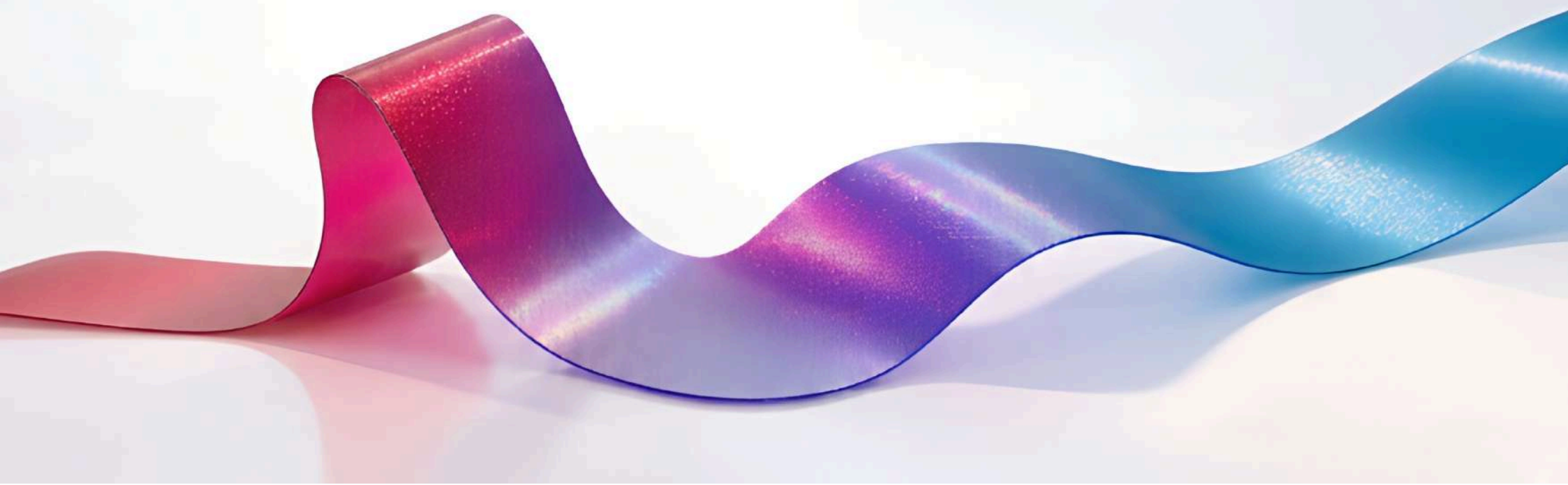


LG CHEM

SUSTAINABILITY REPORT 2025

RE:ACT TO ZERO



INDEX

OVERVIEW

- CEO Message
- Company Profile
- Materiality Assessment
- Sustainability Strategy

ENVIRONMENT

- Climate Action
- Circular Economy
- Environmental Stewardship
- Nature and Biodiversity

SOCIAL

- Health and Safety
- Responsible Supply Chain
- Our People
- Communities

GOVERNANCE

- Responsible Governance
- Compliance Management
- Business Ethics
- Risk Management

ESG DATA

- Environmental Data
- Social Data
- Governance Data
- Glossary

APPENDIX

- GRI Index
- SASB Index
- Assurance Statement



CEO Message

CEO MESSAGE

Dear Valued Stakeholders,

I would like to express my deepest gratitude for your unwavering trust and support.

This past year presented unprecedented macroeconomic headwinds and heightened external uncertainties, driven by a cyclical slowdown in downstream industries, prolonged geopolitical conflicts, and intensifying economic nationalism among major economies.

Amidst these challenging shifts, we focused all our capabilities on redefining our core businesses and strengthening their competitiveness, while laying a robust foundation for sustainable long-term growth.

Our executives and employees worked together with a shared sense of purpose to optimize our cost structure and strategically reallocate corporate resources. Furthermore, we are actively reshaping our portfolio to center on next-generation materials, fostering a resilient business structure capable of navigating a volatile business environment.

To drive high-quality growth and pave the way for a sustainable future, LG Chem is advancing its business through three strategic pillars:

01 First, we will accelerate our pivot toward high-value, customer-centric businesses characterized by high entry barriers.

While scaling up strategic investments for future growth, we will strengthen our core technology platforms and systematically increase the share of advanced industrial solutions—including AI, semiconductor, and mobility materials—alongside other high-value-added products. This will secure a stable earnings structure that remains resilient amid fluctuations in the global economy, thereby continuously strengthening our financial soundness and balance sheet.

02 Second, we will fundamentally reinvent our operational paradigm centered on AI Transformation (AX).

By driving enterprise-wide AX innovation, we will modernize our workflows and accelerate customer value creation through data and advanced technologies, ensuring that digital transformation becomes a key driver of sustainable management.

03 Third, we will proactively respond to evolving global carbon regulations and strengthen our eco-friendly businesses.

To meet the global imperative for decarbonization, we will expand our sustainable product portfolio backed by rigorous Life Cycle Assessments (LCA). Concurrently, we will strengthen environmental, labor, and human rights management across our value chain, further advancing sustainable management practices that set the benchmark for global standards.

Throughout the history of the chemical industry, periods of crisis have often become opportunities for a new leap forward. As the paradigm of the global trade order undergoes a structural shift, we will leverage the capabilities we have built over time to transform these challenges into new growth engines. On behalf of everyone at LG Chem, we pledge to do our utmost to evolve into a resilient and sustainable company that creates lasting value for all stakeholders.

Thank you.



LG Chem CEO Kim, Dongchoon 김동춘

Company Profile

About This Report

LG Chem is publishing its twentieth Sustainability Report in 2026 to communicate its sustainability activities and performance to a wide range of stakeholders. This report presents LG Chem's strategy and vision for sustainable growth, along with its key achievements and future plans across Environmental, Social, and Governance (ESG) areas. LG Chem aims to become a top global science company, creating new value for customers and society through science-based innovation.

Report Overview

Reporting Scope

This report presents LG Chem's sustainability activities and performance for 2025 and has been prepared to provide stakeholders with transparent information on key Environmental, Social, and Governance (ESG) issues, management systems, and performance. The reporting scope covers major business activities including consolidated subsidiaries and is organized into the Petrochemicals, Advanced Materials, Life Sciences, Battery, and Common and others businesses according to business characteristics. Considering the consistency of business operations and management systems, sustainability performance data were aggregated and reported with a focus on Headquarters (HQ) and the Petrochemicals, Advanced Materials, and Life Sciences businesses. The Battery business (LG Energy Solution and its subsidiaries) and FarmHannong operate separate management and ESG disclosure systems and were therefore excluded from this reporting scope; relevant details can be found in each company's respective disclosures. In addition, joint ventures and associates were excluded from the reporting scope, taking into consideration data management boundaries and consolidated financial reporting standards.

Reporting Period and Cycle

This report focuses on activities and achievements from January 1, 2025, to December 31, 2025, and includes selected information from the first half of 2026 for significant achievements. This report is published annually, with this edition released in June 2026. In addition, key quantitative indicators are presented alongside three-year data from 2023 to 2025 to facilitate trend analysis and improve comparability.

Reporting Standards

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards 2021 and reflects the disclosure guidelines of the TCFD (Task Force on Climate-related Financial Disclosures) and SASB (Sustainability Accounting Standards Board). Key ESG information has been prepared with reference to the requirements of international disclosure standards.

Third-Party Assurance

This report has been independently assured by LRQA, an independent third-party assurance provider. The assurance was conducted to a limited level of assurance in accordance with ISAE 3000 and ISAE 3410, based on LG Chem's data management procedures and the reporting framework established under the GRI Standards 2021.

