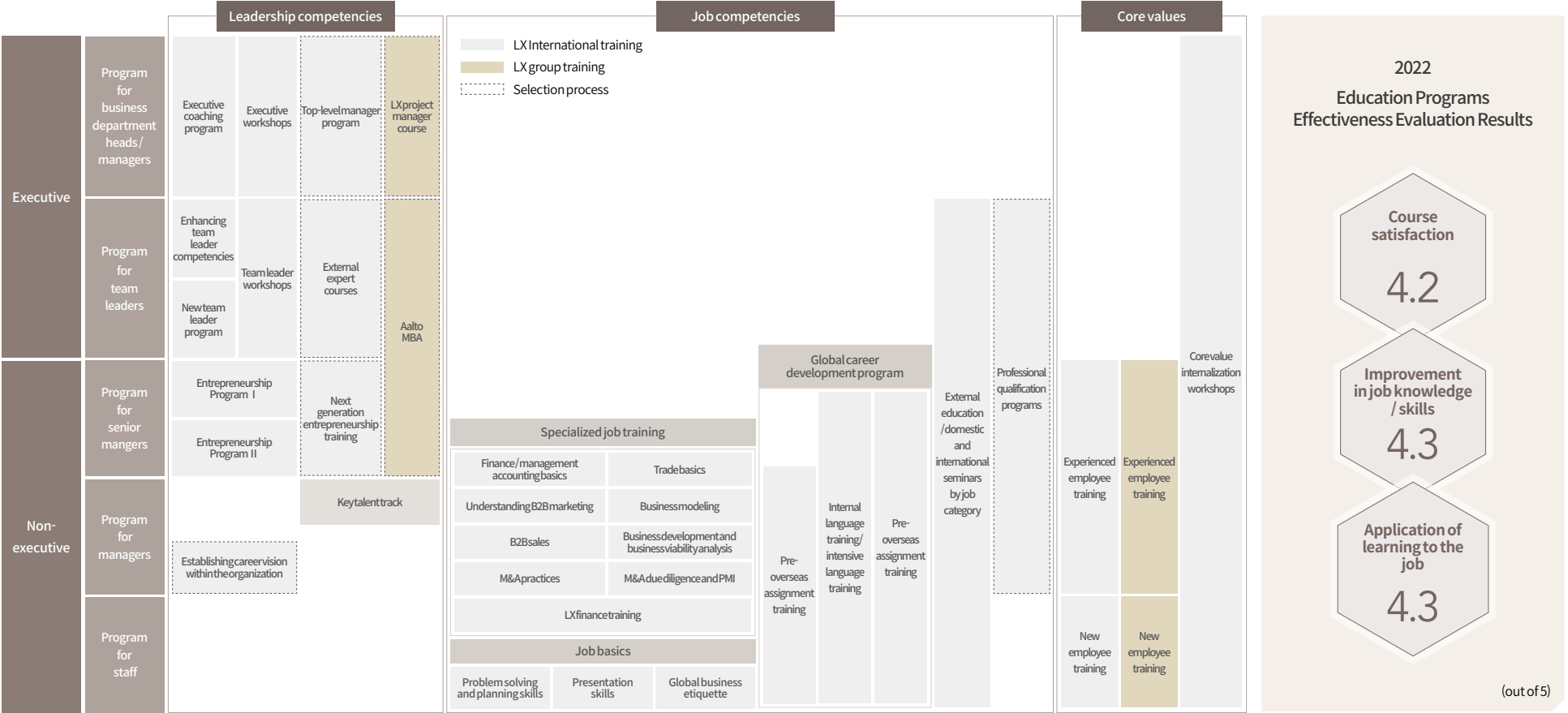
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Employee Skills Development

Talent Development System

LX International has adopted a systematic approach to developing global entrepreneurs and experts. We provide leadership training based on job levels and job-specific training at different skill levels. Additionally, we continually furnish pre-assignment training to overseas expatriates to enhance global competencies, as well as in-house language education and intensive language training to improve language skills.

Education System



Enhancing the Effectiveness of Training Programs

To assess the effectiveness of our training programs, we conduct post-training surveys targeting all participants. Following Kirkpatrick’s Training Evaluation Model, we evaluate various aspects such as Level 1: course satisfaction, Level 2: improvement of job knowledge / skill, and Level 3: application of learning to the job. This comprehensive evaluation allows us to determine whether the training programs have an impact on the actual job performance and identify the areas for improvement.

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### Supporting Employee Capability Enhancement In-house Study Program

To foster a culture of voluntary learning and personal skill development, we provide support for study groups among our headquarters employees. This support includes covering the costs of study materials, online courses, and meal expenses. In 2022, a total of six study groups were formed on topics such as CFA certification, negotiation skills improvement, investment asset management certification, commodity price estimation, and risk hedging.

### Providing Special Lectures

To ensure that employees stay informed and gain valuable insights, we conduct various special lectures on a wide range of topics. In 2022, a total of 11 guest lectures were held, covering diverse subjects such as market trends, policy responses, and in-depth business knowledge.

### Online Learning Platform Established

In addition to our in-house education programs, we have established an online learning platform to meet the individual learning needs of our employees. On this platform, we provide a variety of learning content and support employees' reading activities and access to academic papers through our in-house e-library.



Online learning platform



In-house e-library

### Fair Performance Evaluation and Compensation

LX International provides feedback on individual goals and objective performance records through an ongoing performance management system. We conduct regular checks and record discussions between leaders and employees regarding their set goals and achieved performance, ensuring objectivity in performance evaluation and compensation. We have introduced a Capability Up Meeting system to regularly assess and address individual competencies that require improvement, enabling employees to realize long-term career growth beyond the short-term performance outcomes. In addition, we conduct leadership surveys to assess key competencies such as communication and feedback skills, and we operate leadership development programs to support skill enhancement. To ensure fair compensation, we implement an individual salary system that reflects individual competencies and performance evaluations. Moreover, we provide incentives based on differentiated compensation for business performance, including position allowances, organizational performance bonuses, individual performance bonuses, and ad hoc performance bonuses, aiming to motivate employees based on their job performance.

## Work-Life Balance

### Employee Welfare

LX International strives to provide a conducive work environment for its employees, allowing them to fully utilize their work capabilities. To achieve this, we have established and implemented various welfare programs in different areas.

| Leisure and culture   | Health  | Lifestyle   |
|---|---|---|
| Support for selective welfare benefits<br>Support for sports activities<br>Provision of accommodation benefit | Medical check-ups / medical insurance support   | Housing loan support<br>Support for overseas business travelers and expatriates                                 |
| Family affairs  | Family support  | Work  |
| Support for family events<br>Birthday present for employees   | Installation of childcare facilities in workplace<br>Gifts for employee's childbirth, children's school enrollment, etc.<br>Support for children's education expenses | Flexible work hours & dress code<br>Remote work support & commuting buses<br>Introduction of remote work policy |

### Flexible Working Hours and Support

#### Flexible Working Hours and Remote Work Policy

Since 2018, we have implemented a flexible working hours system, allowing employees to manage their work schedules according to their preferred style and necessary time commitments, thereby enhancing work engagement. As long as employees adhere to the core working hours and legal working time requirements, they have the freedom to determine their own commuting hours. Additionally, we have introduced a remote work policy based on autonomy, responsibility, and trust, enabling employees to improve work efficiency and enhance the focus by aligning their work with their lifestyle.

### Maternity and Parental Support Programs

To support employees and their families, we have implemented various programs to assist with childbirth and childcare. These programs include on-site daycare facilities, family care leave and vacations, reduced working hours during pregnancy, and the provision of maternity gifts. Through these initiatives, we strive to maintain a family-friendly atmosphere and support the work-life balance of our employees. Building upon this organizational culture, we were certified as a 'Family-friendly Company' by the Ministry of Gender Equality and Family in January 2021.

### Support for Retirees

We provide support for employees even after their retirement to ensure a stable life through retirement pension benefits and retirement allowances. Additionally, we offer one-on-one counseling and educational workshops through professional consulting firms to promote a smooth transition and sustained employment for retirees.

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# Labor-Management Relations

## Labor-Management Council

### Future Board - LX International's Labor-Management Council

LX International has established a labor-management council called the 'Future Board' to promote employee welfare and the healthy development of the company. The establishment and operation of the labor-management council are governed by its Articles of Incorporation, and the application rate of the labor-management council's operating regulations is 100%, applicable to all LX International employees. The Future Board, as its name suggests, is a council for preparing for the future. As of 2022, it consists of seven employee representatives and seven management representatives. The seven employee representatives are directly elected through employee voting. The Future Board engages in various activities aimed at improving company-wide systems and an organizational culture.

#### Mission and Role of the Future Board



### Operation and Key Activities of the Future Board

The Future Board operates through regular quarterly meetings called the 'Company-wide Board Meeting' and maintains ongoing communication through various consultative bodies. In 2022, under the slogan of 'Creating a Company Where People Want to Work', the Future Board initiated various improvement activities in terms of work efficiency, organizational vitality, and welfare enhancement. To improve work efficiency, the communication tool 'Slack' was introduced, and to enhance organizational vitality, events, such as the the cheer-up day event, and a reward system for contributors to the organizational culture were implemented. Furthermore, welfare enhancements included providing fruit cups after meals, supporting housing loan interest, and installing ice machines.

#### Operation of Future Board Committees

| Category                   | Frequency  | Attendees  | Key topics  |
|----------------------------|------------|--|---|
| Company-wide board meeting | Quarterly  | Employee representatives at the Future Board<br>Management representatives at the Future Board | Sharing company management status, proposing cross-company activities, etc.                         |
| Working committee          | Bi-monthly | Employee representatives at the Future Board<br>Department heads in charge                     | Sharing business unit activities, examining possibilities for improvement in welfare benefits, etc. |
| Intermeeting               | Monthly    | Employee representatives at the Future Board<br>Board HR managers                              | Sharing Voice of the Employee (VOE), developing activity plans, etc.                                |

## Facilitating Communication with Employees

### Communication with Management

#### i-Round Operation

LX International actively promotes communication with its employees through a unique town hall meeting called i-Round. i-Round is conducted every quarter and aims to enhance transparency by sharing management updates and business directions directly with the employees. This initiative focuses on strengthening organization-wide communication and fostering employee engagement through participatory programs.



i-Round

#### Management Meetings

We operate meetings with the CEO to enhance the understanding of company management and future vision, as well as to strengthen communication between the management and employees. We have made efforts to expand the meetings from being exclusively for the management team to include all executives, creating a flexible and open atmosphere for engaging in discussions on various topics. To encourage voluntary participation from employees, we openly accept applications, promoting active communication within the organization.

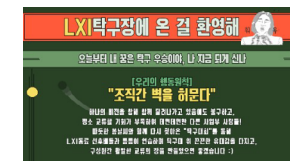


Management meeting

### Enhancing Communication among Employees

#### Activating Internal Cultural Activities

We are fostering a culture where employees can naturally enhance communication through diverse cultural activities. By organizing sports competitions such as table tennis tournaments, we create opportunities for interaction between the departments, fostering camaraderie among colleagues and fostering a sense of unity between senior and junior employees. Additionally, we promote a culture of recognition within the company and plan initiatives such as lifestyle improvement challenges to expand the interaction among colleagues and form a healthy organizational culture.



Company sports competition

#### Operation of Company-Wide Anonymous Bulletin Board

We operate a company-wide anonymous bulletin board called 'Raon Lounge' to provide employees with a platform to freely express their opinions and hear honest voices from employees about their departments and the company. Through this platform, we can assess employee satisfaction levels and address their concerns, gathering feedback to implement necessary improvements.

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# Data Protection

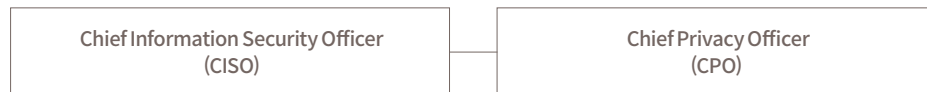
## Data Protection System

### Data Security Management Policy

LX International establishes and operates information security policies and guidelines based on a compliance system. Through this, we minimize information security risks and efficiently respond to incidents and environmental changes. In March 2023, we revised or newly enacted our information security guidelines in compliance with the amended Personal Information Protection Act and ISO / IEC 27001 certification requirements. We continue to provide regular updates and efforts to ensure employee awareness and adherence to these guidelines.