Related Information

- [LG Chem Website](#)
- [LG Chem Sustainability Report](#)

LG Chem Sustainability Strategy Team
sustain@lgchem.com

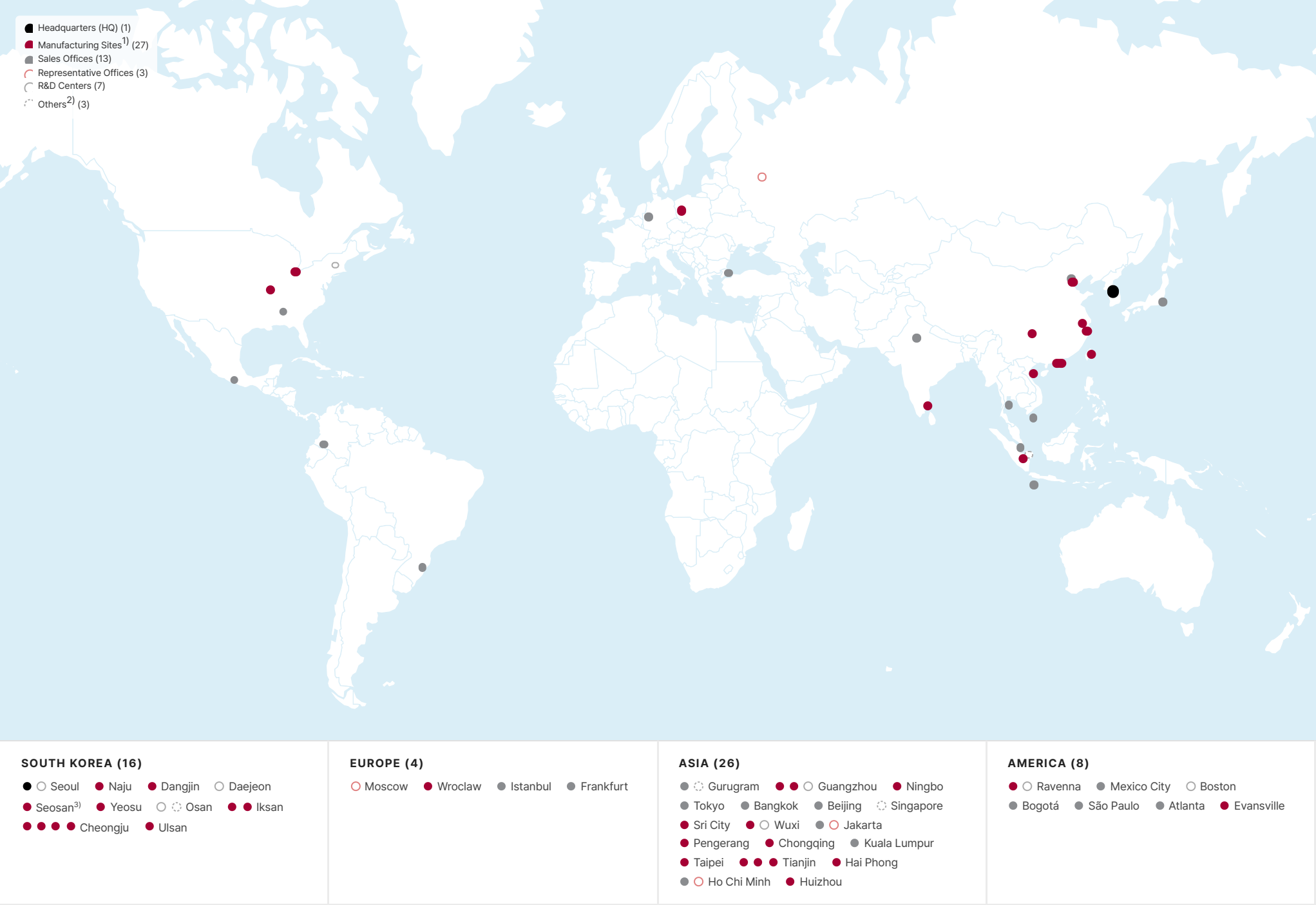
Company Overview

Corporate Information

Company Name	LG Chem, Ltd.
Date of Establishment	January 1947
CEO	Kim, Dongchoon
Number of Employees	Korea: 12,765; Overseas: 4,446 (as of year-end 2025)
Headquarters Location	LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul, 07336
Major Business Areas	Petrochemicals, Advanced Materials, Life Sciences

Global Network

Starting with the establishment of its Los Angeles branch in the United States in 1972, LG Chem began its global expansion and has since grown into a global science company with manufacturing sites, sales offices, and R&D centers around the world. As of June 2026, LG Chem operates business sites in approximately 40 locations across South Korea, where its Headquarters (HQ) is located, as well as Asia, Europe, and the Americas. The latest information on our global network is available via the [🔗 LG Chem Global Network](#).



Businesses

Petrochemicals

The Petrochemicals business is a large-scale process industry that produces basic feedstocks such as ethylene, propylene, butadiene, and benzene from naphtha and other raw materials and manufactures a wide range of synthetic resins based on these feedstocks. Major products include PE, PVC, ABS, SAP, and synthetic rubber, and we are also expanding our businesses in PCR (post-consumer recycled) and bio-naphtha-based materials, including Bio-SAP, PO, PVC, and ABS.

In 2025, the profitability of major products generally declined due to oversupply in Northeast Asia and a global economic slowdown. However, solid profitability was maintained for high-value-added applications, such as IPA for semiconductors, ABS for automobiles, and high-performance SSBR. Going forward, gradual profitability improvement is expected, supported by growing demand for high-value-added products driven by the expansion of AI semiconductor and EV/SUV markets. Accordingly, we will continue to expand our high-value-added and sustainability-related businesses while strengthening the competitiveness and operational efficiency of general-purpose products.

Advanced Materials

The Advanced Materials business develops, produces, and sells core materials in response to technological shifts in the IT and home appliance industries, as well as industry trends such as vehicle lightweighting and the expansion of electric vehicles (EVs). We continue to strengthen our product development capabilities and customer-tailored strategies to respond to rapidly changing market conditions.

In 2025, the battery materials business experienced a decline in shipments and a slight decrease in profitability due to changes in the electrification strategies of North American customers. On the other hand, the electronic and engineering materials business maintained stable profitability through expanded sales of high-value-added products. Although uncertainties in downstream industries are expected to persist in 2026, we aim to secure stable profitability based on a balanced portfolio. In particular, in the battery materials business, we plan to expand new orders, optimize production and SCM operations, and accelerate the development of new products, including mid-range, entry-level, and next-generation battery cathode materials.

Life Sciences

The Life Sciences business develops, manufactures, and markets a wide range of pharmaceutical products, including the diabetes treatment Zemiglo, the growth hormone Eutropin, the osteoarthritis treatment Synovian, the rheumatoid arthritis treatment Eucept, and vaccines.

In 2025, profitability improved through stable sales growth across major product categories, including diabetes treatments, growth hormones, and vaccines, as well as the licensing-out of the world's first oral treatment for rare genetic obesity. Going forward, we plan to sustain stable growth by strengthening the market competitiveness of our key products and increasing the proportion of overseas sales, while continuing to expand R&D investment to enhance our capabilities in developing innovative global medicines. In addition, we will focus on therapeutic areas with high unmet medical needs, particularly oncology, diabetes, and metabolic diseases. By leveraging our accumulated R&D capabilities, we aim to establish category leadership and accelerate the commercialization of innovative medicines for global markets.