### Data Protection Governance

To ensure the the systematic management of information security and effective response to risks, we have appointed a Chief Information Security Officer (CISO) and a Chief Privacy Officer (CPO). They facilitate communication with top management and oversee the development and evaluation of information security plans. We also have designated information security personnel responsible for implementing relevant tasks.



### Data Security Certification of ISO / IEC27001 Achieved

LX International achieved the ISO/IEC 27001 certification for the the Information Security Management System in April 2023. ISO/ IEC 27001 is an internationally recognized standard developed by the International Organization for Standardization (ISO) for the the information security management systems. It involves a rigorous evaluation of over 100 criteria, including the the information security policies and technical safeguards. Obtaining this certification demonstrates that our information security system meets a high level of standards and is globally recognized. In an environment where the importance of information security is increasingly emphasized, we are committed to providing trustworthy and secure services based on verified information security certification.



ISO/IEC27001 Certificate

### Proactive Investment and Efforts for Information Security

#### Implementation and Operation of Information Security Measures

To implement information security measures, we manage physical and environmental security, operational security and security for the electronic financial transactions and ensure the implementation of information security measures during the IT adoption, development, and maintenance processes. Additionally, we have established and maintain a systematic record preservation system to demonstrate our compliance with the principle of due diligence.



#### Data Security System Evaluation and Emergency Response

Every year, we conduct information security diagnostics by engaging external firms to assess the overall management level of information protection. We also perform web system vulnerability assessments to proactively identify and address potential weaknesses such as external hacking and system tampering. Furthermore, we establish and evaluate measures to ensure task continuity in response to information security emergencies, including customer data breaches and cyberattacks, aiming for a swift and efficient response to the relevant risks.

### Employee Engagement in Information Security Activities

#### Conducting Simulated Training to Respond to Malicious Emails

LX International conducts annual training sessions to raise the employees' awareness of information security and prevent security incidents. In December of last year, a simulated training email pretending to be a parcel delivery address change was sent out, and it was observed that over 90% of employees recognized it as a malicious email and promptly deleted it. Furthermore, the department responsible for information security received numerous reports of suspicious emails, and a token of appreciation, such as a small gift, was awarded to the first reporter.

#### Data Security Pledge Signed by Every Employee

LX International collects an information security pledge from new employees upon their entry to the company. Additionally, every year, all employees, including those currently employed, are reminded of the security commitments and asked to reaffirm their commitment by submitting an online information security pledge. In 2023, all employees, including overseas staff and local-hired employees (ISE), except for those on leave, have completed the submission of the pledge.

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## Employee Composition and Diversity

### Employee Composition by Gender and Age

| Category               |                   | Unit   | 2020 | 2021 | 2022 | Remarks |
|------------------------|-------------------|--------|------|------|------|---------|
| Total no. of employees |                   | Person | 489  | 456  | 468  |         |
| Gender                 | Male              | Person | 378  | 350  | 357  |         |
|                        | Female            | Person | 111  | 106  | 111  |         |
| Age                    | Age under 30      | Person | 81   | 76   | 80   |         |
|                        | Age from 30 to 49 | Person | 362  | 332  | 338  |         |
|                        | Age 50 or above   | Person | 46   | 48   | 50   |         |

\*As of the end of the relevant year, and the no. of employees within the business report is based on separate standards (registered executives and overseas corporation expatriates excluded)

### Employee Composition by Contract Type

| Category              |        | Unit   | 2020 | 2021 | 2022 | Remarks |
|-----------------------|--------|--------|------|------|------|---------|
| Regular               | Male   | Person | 371  | 346  | 352  |         |
|                       | Female | Person | 111  | 103  | 110  |         |
| Non-regular           | Male   | Person | 7    | 4    | 5    |         |
|                       | Female | Person | -    | 3    | 1    |         |
|                       | Rate   | %      | 1.4  | 1.5  | 1.3  |         |
| ISE (local employees) |        | Person | 375  | 392  | 399  |         |

### Employee Composition by Position

| Category              |  | Unit   | 2020 | 2021 | 2022 | Remarks |
|-----------------------|--|--------|------|------|------|---------|
| Executives            |  | Person | 19   | 20   | 18   |         |
| Non-executive leaders |  | Person | 77   | 80   | 79   |         |
| Non-leaders           |  | Person | 393  | 356  | 371  |         |

### Employee Diversity

| Category                      |                         | Unit   | 2020 | 2021 | 2022 | Remarks |
|-------------------------------|-------------------------|--------|------|------|------|---------|
| Employees with disabilities   | Total no.               | Person | 5    | 6    | 6    |         |
|                               | Ratio                   | %      | 1    | 1    | 1    |         |
| Employees with national merit | Total no.               | Person | 9    | 8    | 9    |         |
|                               | Ratio                   | %      | 2    | 2    | 2    |         |
| Ratio of female managers      | Team leaders            | %      | 1    | 1    | 3    |         |
|                               | Senior manager or above | %      | 11   | 11   | 12   |         |

## Recruitment and Turnover

### Recruitment

| Category    |                        | Unit   | 2020 | 2021 | 2022 | Remarks |
|-------------|------------------------|--------|------|------|------|---------|
| Recruitment | Total no. of new hires | Person | 68   | 39   | 71   |         |
|             | Entry-level            | Person | 20   | 19   | 27   |         |
|             | Experienced            | Person | 48   | 20   | 44   |         |

\*No. of employees hired in 2021: Data in 2022 changed due to the change in calculation criteria

### Turnover

| Category                  |  | Unit | 2020 | 2021 | 2022 | Remarks |
|---------------------------|--|------|------|------|------|---------|
| Turnover rate*            |  | %    | 7.6  | 11.0 | 7.1  |         |
| Average length of service |  | Year | 8.8  | 9.5  | 9.3  |         |

\*Ratio of the voluntary turnovers for the reasons of career development of other personal purposes

## Employee Capacity Building

### Employee Education

| Category                                  |  | Unit   | 2020          | 2021          | 2022          | Remarks  |
|---|--|--------|---------------|---------------|---------------|--|
| No. of employees who completed education* |  | Person | 3,442         | 2,968         | 1,506         |  |
| Total hours of education                  |  | Hour   | 38,410        | 19,003        | 18,826        |  |
| Total education expenses                  |  | KRW    | 1,716,462,372 | 1,331,609,376 | 1,387,055,625 |  |
| Average educational hour per capita       |  | Hour   | 79            | 42            | 40            |  |
| Average educational expenses per capita   |  | KRW    | 3,510,148     | 2,920,196     | 2,963,794     |  |
| Human rights education                    | Total hours of education                   | Hour   | 1,548         | 1,521         | 1,080         |  |
|   | Educational hour per capita                | Hour   | 2             | 2             | 2             |  |
| Statutory education**                     | No. of employees who completed education   | Person | 516           | 511           | 360           | Based on employees who belong to the headquarters and overseas expatriates |
|   | Ratio of employees who completed education | %      | 100           | 100           | 100           |  |
|   | Educational hour per capita                | Hour   | 1             | 1             | 1             |  |
| Other than Statutory education            | No. of employees who completed education   | Person | 516           | 499           | 360           |  |
|   | Ratio of employees who completed education | %      | 100           | 100           | 100           |  |

\* Based on the accumulated number

\*\* Overseas expatriates and global staff encouraged to take online classes in addition to employees subject to education in 2020 and 2021. Offline education provided only to employees subject to education completion in 2022

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Regular Performance Assessment

| Category   | Unit   | 2020 | 2021 | 2022 | Remarks  |
|--|--------|------|------|------|--|
| No. of employees subject to regular performance assessment and career development evaluation   | Person | 489  | 456  | 468  | Based on employees who belong to the headquarters and overseas expatriates |
| Ratio of employees subject to regular performance assessment and career development evaluation | %      | 100  | 100  | 100  |  |

Median Wage

| Category           | Unit        | 2020 | 2021 | 2022 | Remarks |
|--------------------|-------------|------|------|------|---------|
| Legal minimum wage | KRW million | 23   | 24   | 25   |         |
| Male median wage   | KRW million | 123  | 133  | 167  |         |
| Female median wage | KRW million | 53   | 64   | 84   |         |

Welfare Benefits

Parental Leave and Return from Leaves

| Category  |        | Unit   | 2020 | 2021 | 2022 | Remarks  |
|---|--------|--------|------|------|------|--|
| No. of employees taking parental leave                                  | Male   | Person | 4    | 2    | 2    |  |
|   | Female | Person | 8    | 5    | 10   |  |
|   | Total  | Person | 12   | 7    | 12   |  |
| No. of employees returned from parental leave                           | Male   | Person | 4    | 1    | 2    |  |
|   | Female | Person | 7    | 3    | 8    |  |
|   | Total  | Person | 11   | 4    | 10   |  |
| Ratio of employees returned from parental leave                         | Male   | %      | 100  | 50   | 100  |  |
|   | Female | %      | 88   | 60   | 80   |  |
| Employees working for 12 months or more after returning from the leave* | Male   | Person | 3    | 1    | -    | Employees working in 2022, who have worked less than 12 months after reinstatement as of the current date could not be counted in the data |
|   | Female | Person | 7    | 1    | -    |  |
|   | Total  | Person | 10   | 2    | -    |  |

\* Data is different from previous year's report due to the different calculation; it is calculated as 12 months of service among returnees in the relevant year.

People Enrolled in Retirement Pension

| Category                       | Unit   | 2020 | 2021 | 2022 | Remarks  |
|--------------------------------|--------|------|------|------|--|
| Defined Benefit plan (DB)      | Person | 406  | 393  | 368  | Value excluding the number of retirees during the year out of total number of subscribers at the beginning of the year |
| Defined Contribution plan (DC) | Person | 24   | 29   | 32   |  |

Labor Practices

Labor-Management Council

| Category   | Unit | 2020 | 2021 | 2022 | Remarks |
|--|------|------|------|------|---------|
| Ratio of labor-management council meetings applied | %    | 100  | 100  | 100  |         |
| No. of labor-management council meetings convened  | Time | 4    | 4    | 4    |         |

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Social Contribution

Social Contribution Activity Expenses

| Category  | Unit   | 2020        | 2021        | 2022        | Remarks |
|---|--------|-------------|-------------|-------------|---------|
| Charity donations   | KRW    | 0           | 550,000,000 | 194,914,500 |         |
| In-kind donations   | KRW    | 390,443,430 | 0           | 0           |         |
| Employee donation amount                                    | KRW    | 26,457,340  | 29,798,400  | 29,447,850  |         |
| No. of social contribution participants per year            | Person | 0           | 14          | 37          |         |
| Total participation hours in social contribution activities | Hour   | 0           | 96          | 540         |         |

Respect for Human Rights

Human Rights Report Handling Status

| Category                                  | Unit | 2020 | 2021 | 2022 | Remarks |
|---|------|------|------|------|---------|
| No. of reports related to social impact   | Case | 1    | 1    | 0    |         |
| No. of reports in the process of handling |      | -    | -    | -    |         |
| No. of reports handled                    |      | 1    | 1    | 0    |         |

Partner Company Management

Handling of Grievances from Partner Companies

| Category                                 | Unit | 2020 | 2021 | 2022 | Remarks |
|--|------|------|------|------|---------|
| No. of grievances from partner companies | Case | 0    | 0    | 0    |         |
| No. of grievances handled                | Case | 0    | 0    | 0    |         |

Safety and Health

Occupational Crisis Management – Domestic Sites

| Category                              | Unit   | 2020 | 2021 | 2022 | Remarks |
|---------------------------------------|--------|------|------|------|---------|
| No. of serious occupational accidents | Case   | 0    | 0    | 0    |         |
| Industrial accident rate              | %      | 0    | 0    | 0    |         |
| No. of victims                        | Person | 0    | 0    | 0    |         |
| No. of deaths                         | Person | 0    | 0    | 0    |         |

Information Security

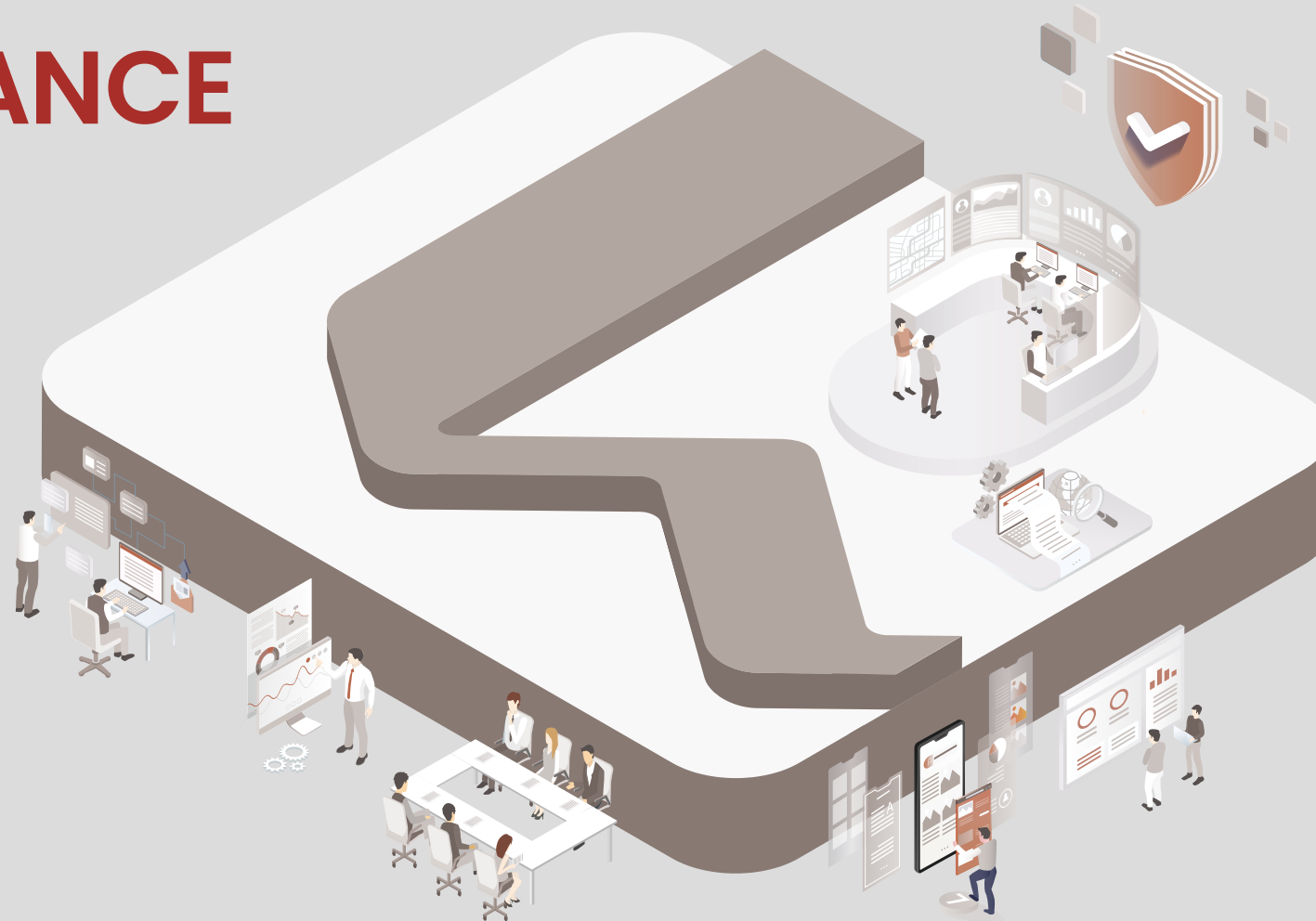
Information Security Investment and Law Violation Status

| Category                         | Unit | 2020 | 2021        | 2022        | Remarks                   |
|----------------------------------|------|------|-------------|-------------|---------------------------|
| Information security investments | KRW  | -    | 626,574,317 | 657,115,897 | Data aggregated from 2021 |
| Violation of laws and complaints | Case | 0    | 0           | 0           |                           |



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# Risk Management

## Risk Management System

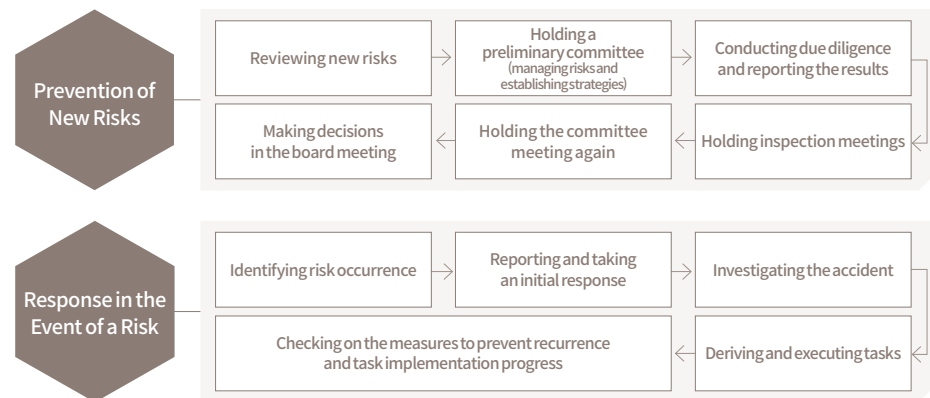
### Risk Management Governance

We proactively identify and manage the diverse risks that may affect our business activities and operations. As a global comprehensive trading company, we need effective risk management to diversify our business and expand into the overseas markets. Aiming to elevate our sustainability, we categorize risks into financial and non-financial types. We identify and assess the internal and external risks through our departments responsible for finance, legal (compliance), ethics, ESG, and business activities. Each department analyzes and evaluates the risks and follows the response procedures when any issues arise. The BOD and other management continue to oversee the risk management processes and ensure they align with our policy.

### Risk Response Process

In the event of a risk, we respond to incidents by type according to the response process for an immediate and swift response. At the time of an accident, we quickly recognize and share the situation by reporting the accident, followed by determining the level of the risk to identify the damage impacts and potential issues. In the case of safety, we take a prompt initial response and prevent secondary damage in line with the principle of putting human life first. Afterwards, the fundamental cause is identified through an objective investigation of the accident. Then, we establish the risk response tasks, including the measures to prevent a recurrence, and continuously monitor the completion of implementation.

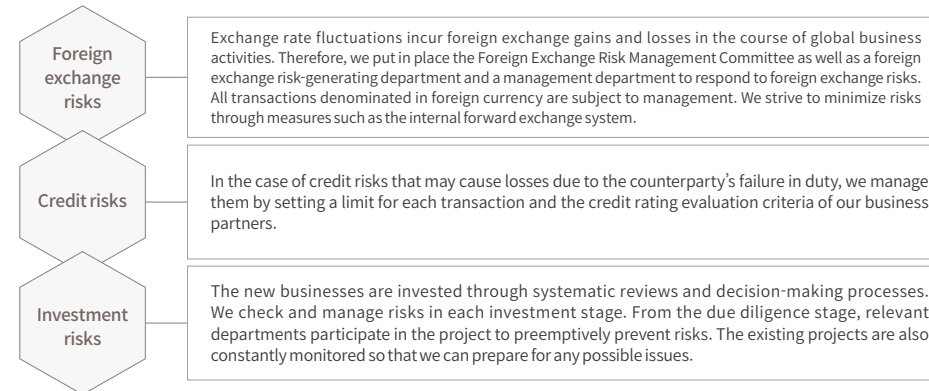
### Risk Management and Response Process



### Risk Types

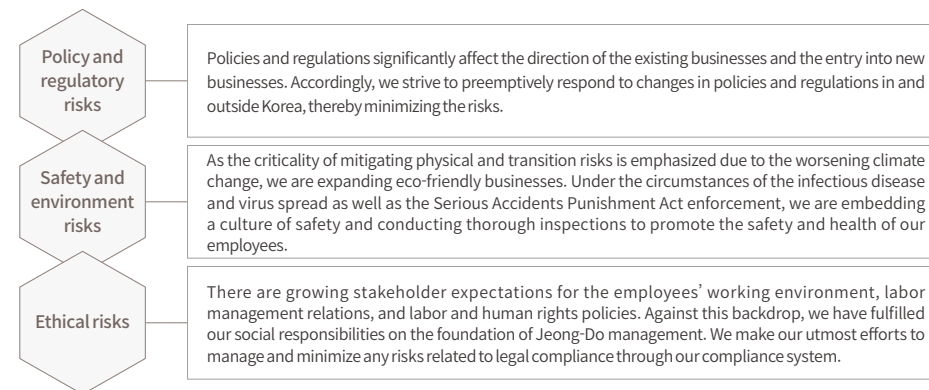
#### Financial Risk

We categorize and control the financial risks that may occur in the business process into the following three categories.



#### Non-financial Risk

We have improved our ESG management and classified the associated risks as non-financial risks. We manage these risks in different areas such as policy and regulation, safety and environment, and ethics.



# Jeong-Do Management

## Jeong-Do Management Structure

### Jeong-Do Management System

#### Jeong-Do Management Organization

LX Jeong-Do management goes beyond the operation of ethical management, and includes the willingness to develop skills and create results through fair competition. LX International has put in place the Ethics Bureau, a dedicated organization, to provide education and carry out cultural dissemination activities to embed Jeong-Do Management in daily life within the company. In addition, the Management Diagnosis / Improvement Team and Business Innovation Team work together to support the activities in regard to Jeong-Do Management.

#### Organization Chart for the Jeong-Do Management



### Code of Ethics

The LX Code of Ethics is the ‘standard for correct behavior and value judgment that all executives and employees should comply with’. The Code of Ethics is produced in Korean and in English and is shared with all employees. Every LX employee submits a pledge to practice Jeong-Do management once a year, and it is also required for partners upon conclusion of a contract.

#### LX Code of Ethics



## Internalization of Jeong-Do Management

### Education on Jeong-Do Management

We provide regular Jeong-Do Management education for all employees to embed a Jeong-Do Management culture within the company. In 2022, we conducted offline training on Jeong-Do Management and the prevention of sexual harassment and bullying in the workplace in collaboration with the Growth Culture Team, an organization dedicated to in-house training. The education was conducted for about two weeks for 360 employees at the headquarters, and a total of 314 people participated in the offline education program. We provided online training for those who missed offline courses due to business trips or holidays, thereby achieving a 100% completion rate. In addition, Jeong-Do Management education is offered to all applicable employees in each position at home and abroad. We frequently communicate with the importance and critical aspects of Jeong-Do Management at various levels.

### Dissemination of Jeong-Do Management Culture

Besides these educational efforts, we carry out various cultural promotion activities to internalize a Jeong-Do Management culture. Recently, we publish our newsletters on a monthly basis concerning Jeong-Do Management after changing its name to ‘Jeong-Do Talk Talk’, which refers to the new talking points of Jeong-Do Management. We distribute the newsletter to employees in Korea and other countries, such as Indonesia, China, and the Americas. We also run a YouTube channel called ‘One Minute Jeong-do Management’ where we upload ‘Jeong-do Toon’ videos monthly. These are cartoon videos of Jeong-Do Management that we also display on the signage on each floor of the company. We also issue Jeong-Do Management letters that convey the CEO’s commitment, for example, avoiding giving or receiving gifts around holidays. We provide a communication channel that allows 24/7 access to Jeong-Do Management information through KakaoTalk Plus Friend.



### Our Jeong-Do Management Plan for 2023

To ensure that we comply with all Jeong-Do Management principles and actively engage in activities in 2023, we have established and implemented a Jeong-Do Management plan. By the third quarter of this year, we aim to expand our in-house expense processing monitoring system, CMS, to our overseas subsidiaries to observe the corporate expenses used overseas. We also plan to carry out Jeong-Do Management training via online and offline at our overseas subsidiaries and branches, such as in Indonesia. To familiarize our employees with Jeong-Do Management, we have arranged various cultural events. Additionally, a monthly video on Jeong-Do Management reflecting the current trends will be produced and distributed through our company intranet.