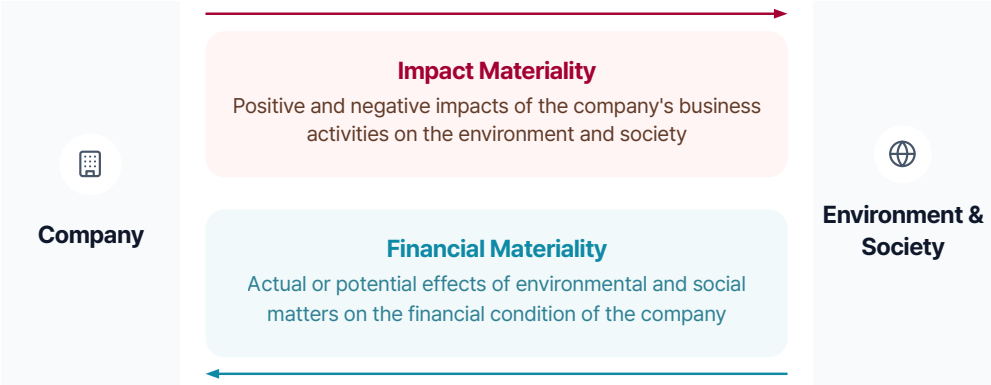
Materiality Assessment

Materiality Assessment

Scope and Approach

LG Chem conducts a materiality assessment to enhance the reliability and relevance of its sustainability disclosures and to ensure that key ESG issues are effectively reflected in its strategy and decision-making processes. The assessment is conducted from a double materiality perspective, considering both the impacts of the Company's activities on the environment and society and the effects of sustainability-related risks and opportunities on the Company's financial performance. In addition, LG Chem incorporates environmental and social impacts, financial implications, and stakeholder expectations by referencing major sustainability reporting standards and frameworks, including ESRS, KSSB standards, and GRI.

LG Chem defined the scope of the assessment across its entire value chain, encompassing not only its internal operations but also upstream supply chain activities and downstream product use stages. This approach enables the Company to identify and evaluate key sustainability-related issues that may arise throughout the value chain. The assessment also considers short-, medium-, and long-term time horizons to evaluate potential impacts over different timeframes. Materiality was determined through a comprehensive assessment of environmental and social impacts, financial implications, and stakeholder expectations.



Assessment Process

Materiality Assessment consists of three stages: issue identification, issue prioritization, and impact assessment, with business impacts and strategic relevance considered throughout each stage. Based on a double materiality assessment, LG Chem identified key ESG topics and reorganized them from a management perspective. Quantitative assessments were conducted on the issues identified through the long-list and short-list development process from both impact materiality and financial materiality perspectives. Key topics were then consolidated by considering interdependencies among issues, value chain impacts, and internal management structures. While maintaining the overall framework based on LG Chem's sustainability strategic priorities and material topics disclosed in the previous reporting period, certain topics were integrated and refined to reflect overlaps and interconnections. For example, climate action was expanded to encompass greenhouse gas emissions management, renewable energy transition, and climate-related risks within a single management framework. Similarly, responsible supply chain management was restructured by integrating supplier management and responsible minerals into one topic. Through this process, the assessment results were reorganized from an issue-based structure into a structure aligned with LG Chem's sustainability strategy, management framework, and disclosure approach. As a result, six core ESG material topics were identified.



Material Topics

LG Chem has identified the following six Core Material Topics and implements strategies and management initiatives for each topic.

Material Topic	Key Stakeholders	Scope of Impact			Impact Materiality	Financial Materiality
		Upstream	Own Operations	Downstream		
Climate Action and Energy Transition	Investors Government Customers	✓	✓	✓	■■■■■	■■■■■
Responsible Supply Chain and Responsible Minerals	Suppliers Customers	✓	✓	✓	■■■■■	■■■■■
Environmental Pollution and Chemical Stewardship	Government Communities		✓		■■■■■	■■■■■
Occupational and Process Safety Management	Employees Communities		✓		■■■■■	■■■■■
Human Resources and Organizational Culture	Employees		✓		■■■■■	■■■■■
Circular Economy and Sustainable Products	Customers Government		✓	✓	■■■■■	■■■■■

In addition to the Core Material Topics, LG Chem has identified other sustainability-related topics that may affect the Company's sustainability performance. Based on the results of the materiality assessment, these topics have been identified as additional topics for ongoing management. As their significance may change in response to evolving business conditions, LG Chem will continue to monitor and assess these topics through future materiality assessment processes.

Other Sustainability Topics	
- Nature Conservation and Biodiversity Management - Product Quality and Customer Experience - Global Regulatory Compliance - Business Ethics and Fair Business Practices	- Enterprise Risk and Crisis Management - Community Impact and Stakeholder Engagement - Tax and Financial Risk Management - Cybersecurity and Digital & AI Risk Management

Stakeholder Engagement

Key Stakeholders

As part of its sustainability management approach, LG Chem identifies stakeholders that directly or indirectly influence its business activities and incorporates their expectations and needs into its management processes. In particular, we define and manage key stakeholders by considering the impacts and interactions that occur across the entire value chain. Key stakeholders are classified into customers, employees, suppliers, shareholders and investors, communities, and government agencies. We establish priorities by considering both the influence and significance of each stakeholder group in relation to our sustainability strategy.

LG Chem gains a broad understanding of sustainability-related expectations and impacts through collaboration with a wide range of stakeholders and external experts and implements tailored communication and engagement strategies based on the characteristics, expectations, and needs of each stakeholder group. We adopt customized approaches, such as transparently sharing product sustainability information with customers and establishing shared goals with suppliers to build a responsible supply chain. In addition, we plan to develop specific measures within the year to further enhance communication between the Board of Directors, including independent directors, and shareholders. Through this stakeholder-centered approach, we enhance our understanding of sustainability issues and incorporate these insights into management decision-making and mid- to long-term strategic planning, strengthening the foundation for sustainable growth.

Engagement Process

LG Chem follows the stakeholder engagement process below to identify and respond to key sustainability issues.

Stakeholder Engagement Process



Key Topics of Interest

Stakeholder Engagement Channels and Topics of Interest

Stakeholder	Engagement Channels	Topics of Interest
Customers	- Customer satisfaction surveys - Customer pain point management system - Customer complaint management system	- ESG information disclosure - GHG and energy targets & policies - Supply chain sustainability
Employees	- Labor-management council and town hall meetings - Employee satisfaction surveys - Grievance mechanism	- Employee capability development - Organizational culture and labor-management relations - Employment and employee benefits
Suppliers	- Integrated procurement management system - Supplier meetings and knowledge-sharing forums - Win-win growth committee	- Fair trade culture - Financial and business support - Supplier ESG capacity building
Shareholders & Investors	- Shareholder meetings and quarterly earnings presentations - NDRs, investor conferences, and conference calls - Financial and ESG performance disclosures	- Economic performance - Board oversight and governance - ESG information disclosure
Communities	- Community meetings and resident committees - Steering committees for welfare facilities near business sites - Community contribution programs	- Community environmental and safety management - Local job creation and economic revitalization - Community investment and social contribution
Government	- Policy consultations - Industry associations - Local governments	- Compliance and fair trade - Indirect economic impacts - Environmental, climate, and safety policies and regulations

ESG Ratings and Global Initiatives

ESG Ratings

ESG ratings are key indicators that reflect stakeholder expectations. LG Chem continuously monitors and actively engages with major ESG rating frameworks, including MSCI, S&P DJSI, CDP, KCGS, and Sustainalytics. Through these engagement efforts, we seek to ensure that stakeholder priorities are reflected in our management priorities.



2025 MSCI Korea Country ESG Leaders Capped Index



2025 S&P DJSI Asia-Pacific & Korea Index



2025 CDP Climate Change B, Water Security C



2025 KCGS Overall B+ (Environment B, Social A+, Governance B+)



2025 Sustainalytics Medium Risk

Global Initiatives

Countries around the world are pursuing carbon reduction through a range of policy and market-based approaches, shaping the global economy and industrial landscape. In response to these global trends, LG Chem participates in climate-related initiatives and monitors developments in carbon emissions and recycling regulations across the industry.







Governance

LG Chem defines key ESG issues, including climate change, supply chain management, human rights, and occupational health and safety, as core sustainability priorities and incorporates them into key management agendas. Under the oversight of the Board of Directors and executive management, sustainability is integrated into business operations and decision-making. Through the ESG Committee under the Board, we review and oversee mid- to long-term sustainability strategies, targets, action plans, key risks and opportunities, response measures, and implementation progress. Supported by the Sustainability Department under the Corporate Strategy Group and company-wide consultative bodies, we manage sustainability strategies, policies, and management systems. Based on this governance framework, we identify key risks and opportunities, develop long-term roadmaps, and drive sustainability initiatives across our businesses. To strengthen accountability and execution, sustainability performance is also linked to executive compensation.