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Reporting System

Sinmungo System

We have established and are operating a Sinmungo channel so that all stakeholders can report complaints involved with LX International and its employees, unreasonable work demands, unfair trade practices, and other violations of ethical and ethical management.

Subject of Reporting to Sinmungo

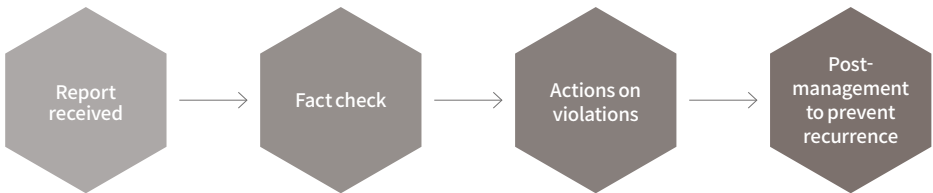
- LX International employees' unfair work handling, demands for money and valuables, and requests for entertainment or service
- Unfair trade practices using a superior position
- Other matters that violate the LX Code of Ethics and practice guidelines

Sinmungo Report Handling Status in 2022

| Cases received | Cases closed | Disciplinary action |
|----------------|--------------|---------------------|
| 5 in total     | 5 cases      | 2 cases             |

Report Handling Process

We receive reports not only through the Cyber Sinmungo on the LX International's website but also via e-mail, mail, telephone, and fax. We handle the reports with strict confidentiality and whistleblower protection, and only a few authorized personnel can access them. We conduct thorough investigations to verify the truth of the reports and take the appropriate disciplinary actions based on the severity of the violations. We also implement preventive measures and follow-up management to avoid any recurrence of the same issues.



Whistleblower Protection

We have a specific policy and measures to safeguard the identity of the informants who report misconduct through Sinmungo. The protection of the informant is provided when their real name and credible evidence are submitted. We also strictly protect the reported information of the informant and other related parties. We protect the informant's identity, the evidence they present, the information collected from the report, and anything that might hint at the person being consulted. We also prevent any disadvantage or discrimination against the informant. If any disadvantage occurs, we immediately stop any retaliation against the reporter by restoring their original status or providing them with the equivalent compensation.

Whistleblower Protection Policy

- The whistleblower and the content of the report are kept strictly confidential by the Jeong-Do Management organization in LX International, and the reporting system is protected by high levels of the security system.
- Reports are handled by a limited number of people who have pledged to strictly abide by the confidentiality of reporting.
- We will restore the original situation or provide equivalent compensation for the informant if they face any disadvantageous or punitive action due to the report.
- We will consider sufficient mitigating factors and handle the report fairly if the person directly involved reports the corruption.

Report Channels

|                        |   |
|------------------------|---|
| Cyber Sinmungo         | <a href="https://ethics.lxmdi.co.kr/index.do">https://ethics.lxmdi.co.kr/index.do</a> |
| Address for mail       | 58, Saemunan-ro, Jongno-gu, Seoul, Korea (03184) LX International                     |
| Responsible department | Ethics Bureau   |
| E-mail                 | <a href="mailto:ethics@lxintl.co.kr">ethics@lxintl.co.kr</a>                          |
| Telephone              | 82-2-6984-5088  |
| Fax                    | 82-2-3773-5099  |

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# Compliance

## Compliance Structure

### Compliance System

#### Establishment of a Compliance System

As a listed company with assets over KRW 500 billion, we are obliged to set up the standards and procedures for compliance control and appoint a compliance officer. Accordingly, we have built a systematic compliance control system accordingly. Along with the compliance officer, the Legal Team 2 handles company-wide compliance issues such as compliance training, contract review and legal advice, compliance control, and voluntary compliance checks.

#### Operation of a Compliance System

We operate the compliance system efficiently to manage and address any legal risks, with the mutual cooperation of the BOD, the CEO, compliance officer, and all employees. The BOD prepares the overall legal risk assessment and management system, including the establishment and revision of compliance control standards, and appoints the compliance officer. The compliance officer is in charge of supervising compliance support activities as well as operating the company-wide compliance control system. Employees participate in compliance management through complying with autonomous compliance control standard and evaluating the actual conditions.

### Compliance Policy

We have a compliance policy regarding contacts with our competitors to minimize any potential risks. The policy includes guidelines on prohibiting contact with competitors, collecting competitive information from competitors, and creating documents with competitive information. We distribute and educate these guidelines to our employees. We also prepared a system that allows the legal affairs team to monitor contact with a competitor in the field department through pre- and post-reporting, if contact with a competitor is unavoidable.

## Compliance Risk

### Compliance Risk Management

#### Compliance Risk Management Activities

LX International is promoting company-wide activities to minimize compliance risks and enhance trust with an aim to reinforce ethics and compliance management. We shared the compliance newsletter in 2022 to promote a compliance culture within the company. The newsletter included the related information, such as guidance on new laws in the first half of the year, investigations on insider trading, the protection of trade secrets, and internal compliance policies.

#### Compliance Achievements in 2022

| Category                         | Details  |
|----------------------------------|--|
| Compliance Education             | <ul style="list-style-type: none"><li>• A total of 4 company-wide compliance training sessions provided</li><li>• A total of 10 compliance training sessions provided for the managers, new expatriates, and new employees</li></ul>   |
| Newsletter                       | <ul style="list-style-type: none"><li>• A total of 11 compliance newsletters were sent on domestic and international law revisions and case studies<ul style="list-style-type: none"><li>- Bylaws (2 times) / Fair trade (2 times) / Industrial safety (2 times) / Trade (1 time) / General compliance (4 times)</li></ul></li></ul> |
| Contract review and legal advice | <ul style="list-style-type: none"><li>• Contract review and legal advice through an in-house legal portal</li></ul>  |
| Compliance control               | <ul style="list-style-type: none"><li>• System operation to reinforce the compliance system and risk management for each organization based on it</li></ul>  |

#### Compliance Risk Monitoring and Review

We have a review process to avoid major compliance risks in the electronic payment process beforehand, following the autonomous compliance check regulations. We include a checklist of major compliance issues in the electronic payment system to prevent compliance risks in contracts, investments, and fund management.

| Autonomous compliance check   | Checklist item   |
|---|--|
| Loan and advance payment transaction / long-term sales or purchasing contract | <ul style="list-style-type: none"><li>• Prohibition of collusion / prior approval for the transactions with related parties by the BOD, confirmation of adequacy of trade conditions</li></ul> |
| Investment  | <ul style="list-style-type: none"><li>• Prior report for foreign direct investment</li></ul>   |
| Service contract  | <ul style="list-style-type: none"><li>• Prohibition of improper solicitation and bribery to public officials</li></ul>   |
| Fund management   | <ul style="list-style-type: none"><li>• Check on the BOD approvals when borrowing funds / check on the BOD approval when the headquarters confirm security for overseas subsidiaries</li></ul> |
| Donation  | <ul style="list-style-type: none"><li>• Check on the fact if a donation review meeting was held when executing donations</li></ul>   |

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# Board of Directors and Committees

## Board Composition and Activities

### Board Composition

Board of Directors (BOD) serves as the top decision-making body, responsible for making decisions on issues that encompass the entire organization and address the matters arising from business operations. The BOD regulations establish a system for the check and balance between the BOD and management. Currently, the CEO concurrently assumes the Chairperson of the board, considering their deep industry knowledge, expertise, and effective management. The tenure of the directors is set at three years.

#### Corporate Governance Report Disclosure

We disclose our corporate governance report on our official website in order to provide stakeholders with increased access to vital governance information, including the related policies, shareholder information, and the BOD and audit organization.

### Board Composition

As of March 2023

| Name           | Gender | Position               | Duties  | Academic and career background   | Tenure                        |
|----------------|--------|------------------------|---|--|-------------------------------|
| Yoon Chun Sung | Male   | CEO (Chairperson)      | CEO, Member of ESG Committee  | •BS / MSc, Geology, Yonsei University<br>•Former) Head of Resources Business Group   | Mar. 24, 2022 – Mar. 23, 2025 |
| Min Byeong Il  | Male   | Inside Director        | CFO   | •BA, Linguistics, Seoul National University<br>•Former) Head of Finance Division, LG Electronics                                     | Mar. 24, 2021 – Mar. 23, 2024 |
| Kwon Oh Jun    | Male   | Outside Director       | Member of Audit Committee and ESG Committee   | •BS / MSc, Law, Seoul National University<br>•Present) Attorney at Kwon Oh Jun Law Firm  | Mar. 23, 2023 – Mar. 22, 2026 |
| Chai Soo Il    | Male   | Outside Director       | Member of Audit Committee, Chairperson of ESG Committee   | •BA / MSc, Electrical Engineering, University of Southern California<br>•Former) Boston Consulting Group Korea Office Representative | Mar. 26, 2023 – Mar. 25, 2026 |
| Yang Ihn Soo   | Male   | Outside Director       | Chairperson of Audit Committee, Member of Outside Director Candidate Recommendation Committee and ESG Committee | •BA / MBA, Management, Yonsei University<br>•Former) Partner of Samil Accounting corporation   | Mar. 24, 2022 – Mar. 23, 2025 |
| Sohn Lan       | Female | Outside Director       | Member of Outside Director Candidate  | •Public Relations Officer of Agriculture and Trade Center, The U.S. Embassy<br>•Present) CEO, Sohn's Market Makers                   | Mar. 24, 2022 – Mar. 23, 2025 |
| Choi SungGwan  | Male   | Non-executive Director | Member of Outside Director Candidate Recommendation Committee   | •BA, Law, Seoul National University<br>•Present) CFO, LX Holdings  | Mar. 23, 2023 – Mar. 22, 2026 |

### Board Independence and Diversity

The BOD endeavors to maintain independence and diversity. Currently, the BOD is responsible for supervising and making decisions on key management issues. In appointing board members, we ensure diversity in terms of career backgrounds and gender, aiming to avoid representing the specific stakeholders. The board considers diversity not only in terms of professional expertise but also in terms of age, gender, religion, nationality, and race to eliminate discrimination. We comply with corporate and fair-trade laws to control transactions with major shareholders and management. Furthermore, the ESG committee, established in July 2022, also conducts reviews in accordance with its regulations.

### Board Expertise

The Outside Director Candidate Recommendation Committee recommends candidates who possess the necessary expertise and capabilities as per the relevant regulations and the company's articles of incorporation. Our verification and assessment process evaluates the candidates' backgrounds, experiences and perspectives in the respective fields. Our objective is to identify individuals who can navigate dynamic business environments and make a meaningful contribution to the company's competitive advantage and future value. During the candidate verification process, we evaluate factors such as their eligibility to concurrently hold outside directorships and other legal disqualifications. Currently, the BOD is composed of professionals from various fields, including overseas business, finance and accounting, law, and management consulting, who contribute to fulfilling their respective roles and responsibilities.

### Training for Outside Directors

To enhance the expertise and capabilities of outside directors, we provide various training programs that covers not only business-related topics but also essential areas such as ESG and auditing. In 2022, we conducted the Audit Committee training sessions on five occasions to clarify the responsibilities and roles of committee members and enhance their understanding of the relevant regulations and laws. In April 2023, prior to the inaugural meeting of ESG Committee, we invited ESG experts to provide training on ESG management trends, our current ESG management level and future directions.

### Board Support Organizations

We have a support organization to facilitate the effective operation of the BOD. The secretariat lends support to the outside directors and the Audit Committee by collecting and organizing the agendas, reviewing the legal grounds for the agenda items and ensuring proper decision-making. Additionally, the Internal Accounting Diagnosis Part supports the Audit Committee in conducting internal accounting audits. Furthermore, we have appointed the compliance support officers who are responsible for reporting on domestic and international legal matters and trends. They also conduct compliance training programs designed for the executives.

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Board Performance Evaluation and Remuneration

Board Performance Evaluation

The BOD undergoes a thorough evaluation process that assesses individual goal attainment, management performance, financial achievement, and external competitiveness. For outside directors, the evaluation criteria are based on their attendance rate at board meetings and their inputs and insights on the agenda items and decision-making within the BOD. The evaluation outcomes serve as the basis for the reappointment decisions. Regarding the Audit Committee, we conduct a comprehensive evaluation on their actual contribution to the monitoring systems and internal controls related to the company’s financial risks.