ESG Committee

LG Chem established the ESG Committee under the Board of Directors in 2021 to strengthen the development and implementation of its sustainability strategy. Composed primarily of independent directors, the Committee ensures both independence and expertise. The Committee meets at least once every six months and convenes ad hoc meetings when material issues arise to review key risks and business matters. Significant matters, including those related to compliance management and climate action, are reviewed by relevant departments before being reported to the Committee, which reviews the matters and provides guidance as appropriate. The Committee also sets the overall direction for sustainability management, including climate action, responsible sourcing, and human rights, and deliberates on and approves major policies and mid- to long-term strategies. In addition, material issues related to business operations, regulatory compliance, and stakeholder concerns are reported through regular and ad hoc reporting channels, enabling the Committee to discuss appropriate response and management measures.

In 2025, the Committee approved the establishment of Board Guidelines to strengthen independence, balance, and diversity in Board decision-making. It also reviewed progress on carbon-neutrality and environment, health and safety initiatives in response to changes in government policy, while discussing key ESG topics, including the development of low-carbon feedstocks, fuels, and related technologies. In addition, the Committee regularly reviews major issues related to potential or actual adverse impacts on stakeholders, including compliance risk management systems and key risk management activities.

2025 ESG Committee Meetings

Meeting	Date	Attendance	Agenda	Resolution
1st Meeting of 2025	2025.4.28	5/5	Appointment of the ESG Committee Chair Appointment of the ESG Committee Chair and designation of an acting chair in the event of a vacancy	Approved
			Report on the Development of Eco-Friendly Feedstocks and Fuels Market and technology trends, future plans, and the status of major government-funded projects related to low-carbon feedstocks and fuels	Reported
			Report on the Compliance Risk Management Framework Overview of the management framework and improvement plans related to environment, health and safety (serious accident prevention obligations) and labor management (legal issues related to subcontracting)	Reported
2nd Meeting of 2025	2025.11.27	5/5	Establishment of LG Chem Board Guidelines Establishment of the Guidelines on Board Expertise and Diversity and Guidelines on Board Independence to support rational and balanced decision-making by the Board and strengthen board independence	Approved
			Report on Carbon-Neutrality Initiatives in Response to New Government Policies Review of the 2030 Carbon-Neutral Growth target and preparations for the fourth phase of the Emissions Trading Scheme	Reported
			Report on Environment, Health, and Safety Initiatives in Response to New Government Policies Report on measures to prevent and eliminate serious industrial accidents	Reported
			Report on Compliance Risk Management Activities Report on regulatory trends and risk management activities related to fair trade, including price-fixing and unlawful information exchange	Reported

Management

LG Chem's management integrates key sustainability issues identified through materiality assessments into company-wide business strategies and annual planning processes, while regularly monitoring implementation and performance. The Sustainability Department identifies key sustainability issues based on materiality assessment results and stakeholder expectations and reports them to the ESG Committee and management meetings to support executive management and the Board of Directors in reviewing and making decisions on relevant matters. The ESG Committee under the Board of Directors regularly reviews sustainability strategies, key risks and opportunities, and implementation performance, and provides recommendations for improvement where necessary. In addition, management has established a company-wide management system to achieve key sustainability goals, including Net-Zero, and continuously monitors implementation progress. LG Chem has established a roadmap to achieve carbon-neutral growth by 2030 and Net-Zero by 2050 and is implementing carbon reduction initiatives based on assessments of economic feasibility. The Company is also advancing low-carbon transition activities across the product life cycle, including expanding renewable energy procurement and calculating Product Carbon Footprints (PCFs). These strategies and achievements are transparently shared with key stakeholders, including customers, investors, and government agencies, thereby strengthening the Company's ability to manage sustainability-related risks and opportunities and further advancing its sustainability management system.

Evaluation and Compensation

LG Chem integrates ESG-related indicators into its executive performance evaluation and compensation system to strengthen executive accountability for sustainability management, promote the transition to a low-carbon economy, and expand sustainable business opportunities. Accordingly, since 2021, Key Performance Indicators (KPIs) have been linked to each executive's area of responsibility, including greenhouse gas emissions reduction, eco-friendly product development, supplier evaluation systems, and occupational health and safety, to reinforce management's sustainability responsibilities. Through this approach, measurable performance targets have been established for each area, helping embed ESG management practices across departments and throughout the organization. This integrated indicator system serves as a foundation for promoting ESG management practices not only among executives but across the Company. Furthermore, to encourage sustainability initiatives and strengthen management accountability and commitment to Net-Zero and sustainable growth, the compensation system is linked to performance evaluations. Through this approach, LG Chem promotes sustainability initiatives across the organization and fosters a company-wide sustainability culture by incorporating sustainability management into core management responsibilities. This performance evaluation and compensation linkage system is operated through the deliberation and resolution of the Compensation Committee under the Board of Directors. The Committee comprehensively reviews the appropriateness of ESG performance targets, evaluation results, and compensation outcomes for executives. Through this process, LG Chem ensures that ESG performance is reflected in the compensation system in an objective and consistent manner.

Strategy

LG Chem aims to drive positive changes in people's lives by creating new value based on the scientific knowledge, technologies, and solutions accumulated across its diverse business areas, including Petrochemicals, Advanced Materials, and Life Sciences. We constantly strive to connect Science and Life for a Better Future. With the goal of providing innovative, differentiated, and sustainable solutions for society and the environment, LG Chem has established five strategic tasks: Climate Action, Renewable Energy Transition, Circular Economy, Environmental Protection, and Responsible Supply Chain.

Sustainability Strategy

LG Chem's Five Key Sustainability Strategies

- 1 Climate Action**

⦿ **Goal** Achieve 2030 Carbon-Neutral Growth and 2050 Net-Zero.

▶ **Strategy** Expand the transition to eco-friendly fuels and low-carbon raw materials, develop and implement Carbon Capture and Utilization (CCU) technologies, and enhance energy efficiency across processes and facilities.
- 2 Renewable Energy Transition**

⦿ **Goal** Transition to 100% renewable energy by 2030 for overseas sites and by 2050 for Korea sites.

▶ **Strategy** Expand the use of renewable energy and optimize the energy mix.
- 3 Circular Economy**

▶ **Strategy** Develop plastics based on mechanical and chemical recycling and renewable raw materials, and build a circular economy by expanding waste plastic and battery recycling.
- 4 Environmental Protection**

▶ **Strategy** Promote Zero Waste to Landfill (ZWTl) at worksites, develop eco-friendly products, and strengthen hazardous substance reduction efforts.
- 5 Responsible Supply Chain**

▶ **Strategy** Strengthen risk assessment and due diligence for key raw material supply chains and enhance supply chain transparency and traceability.

Risk Management

Integrated Crisis Management

LG Chem manages enterprise-wide risks through its company-wide Crisis Management system, which is described in the [Risk Management](#) section of the GOVERNANCE chapter. Based on this framework, the Company identifies key risks associated with each core sustainability topic and establishes and implements management strategies tailored to the characteristics of each issue. This section provides an integrated overview of key risks and response directions for material sustainability topics, while detailed management activities for each topic can be found in the relevant chapters. Through this approach, LG Chem integrates sustainability topics into its enterprise-wide risk management framework and comprehensively monitors key risks and opportunities, including those related to climate change.