Remuneration Criteria

The remuneration for directors is determined objectively based on various evaluation criteria and payment justifications established by the BOD. The directors’ remuneration is set within the approved limits at the shareholders’ meeting, taking into consideration their positions and responsibilities. Monthly flat payments are made based on the position, following the resolutions of the BOD, while bonuses are distributed differentially considering the achievement of the targets, financial performance, and business environment, in accordance with the guidelines outlined in the executive personnel management regulations. In the case of the outside directors, remuneration is executed in accordance with the established criteria, considering comprehensive factors such as management performance and external competitiveness, within the limits approved by the shareholders’ meeting.

Director Remuneration Status

Excluding one non-executive director who does not receive any remuneration, the total remuneration for the six directors in 2022 amounted to KRW 2,056 million, with an average payment of KRW 343 million per person. We disclose the specific criteria and details regarding the individual remuneration amounts for directors, including the total remuneration, calculation criteria, and methods, through the business report.

Remuneration Status in 2022

| (Unit: KRW million)           |                |              |                                 |
|-------------------------------|----------------|--------------|---------------------------------|
| Category                      | No. of members | remuneration | Average remuneration per person |
| Registered director*          | 2              | 1,762        | 881                             |
| Outside director**            | 1              | 78           | 78                              |
| Member of the Audit Committee | 3              | 216          | 72                              |

\* Outside directors and the Audit Committee members excluded

\*\* The Audit Committee members excluded

Board Operation

The BOD provides an oversight of the performance of the management leadership and the directors’ execution of their duties, making resolutions on critical matters in compliance with the relevant laws and the articles of incorporation. Whenever significant matters requiring the board’s decision arise, the BOD holds ad hoc meetings. In 2022, the BOD convened ten meetings during which a total of 32 agenda items were deliberated in regard of the business performance report, executive officer personnel affairs, the establishment of the ESG Committee and business plans for 2023.

Sub-committee within the Board

Audit Committee

The Audit Committee is composed of three outside directors, including one accounting expert. The committee ensures its independence by appointing committee members who have no affiliations with the major shareholders or related parties. The committee performs supervisory duties such as the internal control and monitoring of management leadership to enhance the transparency of financial information. We support the committee’s work by facilitating the attendance of the relevant employees and external auditors when necessary and by enabling the committee to seek advice from the external experts.

Outside Director Candidate Recommendation Committee

We have put in place the Outside Director Candidate Recommendation Committee within the BOD to recommend the outside director candidates with expertise and competencies in various fields to the general shareholders’ meeting in accordance with the relevant laws and the articles of incorporation. To ensure fairness and independence, we operate the committee with a majority of outside directors, consisting of two outside directors and one non-executive director, as prescribed by the regulations. Since 2022, we have been convening board meetings at least once a year specifically dedicated to recommending the outside director candidates.

ESG Committee

In line with the BOD regulations, we established the ESG Committee in July 2022, with the goal of building a comprehensive ESG management system and strengthening the internal controls over internal transactions to foster sustainable growth. The committee consists of one inside director and three outside directors, ensuring transparency and the impartial evaluation of ESG management activities. The committee deliberates on crucial policies and issues with their respective fields, overseeing internal transactions. In April 2023, we conducted in-depth discussions on environmental concerns, including GHGs management and climate change response measures, alongside the implementation of an ESG management system for our business partners.

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Board and Sub-committee Meetings Convened

Board Meetings Convened in 2022 to 2023

| Date of Convocation | Agenda Item   | Report / Approval  | No. of Attendees |
|---------------------|---|--|------------------|
| Jan. 28, 2022       | Item 1: 2021 Business performance report for Q4<br>Item 2: Report on the operation status of internal accounting management system<br>Item 1: Approval of the 69th financial statements and operating report  | Report<br>Report<br>Passed   | 7/7              |
| Feb. 23, 2022       | Item 1: Report on the evaluation results of the operation status of internal accounting management system<br>Item 2: Report on the operation status of compliance control system<br>Item 1: Approval of investment in subsidiary<br>Item 2: Approval of convening the 69th regular shareholders' meeting and agenda items   | Report<br>Report<br>Passed<br>Passed                               | 6/7              |
| Mar. 24, 2022       | Item 1: Approval of appointment of Board Chairperson<br>Item 2: Approval of appointment of CEO<br>Item 3: Approval of execution of director remuneration<br>Item 4: Approval of amendment to executive officer personnel management regulations<br>Item 5: Approval of execution of performance incentives for executive officer<br>Item 6: Approval of appointment of Outside Director Candidate Recommendation Committee members<br>Item 7: Approval of appointment of advisors | Passed<br>Passed<br>Passed<br>Passed<br>Passed<br>Passed<br>Passed | 7/7              |
| Mar. 30, 2022       | Item 1: Approval of acquisition of Hankuk Glass Industries Inc.   | Passed   | 7/7              |
| Apr. 19, 2022       | Item 1: Approval of acquisition of Poseung Green Power Co., Ltd   | Passed   | 7/7              |
| Apr. 29, 2022       | Item 1: Report on 2022 financial performance for Q1<br>Item 1: Approval of standing surety for overseas subsidiary  | Report<br>Passed   | 7/7              |
| Jul. 29, 2022       | Item 1: Report on 2022 financial performance for Q2<br>Item 2: Report on termination of advisory role and payment of one-time fee<br>Item 1: Approval of transactions for oneself with subsidiaries<br>Item 2: Approval of standing surety for Indonesia GAM Corporation<br>Item 3: Approval of long-term borrowing<br>Item 4: Approval of establishment of ESG Committee   | Report<br>Report<br>Passed<br>Passed<br>Passed<br>Passed           | 6/7              |
| Oct. 12, 2022       | Item 1: Approval of acquisition-related transactions of Poseung Green Power Co., Ltd.   | Passed   | 7/7              |

| Date of Convocation | Agenda Item   | Report / Approval  | No. of Attendees |
|---------------------|---|--|------------------|
| Nov. 7, 2022        | Item 1: Report on 2022 financial performance for Q3<br>Item 1: Approval of 2023 business plan<br>Item 2: Approval of increasing the cap on transaction amount with affiliated individuals<br>Item 3: Approval of transactions for oneself with subsidiaries<br>Item 4: Approval of the license agreement on LX trademark<br>Item 5: Approval of executive officer appointments  | Report<br>Passed<br>Passed<br>Passed<br>Passed<br>Passed | 6/7              |
| Dec. 14, 2022       | Item 1: Approval of transactions for oneself with subsidiaries  | Passed   | 7/7              |
| Feb. 7, 2023        | Item 1: Report on 2022 financial performance for Q4<br>Item 2: Report on the operation status of internal accounting management system<br>Item 1: Approval of the 70th financial statements and operating report  | Report<br>Report<br>Passed                               | 7/7              |
| Feb. 17, 2023       | Item 1: Report on the evaluation results of the operation status of internal accounting management system<br>Item 2: Report on the operation status of compliance control system<br>Item 1: Approval of convening the 70th regular shareholders' meeting and agenda items   | Report<br>Report<br>Passed                               | 7/7              |
| Mar. 23, 2023       | Item 1: Approval of corporate bond issuance<br>Item 2: Approval of execution of director remuneration<br>Item 3: Approval of amendment to executive officer personnel management regulations<br>Item 4: Approval of execution of performance incentives for executive officer<br>Item 5: Approval of appointment of Outside Director Candidate Recommendation Committee members<br>Item 6: Approval of appointment of ESG Committee members | Passed<br>Passed<br>Passed<br>Passed<br>Passed<br>Passed | 6/7              |
| Apr. 28, 2023       | Item 1: Report on 2023 financial performance for Q1<br>Item 1: Approval of standing surety for overseas subsidiary<br>Item 2: Approval of director's concurrent position  | Report<br>Passed<br>Passed                               | 6/7              |

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Audit Committee Convened in 2022 to 2023

| Member : Yang Ihl Soo (Chairperson), Lee Won Woo, Chai Soo Il |   |                                      |                  |
|---|---|--------------------------------------|------------------|
| Date of Convocation   | Agenda Item   | Report / Approval                    | No. of Attendees |
| Jan. 28, 2022   | Item 1: Report on the 69th financial statements and operating report<br>Item 2: Report on the operation status of internal accounting management system<br>Item 3: Report on the key management diagnosis results for 2021 and the plans for 2022                                 | Report<br>Report<br>Report           | 3/3              |
| Feb. 23, 2022   | Item 1: Report on the evaluation results of the operation status of internal accounting management system<br>Item 2: Approval of the evaluation results of the operation status of internal monitoring mechanisms<br>Item 3: Approval of the audit report                         | Passed<br>Passed<br>Passed           | 2/3              |
| Mar. 24, 2022   | Item 1: Approval of the appointment of the Chairperson of the Audit Committee   | Passed                               | 3/3              |
| Apr. 29, 2022   | Item 1: Report on 2022 financial statements for Q1<br>Item 1: Confirmation of the external auditor's audit activities in 2021<br>Item 2: Approval of the non-audit engagement contract with the external auditor  | Report<br>Passed<br>Passed           | 3/3              |
| Jul. 29, 2022   | Item 1: Report on 2022 financial statements for Q2<br>Item 2: Report on the design evaluation results of the internal accounting management system<br>Item 3: Report on the key management diagnosis results for the first half of 2022 and the plans for the second half of 2022 | Report<br>Report<br>Report           | 2/3              |
| Nov. 03, 2022   | Item 1: Report on 2022 financial statements for Q3<br>Item 2: Report on the design evaluation reviews of the internal accounting management system<br>Item 3: Report on the change of external auditors due to auditor appointment  | Report<br>Report<br>Report<br>Passed | 3/3              |

| Member: Yang Ihl Soo (Chairperson), Chai Soo Il, Kwon Oh Jun |  |                            |                  |
|--|--|----------------------------|------------------|
| Date of Convocation  | Agenda Item  | Report / Approval          | No. of Attendees |
| Feb. 07, 2023  | Item 1: Report of the 70th financial statements and the business report<br>Item 2: Report of the operation status of the internal accounting management system<br>Item 3: Report of major management diagnosis results in 2022 and plans for 2023                                  | Report<br>Report<br>Report | 3/3              |
| Feb. 17, 2023  | Item 1: Approval of the evaluation results of the operation status of the internal accounting management system<br>Item 2: Approval of the evaluation results of the operation status of the internal monitoring system<br>Item 3: Approval of the audit report                    | Passed<br>Passed<br>Passed | 3/3              |
| Apr. 28, 2023  | Item 1: Report on 2022 financial statements for Q1<br>Item 1: Confirmation of the external auditor's audit activities in 2022<br>Item 2: Approval of the selection of an accounting firm to conduct the operational status evaluation of the internal accounting management system | Report<br>Passed<br>Passed | 3/3              |

Outside Director Candidate Recommendation Committee Convened in 2022 to 2023

| Member : Lee Won Woo, Chai Soo Il, Park Jang Su |   |                   |                  |
|---|---|-------------------|------------------|
| Date of Convocation                             | Agenda Item   | Report / Approval | No. of Attendees |
| Feb. 23, 2022                                   | Item 1: Approval of appointment of Chairperson of the Outside Director Candidate Recommendation Committee<br>Item 2: Approval of recommendation for the candidate for an outside director | Passed<br>Passed  | 2/3              |

| Member: Sohn Lan, Yang Ihl Soo, Park Jang Su |   |                   |                  |
|--|---|-------------------|------------------|
| Date of Convocation                          | Agenda Item   | Report / Approval | No. of Attendees |
| Feb. 17, 2023                                | Item 1: Approval of appointment of Chairperson of the Outside Director Candidate Recommendation Committee<br>Item 2: Approval of recommendation for the candidate for an outside director | Passed<br>Passed  | 3/3              |