Sustainability Risk Management

Topic	Key Risks	Risk Management Approach	Related Chapters
❶ Climate Action	• Tightening carbon regulations and rising costs • Physical risks such as climate-related disasters • Financial burden associated with investments in low-carbon transition technologies • Reputational risks driven by increasing demand for eco-friendly products	• Implementing internal carbon pricing and strengthening regulatory compliance • Managing product carbon footprints based on LCA and expanding the eco-friendly product portfolio	Climate Action
❷ Renewable Energy Transition	• Energy price volatility and procurement uncertainty • Increasing costs associated with the renewable energy transition • Power supply reliability risks	• Securing diverse procurement mechanisms such as PPAs and RECs • Optimizing the energy mix and improving efficiency across business sites • Operating company-wide energy management systems (EnMS)	Climate Action
❸ Circular Economy	• Limited availability of recyclable resources and recycling technology constraints • Volatility in raw material prices and supply availability • Tightening circular economy regulations	• Expanding recycling technologies • Developing circular economy-based products and value chains	Circular Economy
❹ Environmental Protection	• Pollutant emissions and tightening environmental regulations • Natural capital loss and impacts on ecosystems • Environmental risks at business sites	• Reducing pollutant emissions and advancing environmental management • Promoting Zero Waste to Landfill (ZWTl) initiatives and minimizing environmental impacts at business sites • Establishing impact management systems based on natural capital assessments	Environmental Stewardship Nature and Biodiversity
❺ Responsible Supply Chain Development and Management	• Supply chain ESG risks • Raw material sourcing risks and regulatory compliance challenges	• Strengthening ESG assessments and due diligence across the supply chain • Managing risks associated with responsible minerals and key raw materials	Supplier Management Responsible Minerals Management

Metrics and Targets

ENVIRONMENTAL

Topic	Commitment	Progress
Climate Action	Achieve 2030 Carbon-Neutral Growth and 2050 Net-Zero	- Reduced approximately 170,000 metric tons of carbon emissions by utilizing 301 GWh of renewable energy - Completed Scope 3 emissions calculation based on the GHG Protocol and third-party verification
Product Carbon Footprint Management	Establish product LCA/PCF datasets and enhance data completeness	- Updated 564 PCF models and provided 467 cases of LCA/PCF data to customers - Supported LCA implementation and introduced carbon reduction initiatives for 8 suppliers
Circular Economy	Expand circular economy-based sustainable product portfolio	- Expanded the use of recycled and circular materials such as BCB and OBP - Secured ISCC PLUS certifications for 61 products and GRS certifications for 30 products
Environmental Stewardship	Obtain Zero Waste to Landfill (ZWTL) and reduce air/water pollutant emissions	- Obtained Zero Waste to Landfill (ZWTL) certification for 5 business sites - Utilized a total of 115 TMS units and managed air pollutant emissions in real time through Eagle Eye
Natural Capital Management	Establish a TNFD-based nature-related risk management framework	- Adopted the TNFD framework and conducted pilot assessments applying the LEAP approach for Yeosu business sites - Transplanted 70,000 seagrass plants and expanded habitat by 10.224 ha

SOCIAL

Topic	Commitment	Progress
Health and Safety	Achieve a Lost Time Injury Rate (LTIR) of 0.1 or lower by 2030	- Enacted and revised 10 EH&S regulations and 38 guidelines - Implemented the LGC Standards and Seven Absolute Safety Rules
Responsible Supply Chain	ESG-based supply chain management and risk response	- Conducted ESG assessments for suppliers representing 97% of procurement spend, achieving a 75% improvement rate in on-site audits - Expanded due diligence to Tier 1 and Tier 2 responsible mineral supply chains, improving on-site audit scores by 15.8%
Talent Acquisition and Growth	Build a talent-driven organization through talent acquisition and capability development	- Secured talent by hiring approximately 600 employees globally - Developed capabilities by providing an average of 23.9 training hours per person
Flexible Organizational Culture	Establish an organizational culture based on work-life balance	- Approximately 6,000 employees used flexible working arrangements, including staggered commuting, flexible working hours, and remote work - Incorporated 4,336 employee feedback submissions and strengthened a participatory organizational culture
Creating Community Value	Manage community impacts and expand social value	- Conducted 5 environmental improvement activities and 9 educational and social economy programs - Supported 23 social enterprises, achieving up to a 20-fold growth in sales

GOVERNANCE

Topic	Commitment	Progress
Board-Centered Management	Establish an independent and transparent decision-making system	- Composed the Board with 57% independent directors and 29% female directors and appointed an independent director as Board Chair - Held 10 Board meetings per year, achieving a 100% attendance rate
Compliance Management	Establish a compliance-based company-wide risk management system	- Advanced the management system for 12 overseas subsidiaries and 6 branch offices and introduced regional consultative bodies - Maintained ISO 37001 and 37301 certifications across all domestic sites
Business Ethics and Reporting	Strengthen business ethics and internal controls based on zero corruption	- Achieved a 99.6% anti-corruption training completion rate for employees and 100% ethical pledge participation from suppliers - Operated a 24-hour anonymous reporting channel and informant protection system
Company-wide Crisis Management	Establish a crisis management system based on risk identification and response	- Established a company-wide risk response system centered on the CRO and the Crisis Management Committee - Maintained an integrated crisis management system based on crisis levels (A to D) and CMIS
Operational Risk Management	Oversee digital, quality, and tax risks	- Maintained ISO 27001 certifications at 16 sites in Korea - Managed 16,000 cases through CPPM and achieved a customer satisfaction score of 80



LG Chem recognizes the impacts of climate change across its business as a key management issue and is pursuing greenhouse gas (GHG) emissions reductions and the transition to a low-carbon business model with the goal of achieving Net-Zero by 2050. We focus our reduction efforts on Scope 1 and Scope 2 emissions while continuously strengthening our long-term climate management framework through Life Cycle Assessment (LCA), Scope 3 emissions measurement and management, and the introduction of an Internal Carbon Pricing (ICP) mechanism.

Governance

Organizational Structure

Board & ESG Committee

LG Chem has identified climate action as a key management agenda and established a governance and oversight structure centered on the Board of Directors. The Board discusses and reviews climate action strategies, greenhouse gas (GHG) reduction pathways, and key policies, and regularly receives updates on progress through the ESG Committee under the Board of Directors. The ESG Committee reviews company-wide sustainability and ESG issues at least twice a year and includes climate-related matters as part of its regular agenda. The Board and the ESG Committee monitor progress against key performance indicators, including GHG emissions reductions and renewable energy expansion, and oversee the management of material climate-related risks and opportunities.

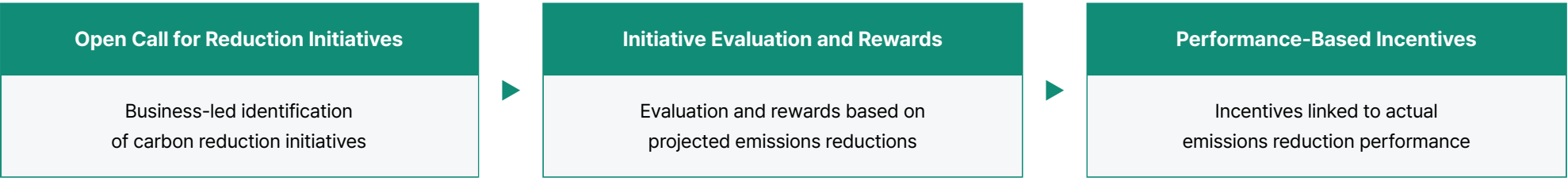
Management Oversight

Based on strategies approved by the Board of Directors, management oversees the implementation of initiatives and investments related to GHG emissions reduction and energy transition. LG Chem's Sustainability Department within the Corporate Strategy Group leads the development and implementation of company-wide climate action strategies, while business divisions are responsible for executing reduction initiatives based on their emissions profiles. We operate a Quarterly Project Review (QPR) process involving C-level executives to review progress on emissions reduction initiatives, investment outcomes, and key risk factors. Through this process, we adjust priorities and strengthen execution. In addition, we operate a company-wide Emissions Allowance Management Committee and Working-Level committee to oversee emissions trading and discuss key issues, including allowance procurement strategies, operational adjustments, and emissions trading activities. We also strengthen the link between emissions allowance management and company-wide GHG reduction strategies through strategic initiatives, including responses to allowance cancellations and efforts to secure additional allocations.

Implementation Framework

LG Chem incorporates climate action considerations into business strategies and investment decisions through a data-driven decision-making framework. We have established a company-wide integrated carbon management system (Net-Zero Portal) to manage GHG emissions, energy consumption, and business plans in a centralized manner. Based on this system, we analyze Business As Usual (BAU) emissions and emissions reduction potential. When identifying emissions reduction initiatives and evaluating investments, we use Marginal Abatement Cost (MAC) analysis to assess both emissions reduction impacts and costs. We also apply Internal Carbon Pricing (ICP) to incorporate the potential impacts of carbon regulations into investment decisions. To further strengthen our low-carbon transition efforts, we operate an open call process for new emissions reduction initiatives, identify potential projects, and prioritize those with the greatest investment potential. We also provide incentives based on actual emissions reduction performance, ensuring an integrated process from project identification and investment to implementation and performance-based rewards.

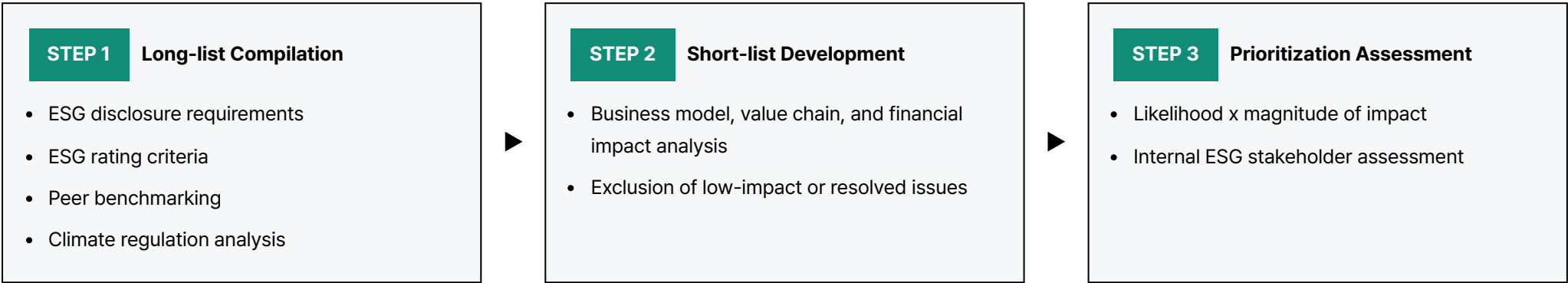
Carbon Reduction Incentive Scheme



Strategy

Risks and Opportunities

LG Chem assesses climate-related risks and opportunities based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). Specifically, we identified physical risks (acute and chronic) and transition risks (policy and legal, technology, market, and reputation), as well as opportunity factors related to resource efficiency, energy sources, products and services, and markets. We then analyzed the business model, value chain, and potential financial impacts of the identified risks and opportunities and excluded issues with limited relevance. As a result, we assessed a total of 18 climate-related risks and opportunities, including four physical risks, nine transition risks, and five opportunity factors.



Climate Risks and Opportunities

Code	Classification	Category	Issue	Time Horizon	Impact Scope		
					Upstream	Own Operations	Down-stream
P1	Physical risk	Acute	Heatwave-related operational disruptions and reduced worker productivity	ST MT LT		✓	
P2	Physical risk	Acute	Plant outages and facility damage from tropical cyclones and strong winds	ST MT LT		✓	✓
P3	Physical risk	Acute	Production facility flooding from heavy rainfall and river flooding	ST MT LT		✓	
P4	Physical risk	Chronic	Water stress risk due to drought	ST MT LT		✓	
T1	Transition risk	Market	Increasing customer demand for supply chain decarbonization and product LCA	ST MT LT	✓	✓	✓
T2	Transition risk	Market	Declining demand for fossil-based commodity products and feedstock price volatility	ST MT LT	✓	✓	
T3	Transition risk	Market	Rising electricity prices from decarbonization cost pass-through	ST MT LT		✓	
T4	Transition risk	Policy/Legal	Downstream impacts of the EU Battery Regulation	ST MT LT		✓	✓
T5	Transition risk	Policy/Legal	Tightening K-ETS regulations	ST MT LT		✓	
T6	Transition risk	Policy/Legal	Strengthening regulations on low-carbon and circular materials	ST MT LT	✓		✓
T7	Transition risk	Policy/Legal	Impact of EU CBAM implementation	ST MT LT			✓
T8	Transition risk	Technology	Increased investment costs in low-carbon and eco-friendly material technologies	ST MT LT		✓	
T9	Transition risk	Technology	Delayed transition to low-carbon NCC processes	ST MT LT		✓	
O1	Opportunity	Products/Services	Expansion of EV and ESS battery materials markets	ST MT LT		✓	✓
O2	Opportunity	Products/Services	Expansion of applications for PCR and BCB low-carbon and circular materials	ST MT LT	✓	✓	✓
O3	Opportunity	Market	Expansion of green technology subsidies and incentives	ST MT LT		✓	✓
O4	Opportunity	Energy Source	Expansion of renewable energy use and RE100 implementation	ST MT LT		✓	✓
O5	Opportunity	Resource Efficiency	Commercialization of CCUS technology	ST MT LT		✓	

Climate Risk and Opportunity Assessment Results



Key risks and opportunities identified through the assessment include the expansion of the EV and ESS battery materials market, increasing customer demand for supply chain decarbonization, product LCA, and carbon footprint information, downstream impacts of the EU Battery Regulation, declining demand for fossil-based commodity products and raw material price volatility, and rising investment costs for low-carbon and sustainable material technologies.

LG Chem closely monitors and proactively manages these key risks and opportunities. Through these efforts, we aim to minimize risks associated with achieving our Net-Zero targets and advancing our low-carbon transition while continuing to create new business opportunities.

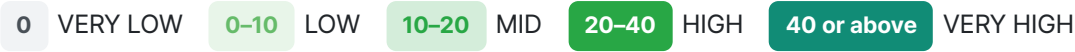
Physical Risk

Physical risks associated with climate change, including heatwaves, droughts, tropical cyclones, and heavy rainfall, may affect the operational stability and production efficiency of business sites. LG Chem manages these risks by identifying climate-related risks at each site, enhancing facility resilience, improving operational flexibility, and strengthening response systems. We also continue to enhance our resilience to climate-related resource risks by strengthening water resource management and securing a stable energy supply.

Scope of Analysis and Methodology

LG Chem quantitatively assessed the physical impacts of climate change on its assets and operations across 10 business sites, including five domestic sites and five overseas sites. The assessment applied SSP scenarios based on the IPCC Sixth Assessment Report and considered two axis (2030 and 2050). A total of 10 physical risks, including five acute risks and five chronic risks, were assessed, and Expected Annual Loss (EAL) and Probable Maximum Loss (PML) were estimated.

Category	Details
Scope of Analysis	5 domestic sites (Seoul, Yeosu, Daesan, Cheongju, Iksan) 5 overseas sites (Tianjin, Wuxi, Ningbo, Hai Phong, Wroclaw)
Scenarios	IPCC AR6 SSP1-2.6 / SSP2-4.5 / SSP3-7.0 / SSP5-8.5 (4 scenarios)
Time Axis	2030 (Short-term) / 2050 (Medium-term)
Risk Classification	- Chronic risks (5): temperature rise, drought/water resources, heatwave, precipitation change, sea level rise - Acute risks (5): river flood, inland flooding, heavy rain, landslide, tropical cyclone
Output Metrics	- Risk Level (Hazard x Exposure x Vulnerability) - Expected Annual Loss (EAL), Probable Maximum Loss (PML)