ESG Committee Convened in 2022 to 2023

| Member: Chai Soo Il (Chairperson), Yoon Chun Sung, Lee Won Woo, Yang Ihl Soo |  |                                      |                  |
|--|--|--------------------------------------|------------------|
| Date of Convocation  | Agenda Item  | Report / Approval                    | No. of Attendees |
| Oct. 12, 2022  | Item 1: Approval of appointment of Chairperson of the ESG Committee<br>Item 2: Approval of acquisition-related transactions of Poseung Green Power Co., Ltd.   | Passed<br>Passed                     | 4/4              |
| Nov. 03, 2022  | Item 1: Report on the progress of implementing ESG strategy and management system<br>Item 1: Approval of increasing the cap on transaction amount with affiliated individuals<br>Item 2: Approval of transactions for oneself with subsidiaries<br>Item 3: Approval of the license agreement on LX trademark | Report<br>Passed<br>Passed<br>Passed | 4/4              |
| Dec. 14, 2022  | Item 1: Approval of transactions for oneself with subsidiaries   | Passed                               | 4/4              |

| Member: Chai Soo Il (Chairperson), Yoon Chun Sung, Yang Ihl Soo, Kwon Oh Jun |  |                                      |                  |
|--|--|--------------------------------------|------------------|
| Date of Convocation  | Agenda Item  | Report / Approval                    | No. of Attendees |
| Apr. 28, 2023  | Item 1: Approval of appointment of Chairperson of the ESG Committee<br>Item 2: Approval of ESG vision and implementation strategy<br>Item 3: Approval of establishment of environmental management system<br>Item 4: Approval of standing surety for overseas subsidiary | Passed<br>Passed<br>Passed<br>Passed | 3/4              |

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# Protection of the Shareholders’ Rights

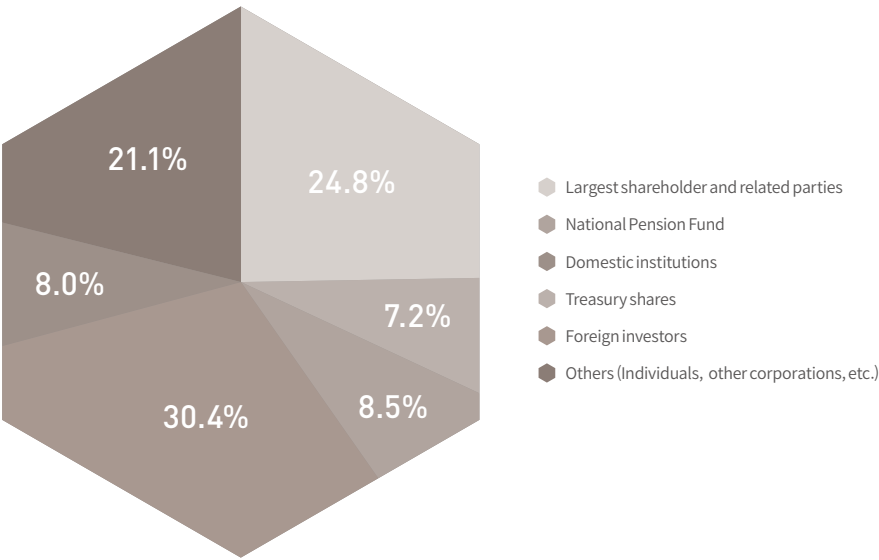
## Equity and Capital Structure

### Current Shareholder Composition

As of December 31, 2022, the total number of issued shares was 38,760,000, and LX Holdings owns 24.7% as the largest shareholder.

### Share Ownership

(as of December 31, 2022)



| Major shareholder                              | Number of shares * | Ownership percentage |
|--|--------------------|----------------------|
| Largest shareholder and related parties        | 9,595,237          | 24.8%                |
| Treasury shares                                | 2,792,098          | 7.2%                 |
| National Pension Fund                          | 3,291,061          | 8.5%                 |
| Foreign investors                              | 11,801,445         | 30.4%                |
| Domestic institutions                          | 3,085,657          | 8.0%                 |
| Others (Individuals, other corporations, etc.) | 8,194,502          | 21.1%                |
| Total  | 38,760,000         | 100%                 |

\* No. of voting shares (common shares)

## Shareholder-friendly Policy

### Strengthening Shareholder Rights

#### Safeguarding Shareholders’ Rights

We prioritize the enhancement of the shareholders rights by ensuring that they can exercise their rights through fair and transparent process. We strive to provide shareholders with timely and comprehensive information to make informed decisions. We have implemented the electronic voting system and participate in the distributed shareholders’ meetings compliance program led by the Korea Listed Companies Association. Our goal is to lay the foundation for the seamless voting rights exercise by the shareholders.

#### Communication with the Shareholders and Investors

When convening the shareholder’s meeting, we ensure transparency by disclosing all relevant information through the disclosure system and our website, including the date and location of the meeting. Shareholders can also access investment information, such as the performance date and operating reports on our website. To cater to our foreign shareholders’ right to know, we provide English translations and actively communicate with all investors through the representative telephone number and e-mail. Going forward, we plan to further vitalize the communication with the shareholders by expanding voluntary disclosures.

•Website  
https://www.lxinternational.com/

•tel 82-2-6984-5505  
•E-mail lx\_ir@lxintl.co.kr

## Shareholder Return and Dividend Policy

We have established a shareholder return policy to enhance shareholder value. The dividend level is determined by considering the internal factors such as business performance, financial structure, and distributable profits under corporate law, as well as the external factors such as the shareholder expectations, stock price trends, and domestic stock market conditions. After the dividend level is determined at the January BOD meeting, it is announced to the shareholders through public disclosure before the notice of the general meeting of shareholders. In 2022, a dividend of KRW 3,000 per share was paid, with a cash dividend payout ratio of 20.9% and a cash dividend yield of 7.3%. Going forward, we plan to continue returning benefits to the shareholders through dividends, taking into account factors such as our profitability and stock price trends.

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# Governance Data

## Board and Sub-Committees

### Board Composition

| Items  | Unit   | 2020 | 2021 | 2022 | Note |
|--|--------|------|------|------|------|
| No. of directors   | Person | 7    | 7    | 7    |      |
| Outside director   | Person | 4    | 4    | 4    |      |
| No. of outside directors exceeding the minimum legal requirement | Person | 1    | 1    | 1    |      |

### Board Diversity

| Items   | Unit   | 2020 | 2021 | 2022 | Note                                   |
|---|--------|------|------|------|--|
| Male  | Person | 7    | 7    | 6    | As of Dec. 31st of the respective year |
| Female  | Person | 0    | 0    | 1    |  |
| No. of female directors among registered executives who are neither controlling shareholders nor affiliated individuals | Person | 0    | 0    | 1    |  |

### Board Activities

| Items  | Unit  | 2020 | 2021 | 2022 | Note |
|--|-------|------|------|------|------|
| No. of BOD meetings convened                     | Times | 9    | 9    | 10   |      |
| No. of deliberations on ESG-related agenda items | Times | -    | -    | 1    |      |
| Average attendance rate                          | %     | 94   | 98   | 96   |      |
| Minimum attendance rate                          | %     | 67   | 50   | 80   |      |
| Outside directors' average                       | %     | 97   | 100  | 93   |      |

### Activities of the Sub-committees

| Items  | Unit   | 2020 | 2021 | 2022 | Note |
|--|--------|------|------|------|------|
| No. of Audit Committee convened  | Times  | 6    | 5    | 6    |      |
| No. of experts in accounting or finance among members of Audit Committee | Person | 1    | 1    | 1    |      |

### Average Tenure of BOD

| Items                 | Unit | 2020 | 2021 | 2022 | Note |
|-----------------------|------|------|------|------|------|
| Average tenure of BOD | Year | 2.6  | 3.3  | 3.4  |      |

## BOD Remuneration and Assets

### Director Remuneration Status

| Items   | Unit        | 2020  | 2021  | 2022  | Note  |
|---|-------------|-------|-------|-------|---|
| No. of members                                | Person      | 6     | 6     | 6     | 1 non-executive director who does not receive any remuneration excluded |
| Total remuneration                            | KRW million | 1,281 | 1,378 | 2,056 |   |
| Average remuneration per person               | KRW million | 214   | 230   | 343   |   |
| Total remuneration of registered directors    | KRW million | 987   | 1,090 | 1,762 | Outside directors and the Audit Committee members excluded              |
| Total remuneration of outside directors       | KRW million | 72    | 72    | 78    | Audit Committee members excluded  |
| Total remuneration of Audit Committee members | KRW million | 222   | 216   | 216   |   |

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Jeong-Do Management

Training on Jeong-Do Management

| Items                     | Unit   | 2020 | 2021 | 2022 | Note                                |
|---------------------------|--------|------|------|------|-------------------------------------|
| No. of participants       | Person | 489  | 483  | 533  | Employees overseas in 2022 included |
| Training hours per capita | Hour   | 1    | 1    | 1    |                                     |

Report and Resolution regarding Jeong-Do Management Violations

| Items                                   | Unit | 2020 | 2021 | 2022 | Note |
|---|------|------|------|------|------|
| Reports and Tip-offs                    | Case | 1    | 1    | 5    |      |
| Disciplinary / personnel measures taken | Case | 1    | 1    | 2    |      |

Violations of Laws / Voluntary Rules

| Items  | Unit        | 2020 | 2021 | 2022 | Note |
|--|-------------|------|------|------|------|
| Violation of disclosure regulations on corporate governance structure            | Case        | 1    | 0    | 0    |      |
| Fines for violating the disclosure regulations on corporate governance structure | KRW million | 3.3  | 0    | 0    |      |
| No. of penalties regarding tax   | Case        | 1    | 0    | 0    |      |
| Fines related to tax   | KRW million | 110  | 0    | 0    |      |

Protecting Shareholders’ Rights

Economic Value Distribution to Shareholders

| Items              | Unit        | 2020   | 2021   | 2022    | Note |
|--------------------|-------------|--------|--------|---------|------|
| Dividend per share | KRW         | 400    | 2,300  | 3,000   |      |
| Total dividends    | KRW million | 14,387 | 82,726 | 107,904 |      |

Stock Ownership of Management Leadership

| Items   | Unit  | 2020  | 2021  | 2022  | Note |
|---|-------|-------|-------|-------|------|
| Stock ownership of CEO                                  | Stock | 6,855 | 6,855 | 6,855 |      |
| Average stock ownership of executives excluding the CEO | Stock | 408   | 385   | 250   |      |
| Stock ownership of the founder(s)                       | %     | 26.30 | 24.76 | 24.76 |      |

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GRI Content Index

|                                       |  |
|---------------------------------------|--|
| Description                           | LX International applies the GRI Standards in reporting sustainable management information for the period from Jan. 1, 2022, to Dec. 31, 2022.   |
| GRI Standards used                    | GRI 1: Foundation 2021   |
| Applicable industry-specific criteria | As of the reporting date in June 2023, there are no published industry-specific standards applicable to the business sector of LX International. |

| GRI Indicator                   |      |   | Reporting page                   | Note   |
|---------------------------------|------|---|----------------------------------|--|
| GRI 2: General Disclosures      |      |   |                                  |  |
| GRI 2: General Disclosures 2021 | 2-1  | Organizational details  | 7, 11, 82                        |  |
|                                 | 2-2  | Entities included in the organization's sustainability reporting            | 2, 7                             |  |
|                                 | 2-3  | Reporting period, frequency and contact point                               | 2                                |  |
|                                 | 2-4  | Restatements of information   | 2, 7                             | Change in reporting scope due to subsidiary acquisition  |
|                                 | 2-5  | External assurance  | 92-93                            |  |
|                                 | 2-6  | Activities, value chain, and other business relationships                   | 6-14, 19-21                      |  |
|                                 | 2-7  | Employees   | 70                               |  |
|                                 | 2-8  | Workers who are not employees   | 70                               | Refer to page 369 of the 2022 annual report              |
|                                 | 2-9  | Governance structure and composition  | 78                               |  |
|                                 | 2-10 | Nomination and selection of the highest governance body                     | 78                               |  |
|                                 | 2-11 | Chair of the highest governance body  | 78                               |  |
|                                 | 2-12 | Role of the highest governance body in overseeing the management of impacts | 17, 78-79                        |  |
|                                 | 2-13 | Delegation of responsibility for managing impacts                           | 17, 78-79                        |  |
|                                 | 2-14 | Role of the highest governance body in sustainability reporting             | 17                               |  |
|                                 | 2-15 | Conflicts of interest   | 78                               |  |
|                                 | 2-16 | Communication of critical concerns  | 26, 74, 80                       |  |
|                                 | 2-17 | Collective knowledge of the highest governance body                         | 78                               |  |
|                                 | 2-18 | Evaluation of the performance of the highest governance body                | 79                               | Refer to page 66 of the 2022 corporate governance report |
|                                 | 2-19 | Remuneration policies   | 79                               |  |
|                                 | 2-20 | Process to determine remuneration   | 79                               |  |
|                                 | 2-21 | Annual total compensation ratio   | 71                               | Refer to page 370 of the 2022 annual report              |
|                                 | 2-22 | Statement on sustainable development strategy                               | 5                                |  |
|                                 | 2-23 | Policy commitments  | 29, 50, 53, 54, 56, 69, 75-77    |  |
|                                 | 2-24 | Embedding policy commitments  | 31-32, 53, 55, 62-63, 69, 75, 77 |  |
|                                 | 2-25 | Processes to remediate negative impacts                                     | 74                               |  |
|                                 | 2-26 | Mechanisms for seeking advice and raising concerns                          | 76                               |  |
|                                 | 2-27 | Compliance with laws and regulations  | 77, 84                           |  |
|                                 | 2-28 | Membership associations   | 91                               |  |
|                                 | 2-29 | Approach to stakeholder engagement  | 26-27                            |  |
|                                 | 2-30 | Collective bargaining agreements  | 68, 71                           |  |