Risk and Financial Loss Trends under the SSP1-2.6 Scenario

<SSP1-2.6> Taking the Green Road Scenario												
Category	Risk Factor	Year	Business Site									
			Seoul	Yeosu	Daesan	Cheongju	Iksan	Tianjin	Wuxi	Ningbo	Hai Phong	Wroclaw
Chronic	Temperature Rise	2030	M	L	M	M	M	M	M	M	M	M
		2050	H	M	M	M	M	M	M	M	M	M
	Drought & Water Resources	2030	M	H	H	H	H	H	H	H	H	H
		2050	M	H	H	H	H	H	H	H	H	H
	Heatwave	2030	L	M	M	M	M	M	M	M	L	M
		2050	L	M	M	M	M	M	M	M	L	M
	Precipitation Change	2030	M	L	L	L	L	L	L	L	L	L
		2050	M	L	L	L	L	L	L	L	L	L
	Sea Level Rise	2030	L	M	M	VL	L	VL	VL	L	VL	VL
		2050	L	M	M	VL	L	VL	VL	L	VL	VL
Acute	River Flood	2030	L	L	L	H	L	L	L	L	L	L
		2050	M	L	L	H	L	L	L	L	L	L
	Inland Flooding	2030	L	M	L	L	L	L	L	L	L	L
		2050	M	M	M	M	M	M	M	M	M	M
	Heavy Rain	2030	L	L	L	L	L	L	L	M	L	L
		2050	M	L	L	L	L	L	L	L	L	L
	Landslide	2030	L	L	L	L	L	L	L	L	L	L
		2050	L	L	L	L	L	L	L	L	L	L
	Tropical Cyclone	2030	M	M	M	L	M	L	L	M	L	VL
		2050	M	M	M	L	M	L	L	L	L	VL

<SSP1-2.6 Scenario> Financial Loss by Physical Risk Factor

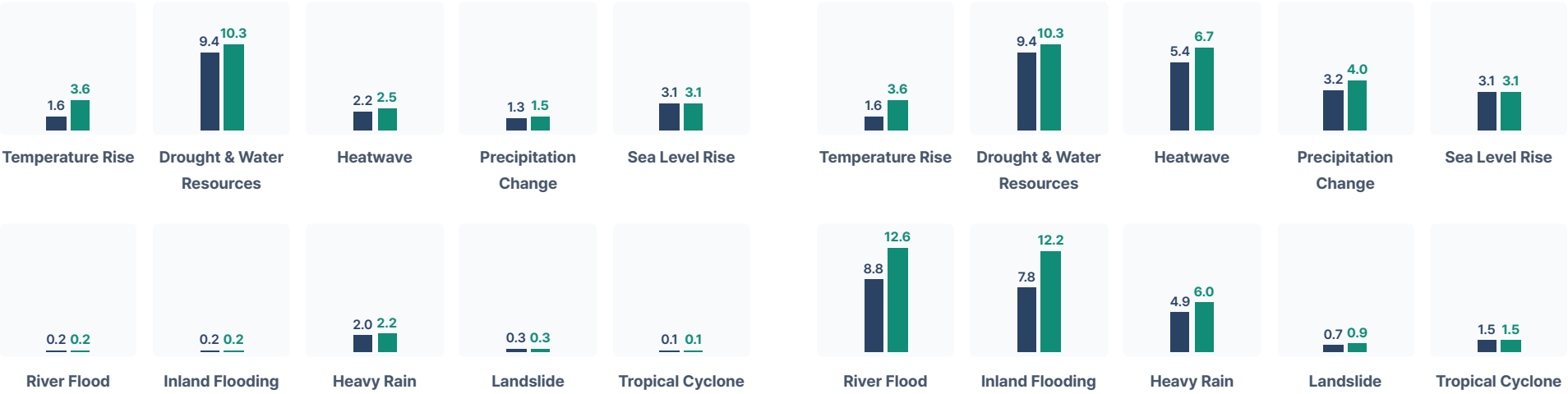


Expected Annual Loss

Scale of risks that occur regularly and periodically due to climate change

Probable Maximum Loss

Maximum risk scale expected in the event of extreme climate disasters



0.2

0.2

River Flood

0.2

0.2

Inland Flooding

2.0

2.2

Heavy Rain

0.3

0.3

Landslide

0.1

0.1

Tropical Cyclone

8.8

12.6

River Flood

7.8

12.2

Inland Flooding

4.9

6.0

Heavy Rain

0.7

0.9

Landslide

1.5

1.5

Tropical Cyclone

Risk and Financial Loss Trends under the SSP2-4.5 Scenario

(SSP2-4.5) Middle-of-the-road Scenario												
Category	Risk Factor	Year	Business Site									
			Seoul	Yeosu	Daesan	Cheongju	Iksan	Tianjin	Wuxi	Ningbo	Hai Phong	Wroclaw
Chronic	Temperature Rise	2030	M	M	M	M	M	M	M	M	M	M
		2050	H	H	H	H	H	H	H	M	H	H
	Drought & Water Resources	2030	H	H	H	H	H	H	H	M	H	H
		2050	M	H	H	H	H	VH	VH	VH	H	H
	Heatwave	2030	L	M	M	M	M	M	M	M	L	M
		2050	L	M	M	M	M	M	M	M	L	M
	Precipitation Change	2030	L	L	L	L	L	L	L	M	L	L
		2050	L	L	L	L	L	L	L	M	L	L
	Sea Level Rise	2030	L	M	M	VL	L	VL	VL	L	VL	VL
		2050	L	M	M	VL	L	VL	VL	VL	VL	VL
Acute	River Flood	2030	L	L	L	H	L	L	L	M	L	L
		2050	L	L	L	VH	L	L	L	M	L	L
	Inland Flooding	2030	M	M	M	M	M	M	M	M	M	M
		2050	M	M	M	M	M	M	M	M	M	M
	Heavy Rain	2030	L	L	L	L	L	L	L	M	L	L
		2050	L	L	L	L	L	L	L	M	L	L
	Landslide	2030	L	L	L	L	L	L	L	L	L	L
		2050	L	L	L	L	L	L	L	L	L	L
	Tropical Cyclone	2030	L	M	M	L	M	L	L	M	L	VL
		2050	L	M	M	L	M	L	L	M	L	VL