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| GRI Indicator   |       |  | Reporting page | Note  |
|---|-------|--|----------------|---|
| GRI 3: Material Topics  |       |  |                |   |
| GRI 3: Material Topics 2021   | 3-1   | Process to determine material topics   | 23             |   |
|   | 3-2   | List of material topics  | 24-25          |   |
| Deliver environmental management and embed it into every aspect of our management |       |  |                |   |
| GRI 3: Material Topics 2021   | 3-3   | Management of material topics  | 29-32          |   |
| NON-GRI   |       | No standards related to topics   | -              |   |
| Establish an environmental management system                                      |       |  |                |   |
| GRI 3: Material Topics 2021   | 3-3   | Management of material topics  | 33-34          |   |
| NON-GRI   |       | No standards related to topics   | -              |   |
| Minimize our environmental impact   |       |  |                |   |
| GRI 3: Material Topics 2021   | 3-3   | Management of material topics  | 35-37          |   |
|   | 303-2 | Management of water discharge-related impacts  | 34-35          |   |
|   | 303-3 | Water withdrawal   | 41             |   |
|   | 303-4 | Water Discharge  | 41             | Data calculation is not available for LX International and other subsidiaries, except for Poseung Green Power Co., Ltd. |
|   | 303-5 | Water consumption  | 41             | For facilities without wastewater discharge, water intake and usage are managed as equal quantities.                    |
| GRI 304: Biodiversity 2016  | 304-2 | Significant impacts of activities, products, and services on biodiversity                | 35, 36         |   |
|   | 304-3 | Habitats protected or restored   | 36             |   |
|   | 306-2 | Management of significant waste-related impacts  | 34             |   |
|   | 306-3 | Waste generated  | 41             |   |
|   | 306-4 | Waste diverted from disposal   | 41             |   |
|   | 306-5 | Waste directed to disposal   | 41             |   |
| Respond to climate change   |       |  |                |   |
| GRI 3: Material Topics 2021   | 3-3   | Management of material topics  | 38-39          |   |
| GRI 302: Energy 2016  | 302-1 | Energy consumption within the organization   | 40             |   |
|   | 302-4 | Reduction of energy consumption  | 32, 39, 40     |   |
| GRI 305: Emissions 2016   | 305-1 | Direct (Scope 1) GHG emissions   | 40             |   |
|   | 305-2 | Energy indirect (Scope 2) GHG emissions  | 40             |   |
|   | 305-5 | Reduction of GHG emissions   | 39, 40         |   |
|   | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions          | 42             |   |
| Create social value based on our social contribution activities                   |       |  |                |   |
| GRI 3: Material Topics 2021   | 3-3   | Management of material topics  | 44-49          |   |
| GRI 203: Indirect Economic Impacts 2016   | 203-1 | Infrastructure investments and services supported  | 45-49          |   |
|   | 203-2 | Significant indirect economic impacts  | 20             |   |
| GRI 413: Local Communities 2016   | 413-1 | Operations with local community engagement, impact assessments, and development programs | 20, 45, 48     |   |

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| GRI Indicator                                     |       |  | Reporting page | Note  |
|---|-------|--|----------------|---|
| Engage suppliers in ESG management practices      |       |  |                |   |
| GRI 3: Material Topics 2021                       | 3-3   | Management of material topics  | 50-53          |   |
| GRI 308: Supplier Environmental assessment        | 308-1 | New suppliers that were screened using environmental criteria                                      | 51             |   |
| GRI 414: Supplier Social Assessment 2016          | 414-1 | New suppliers that were screened using social criteria   | 51             |   |
| Disseminate a culture of respect for human rights |       |  |                |   |
| GRI 3: Material Topics 2021                       | 3-3   | Management of material topics  | 54-55          |   |
| GRI 406: Non-discrimination 2016                  | 406-1 | Incidents of discrimination and corrective actions taken   | 55, 76         |   |
| Systematically manage non-financial risks         |       |  |                |   |
| GRI 3: Material Topics 2021                       | 3-3   | Management of material topics  | 74             |   |
| NON-GRI   |       | No standards related to topics   | -              |   |
| Promote stakeholder engagement and communication  |       |  |                |   |
| GRI 3: Material Topics 2021                       | 3-3   | Management of material topics  | 26-27, 82      |   |
| GRI 402: Labor/Management Relations 2016          | 402-1 | Minimum notice periods regarding operational changes   | 68             | In case of operational changes, immediate internal notifications are carried out according to standard practices and internal procedures. |
| Establish and execute ESG management system       |       |  |                |   |
| GRI 3: Material Topics 2021                       | 3-3   | Management of material topics  | 16-18          |   |
| NON-GRI   |       | No standards related to topics   | -              |   |
| Economic topics                                   |       |  |                |   |
| GRI 201: Economic performance 2016                | 201-1 | Direct economic value generated and distributed  | 89-90          |   |
| GRI 206: Anti-competitive behavior                | 206-1 | Legal actions for anti-competitive behavior, anti-trust, etc.                                      | 84             |   |
| Social topics                                     |       |  |                |   |
| GRI 401: Employment                               | 401-1 | New employee hires and employee turnover   | 70             |   |
|   | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 67             |   |
|   | 401-3 | Parental leave   | 67, 71         |   |
| GRI 403: Occupational health and safety           | 403-1 | Occupational health and safety management system   | 56-63          |   |
|   | 403-2 | Hazard identification, risk assessment, and incident investigation                                 | 59, 61         |   |
|   | 403-5 | Worker training on occupational health and safety  | 62-63          |   |
|   | 403-6 | Promotion of worker health   | 63             |   |
|   | 403-9 | Work-related injuries  | 61, 72         |   |
| GRI 404: Training and education                   | 404-1 | Average hours of training per year per employee  | 70             |   |
|   | 404-2 | Programs for upgrading employee skills and transition assistance programs                          | 66             |   |
|   | 404-3 | Percentage of employees receiving regular performance and career development reviews               | 71             |   |
| GRI 405: Diversity and equal opportunity          | 405-1 | Diversity of governance bodies and employees   | 70, 83         |   |
| GRI 418: Customer privacy                         | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data       | 72             |   |



# Financial Performance

## Consolidated Financial Statements

### Consolidated Balance Sheet

|                                  | (Unit : KRW)                        |                                     |
|----------------------------------|-------------------------------------|-------------------------------------|
|                                  | The 70th<br>(as of Dec. 31st, 2022) | The 69th<br>(as of Dec. 31st, 2021) |
| Assets                           |                                     |                                     |
| Current assets                   | 4,482,204,749,190                   | 4,376,547,052,901                   |
| Cash and cash equivalents        | 1,550,674,815,272                   | 841,882,704,808                     |
| Short-term financial instruments | 49,951,748,763                      | 20,786,952,799                      |
| Trade receivables                | 1,374,878,497,715                   | 1,653,458,723,761                   |
| Contract assets                  | 21,476,471,060                      | 56,512,948,880                      |
| Account receivables              | 202,983,553,894                     | 265,274,535,155                     |
| Accrued revenue                  | 5,108,816,298                       | 1,450,053,040                       |
| Advance payment                  | 179,605,110,300                     | 131,993,188,186                     |
| Prepaid expense                  | 105,966,946,712                     | 213,018,136,256                     |
| Other current assets             | 288,430,020,156                     | 165,080,830,619                     |
| Inventories                      | 698,349,598,505                     | 1,021,193,439,182                   |
| Assets held for sale             | 4,779,170,515                       | 5,895,540,215                       |
| Non-current assets               | 3,236,802,584,439                   | 2,370,341,968,843                   |
| Investment assets                | 301,741,332,917                     | 174,031,372,637                     |
| Investments in affiliates        | 391,930,541,514                     | 322,501,003,942                     |
| Tangible assets                  | 1,163,339,867,412                   | 806,503,213,420                     |
| Investments in real estate       | 4,972,256,144                       | 4,850,692,917                       |
| Intangible assets                | 1,069,926,867,282                   | 749,645,253,544                     |
| Deferred income tax assets       | 43,333,665,580                      | 98,263,011,586                      |
| Other non-current assets         | 261,558,053,590                     | 214,547,420,797                     |
| Total assets                     | 7,719,007,333,629                   | 6,746,889,021,744                   |
| Liabilities                      |                                     |                                     |
| Current liabilities              | 2,935,026,255,683                   | 3,430,948,439,233                   |
| Short-term borrowings            | 281,801,594,396                     | 415,970,654,721                     |
| Trade payables                   | 1,148,950,813,316                   | 1,619,765,127,947                   |
| Account payables                 | 358,628,228,391                     | 345,214,120,020                     |
| Advance receive                  | 129,762,255,489                     | 87,742,879,470                      |
| Advance deposit                  | 212,805,362,380                     | 107,921,105,254                     |
| Current tax liabilities          | 118,168,998,054                     | 124,427,488,508                     |

|  | (Unit : KRW)                        |                                     |
|--|-------------------------------------|-------------------------------------|
|  | The 70th<br>(as of Dec. 31st, 2022) | The 69th<br>(as of Dec. 31st, 2021) |
| Accrued expenses   | 157,039,711,872                     | 130,204,052,632                     |
| Current long-term liabilities                            | 301,170,402,022                     | 328,655,945,649                     |
| Advance revenue  | 84,705,328,393                      | 173,112,490,168                     |
| Guarantee received                                       | 5,563,288,449                       | 8,511,522,844                       |
| Lease liabilities  | 106,770,188,451                     | 77,773,510,997                      |
| Liabilities associated with assets held for sale         | 5,655,191,913                       | 5,655,191,913                       |
| Other non-current liabilities                            | 24,004,892,557                      | 5,994,349,110                       |
| Non-current assets                                       | 1,747,505,805,034                   | 931,696,239,265                     |
| Debenture  | 468,997,633,492                     | 269,462,218,098                     |
| Long-term borrowings                                     | 874,901,891,756                     | 343,585,717,674                     |
| Retirement benefit liabilities                           | 8,564,674,877                       | 9,349,541,239                       |
| Deferred tax liabilities                                 | 109,254,809,330                     | 62,123,883,520                      |
| Lease liabilities  | 162,949,586,992                     | 134,102,777,050                     |
| Provisions   | 116,220,121,659                     | 99,158,684,813                      |
| Other non-current liabilities                            | 6,617,086,928                       | 13,913,416,871                      |
| Total liabilities  | 4,682,532,060,717                   | 4,362,644,678,498                   |
| Equity   |                                     |                                     |
| Total equity attributable to stockholders of the company | 2,261,186,289,112                   | 1,774,962,223,307                   |
| Share capital  | 193,800,000,000                     | 193,800,000,000                     |
| Share premium  | 100,870,913,334                     | 100,443,541,199                     |
| Other capita   | [41,300,239,270]                    | [41,300,239,270]                    |
| Accumulated other comprehensive loss                     | 41,723,265,637                      | [200,777,123]                       |
| Retained earnings (deficit)                              | 1,966,092,349,411                   | 1,522,219,698,501                   |
| Non-controlling interest                                 | 775,288,983,800                     | 609,282,119,939                     |
| Total equity   | 3,036,475,272,912                   | 2,384,244,343,246                   |
| Total liabilities and equity                             | 7,719,007,333,629                   | 6,746,889,021,744                   |

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(Unit: KRW)

|                                   | The 70th<br>(as of Dec. 31st, 2022) | The 69th<br>(as of Dec. 31st, 2021) |
|-----------------------------------|-------------------------------------|-------------------------------------|
| Sales                             | 18,759,549,404,034                  | 16,686,532,633,651                  |
| Cost of sales                     | 16,924,062,732,120                  | 15,335,138,520,772                  |
| Gross profit                      | 1,835,486,671,914                   | 1,351,394,112,879                   |
| Selling and administrate expenses | 869,943,201,579                     | 695,177,026,293                     |
| Operating profit (loss)           | 965,543,470,335                     | 656,217,086,586                     |
| Non-operating income              | 167,644,222,443                     | 78,479,833,900                      |
| Financial income                  | 709,295,602,583                     | 272,413,545,377                     |
| Financial costs                   | [732,314,310,091]                   | [289,032,767,981]                   |
| Gains (losses) from equity method | 97,492,162,491                      | 89,683,129,719                      |
| Other non-operating income        | 93,170,767,460                      | 5,415,926,785                       |
| Profit before income tax (loss)   | 1,133,187,692,778                   | 734,696,920,486                     |
| Income tax expense                | 353,876,884,884                     | 194,365,293,032                     |
| Net profit (loss) attributable to |                                     |                                     |
| Shareholders of the Company       | 515,223,865,636                     | 350,069,144,537                     |
| Non-controlling interest          | 264,086,942,258                     | 190,262,482,917                     |
| Earnings (loss) per share         |                                     |                                     |
| Basic (unit: KRW)                 | 14,325                              | 9,733                               |
| Diluted (unit: KRW)               | 14,325                              | 9,733                               |
| Net profit (loss)                 | 779,310,807,894                     | 540,331,627,454                     |

Consolidated Statements of Comprehensive Income

(Unit: KRW)

|   | The 70th<br>(as of Dec. 31st, 2022) | The 69th<br>(as of Dec. 31st, 2021) |
|---|-------------------------------------|-------------------------------------|
| Net profit (loss)   | 779,310,807,894                     | 540,331,627,454                     |
| Other comprehensive income  | 42,731,561,375                      | 120,655,624,536                     |
| Items that will be reclassified to profit or loss subsequently  | 36,699,812,105                      | 111,428,279,391                     |
| Net gain (loss) in valuation of derivatives for cash flow hedge                                       | 14,545,518,490                      | 5,916,868,065                       |
| Loss on valuation of equity method  | [15,244,269,340]                    | 10,291,518,805                      |
| Change of retained earnings in equity method  | [35,861,522]                        |                                     |
| Gain (loss) on overseas operations translation  | 37,434,424,477                      | 95,219,892,521                      |
| Items that will not be reclassified to profit or loss subsequently                                    | 6,031,749,270                       | 9,227,345,145                       |
| Gain (loss) on financial assets / liabilities at fair value through other comprehensive profit (loss) | [11,796,628,683]                    | 10,542,458,650                      |
| Remeasurements of net defined benefit scheme  | 17,828,377,953                      | [1,315,113,505]                     |
| Total comprehensive income  | 822,042,369,269                     | 660,987,251,990                     |
| Total comprehensive income for the year attributable to   |                                     |                                     |
| Shareholders of the Company   | 568,522,868,270                     | 451,881,375,775                     |
| Non-controlling interest  | 253,519,500,999                     | 209,105,876,215                     |

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# Awards · Memberships · Certifications

## Domestic and Overseas Certifications

| Certification                                   | Content  | Certificate Authorities                        | Date of Being Certified | Expiry Date |
|---|--|--|-------------------------|-------------|
| AEO – Bonded area operators                     | Certification for compliance and import & export safety management                     | Korea Customs Service                          | Jan. 2019               | Dec. 2023   |
| CEIV-Pharma                                     | Certification for excellent companies in transporting pharmaceutical air cargo         | IATA   | May. 2020               | May. 2023   |
| ISO 9001  | Quality management system  | Korean Register of Shipping                    | Jan. 2021               | Jul. 2023   |
| ISO 14001                                       | Environmental management system  | Korean Register of Shipping                    | Jan. 2021               | Jul. 2023   |
| Voluntary Compliance Traders                    | Certification for designation of voluntary compliance traders                          | Minister of Trade, Industry, and Energy        | Apr. 2021               | Apr. 2024   |
| ISO 45001                                       | Safety and health management system  | Korean Register of Shipping                    | Jul. 2021               | Aug. 2024   |
| CESS  | Certification for excellent shipping company and shipper for their win-win cooperation | Ministry of Oceans and Fisheries               | Jul. 2021               | Jul. 2024   |
| Green Logistics Company                         | Certification for Green Logistics Company  | Ministry of Land, Infrastructure and Transport | Sep. 2021               | Dec. 2024   |
| Family-friendly company                         | Certification for family-friendly management best practice                             | Ministry of Gender Equality Family             | Dec. 2021               | Dec. 2024   |
| ISPO for GUM                                    | Certification for eco-friendly palm oil production in Indonesia                        | Indonesian Ministry of Agriculture             | Jan. 2022               | Jan. 2027   |
| ISPO for TBSM                                   | Certification for eco-friendly palm oil production in Indonesia                        | Indonesian Ministry of Agriculture             | Apr. 2022               | Apr. 2027   |
| GDP(Good Distribution Practices)                | GDP(Good Distribution Practices)   | SGS  | Jun. 2022               | Jun. 2025   |
| ISO 28000                                       | Supply chain security management system  | Korean Register of Shipping                    | Sep. 2022               | Sep. 2025   |
| ISMS-P  | ertification for Personal Information and Information Security Management System       | Korea Internet & Security Agency               | Sep. 2022               | Sep. 2025   |
| CEIV-Fresh                                      | Certification for fresh cargo air transportation                                       | IATA   | Sep. 2022               | Sep. 2025   |
| TAPA (Transported Asset Protection Association) | Certification for logistics security   | BUREAU VERITAS                                 | Dec. 2022               | Dec. 2024   |
| ISPO for PAM                                    | Certification for eco-friendly palm oil production in Indonesia                        | Indonesian Ministry of Agriculture             | Mar. 2022               | Mar. 2028   |
| ISO 27001                                       | Information Security Management System   | BSI  | Apr. 2023               | Oct. 2025   |

## Awards

| Year | Award  | Hosted by  |
|------|--|--|
| 2022 | Rated A in overall ESG evaluation (for 3 consecutive years)                | Korea Corporate Governance Service   |
| 2021 | Red Dot Design Award for website renewal                                   | Red Dot Design Award   |
| 2020 | Best ESG Company Award in the category of ESG management                   | Korea Corporate Governance Service   |
| 2020 | Selected as the 15th 'Compassionate Company'                               | Ministry of SMEs and Startups  |
| 2018 | Minister Citation of Trade, Industry & Energy (LGI's Japan subsidiary)     | Korea International Trade Association  |
| 2017 | Citation of merit for the development of overseas resources                | Energy & Mineral Resources Development Association of Korea  |
| 2017 | 1st place in the trading sector of KSI (Korea Sustainability Index)        | Korean Standards Association   |
| 2016 | Deal of the Year (award for excellent project financing)                   | IJ Global (Project Finance & Infrastructure Journal)   |
| 2015 | Minister Award of Trade, Industry, and Energy at the 'Indonesia CSR Award' | The Embassy of Korea in Indonesia, KOTRA, Indonesia Investment Coordinating Board, and Small and Medium Business Administration of Indonesia |
| 2014 | Citation of merit for the development of overseas resources                | Energy & Mineral Resources Development Association of Korea  |
| 2013 | Prime Minister's Citation at the Trade Day                                 | Korea International Trade Association  |
| 2013 | Minister Award of Trade, Industry, and Energy at the Trade Day             | Korea International Trade Association  |
| 2013 | 1st place in the trading sector of KSI (Korea Sustainability Index)        | Korean Standards Association   |
| 2012 | Minister Award of Knowledge Economy at the Trade Day                       | Korean Standards Association   |

## Memberships

|  |   |
|--|---|
| Seoul Branch of the Chamber of Commerce and Industry | Korea Emission Market Association               |
| Korea International Trade Association                | Korean Bar Association (Seoul)                  |
| Korea Listed Companies Association                   | American Bar Association (New York, California) |
| Korea Investor Relations Service                     | Law Society of New South Wales                  |
| Korea Customs Logistics Association                  | Emergency Planning Association                  |
| Korea Battery Industry Association                   | Korea-Oman Friendship Association               |
| Korea Logistics Association                          | Korea Chemical Management Association           |

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SUSTAINABLE FUTURE  
WITH BUSINESS SOLUTION

# Independent Assurance Statement

To: The Stakeholders of LX International Corp.

## Introduction and Objectives of Work

BSI Group Korea (hereinafter “the Assurer”) was requested to verify LX International Sustainability Report 2023 (hereinafter “the Report”). This assurance statement applies only to the relevant information included in the scope of the assurance. LX International is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide LX International Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of LX International.

## Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) assurance standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018.

## Scope

The scope of assurance applied to the Report is as follows.

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included the first half of 2023
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance
- Contents related to material issues determined as a result of materiality assessment
- Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

- Financial information in Appendix
- Index items related to other international standards and initiatives other than the GRI
- Other related additional information such as the website, business annual report

## Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities.

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible department
- Verification of data generation, collection and reporting for each performance index

## Limitation

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

## Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

## AA1000 AP (2018)

### • Inclusivity: Stakeholder Engagement and Opinion

LX International defined public/customers, shareholders/investors, local and overseas partners, local and overseas employees and local communities/governments as key stakeholder groups, and operated communication channels for each stakeholder group for engagement. LX International reflected key issues derived from stakeholder channels to sustainability management decisions and disclosed the process in the Report.

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•Materiality: Identification and reporting of material sustainability topics

LX International established the strategy related to sustainability management and established the process to derive reporting issues. LX International identified financial and social/environmental impacts and derived 10 material issues based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

•Responsiveness: Responding to material sustainability topics and related impacts

LX International established the management process for material issues determined by the materiality assessment, and implemented a response plan for each issue to appropriately respond to the derived core issues that reflects the expectations of stakeholders. LX International disclosed the relevant process including establishing policy and indicators, activity and response performance on key reporting issues in the Report.

• Impact: Impact of an organization’s activities and material sustainability topics on the organization and stakeholders

LX international established the process to identify and evaluate the impact on organizations and stakeholders related to material issues. LX international used impacts, risk and opportunity factor analysis results for material issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.

- It may be helpful to advance the sustainability management system by specifying the definition, scope, and key sustainability issues of the value chain, taking into account the key business areas and global markets of reporting organization.
- Taking into account the business characteristics of each subsidiary within the reporting scope, it may be helpful to advance the sustainability management system by specifying mid- to long-term sustainability strategies and plans, and upgrading sustainability performance measurement and management processes.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with LX international. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group’s assurance standard methodology.

Evaluation against GRI ‘In Accordance’ Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by LX international, the sector standard was not applied.

[ Universal Standards ]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[ Topic Standards ]

201-1, 203-1~2, 206-1, 302-1, 302-4, 303-2~5, 304-2~3, 305-1~2, 305-5, 305-7, 306-2~5, 308-1, 401-1~3, 402-1, 403-1~2, 403-5~6, 403-9, 405-1, 406-1, 413-1, 414-1, 418-1

17 June 2023

BSI Group Korea, Managing Director S. H. Lim



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