<SSP2-4.5 Scenario> Financial Loss by Physical Risk Factor

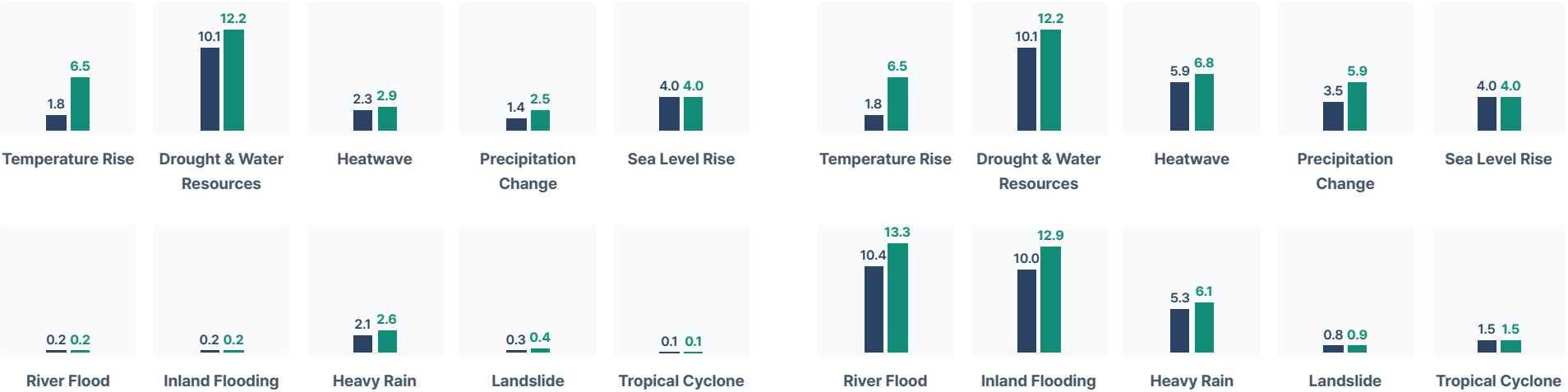
20302050

Expected Annual Loss

Scale of risks that occur regularly and periodically due to climate change

Probable Maximum Loss

Maximum risk scale expected in the event of extreme climate disasters



Risk and Financial Loss Trends under the SSP3-7.0 Scenario

<SSP3-7.0> Regional Rivalry Scenario												
Category	Risk Factor	Year	Business Site									
			Seoul	Yeosu	Daesan	Cheongju	Iksan	Tianjin	Wuxi	Ningbo	Hai Phong	Wroclaw
Chronic	Temperature Rise	2030	M	M	M	M	M	M	M	M	M	M
		2050	H	H	H	H	H	H	H	H	M	H
	Drought & Water Resources	2030	M	H	H	H	H	VH	VH	VH	H	H
		2050	M	H	H	H	H	VH	VH	VH	H	H
	Heatwave	2030	L	M	M	M	M	M	M	M	L	M
		2050	L	M	M	M	M	M	M	M	L	M
	Precipitation Change	2030	M	L	L	L	L	L	L	L	L	L
		2050	M	L	L	L	L	L	L	L	L	L
	Sea Level Rise	2030	L	H	M	VL	L	VL	VL	VL	VL	VL
		2050	L	H	M	VL	L	VL	VL	VL	VL	VL
Acute	River Flood	2030	M	L	L	H	L	L	L	L	L	L
		2050	M	L	L	VH	L	L	L	L	L	L
	Inland Flooding	2030	M	M	M	M	M	M	M	M	M	M
		2050	M	M	M	M	M	M	M	M	M	M
	Heavy Rain	2030	M	L	L	L	L	L	L	L	L	L
		2050	M	L	L	L	L	L	L	L	L	L
	Landslide	2030	L	L	L	L	L	L	L	L	L	L
		2050	L	L	L	L	L	L	L	L	L	L
	Tropical Cyclone	2030	M	M	M	L	M	L	L	L	L	VL
		2050	M	M	M	L	M	L	L	L	L	VL

<SSP3-7.0 Scenario> Financial Loss by Physical Risk Factor

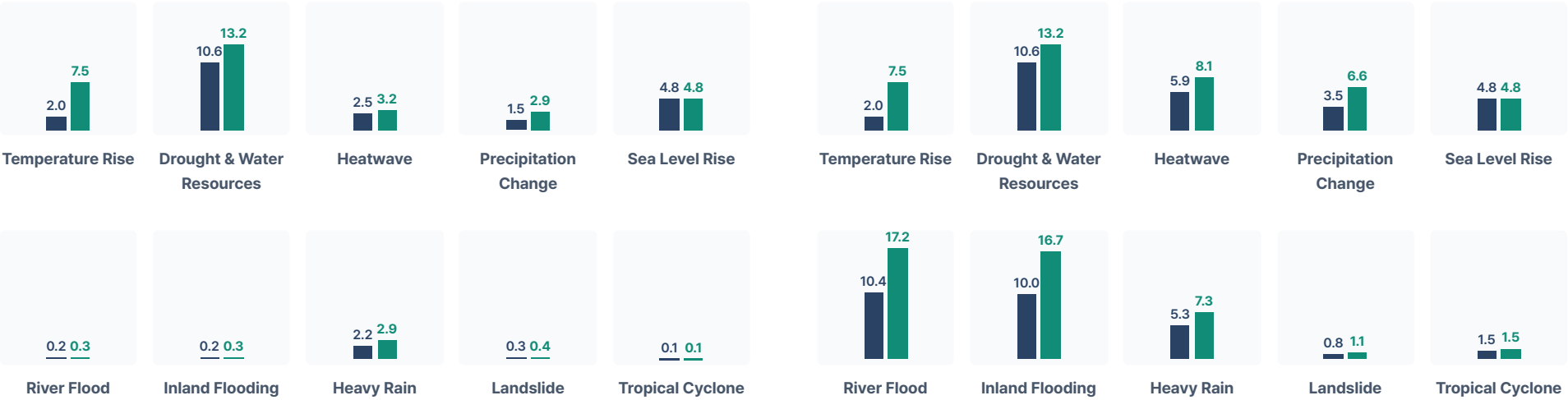
20302050

Expected Annual Loss

Scale of risks that occur regularly and periodically due to climate change

Probable Maximum Loss

Maximum risk scale expected in the event of extreme climate disasters



Risk and Financial Loss Trends under the SSP5-8.5 Scenario

<SSP5-8.5> Taking the Highway Scenario												
Category	Risk Factor	Year	Business Site									
			Seoul	Yeosu	Daesan	Cheongju	Iksan	Tianjin	Wuxi	Ningbo	Hai Phong	Wroclaw
Chronic	Temperature Rise	2030	M	M	M	M	M	M	M	M	M	M
		2050	H	H	H	H	H	H	H	H	M	H
	Drought & Water Resources	2030	M	H	H	H	H	VH	VH	VH	H	H
		2050	M	H	H	H	H	VH	VH	VH	H	H
	Heatwave	2030	L	M	M	M	M	M	M	M	L	M
		2050	L	M	M	M	M	M	M	M	L	M
	Precipitation Change	2030	M	L	L	L	L	L	L	L	L	L
		2050	M	L	L	L	L	L	L	L	L	L
	Sea Level Rise	2030	L	H	M	VL	L	VL	VL	VL	VL	VL
		2050	L	H	M	VL	L	VL	VL	VL	VL	VL
Acute	River Flood	2030	M	L	L	H	L	L	L	L	L	L
		2050	M	L	L	VH	L	L	L	L	L	L
	Inland Flooding	2030	M	M	M	M	M	M	M	M	M	M
		2050	M	M	M	M	M	M	M	M	M	M
	Heavy Rain	2030	M	L	L	L	L	L	L	L	L	L
		2050	M	L	L	L	L	L	L	L	L	L
	Landslide	2030	L	L	L	L	L	L	L	L	L	L
		2050	L	L	L	L	L	L	L	L	L	L
	Tropical Cyclone	2030	M	M	M	L	M	L	L	L	L	VL
		2050	M	M	M	L	M	L	L	L	L	VL

<SSP5-8.5 Scenario> Financial Loss by Physical Risk Factor

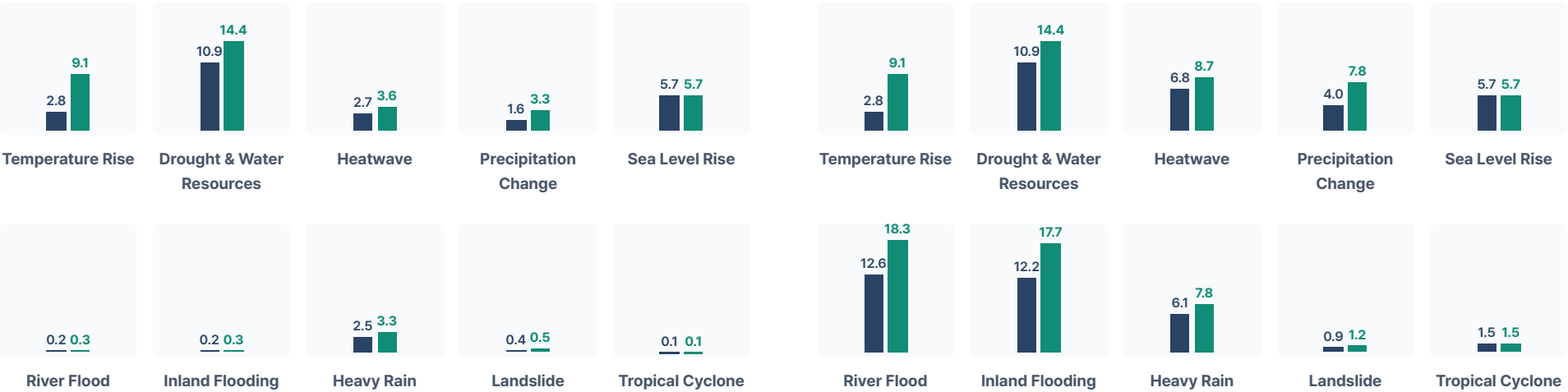
20302050

Expected Annual Loss

Scale of risks that occur regularly and periodically due to climate change

Probable Maximum Loss

Maximum risk scale expected in the event of extreme climate disasters



Transition Risk

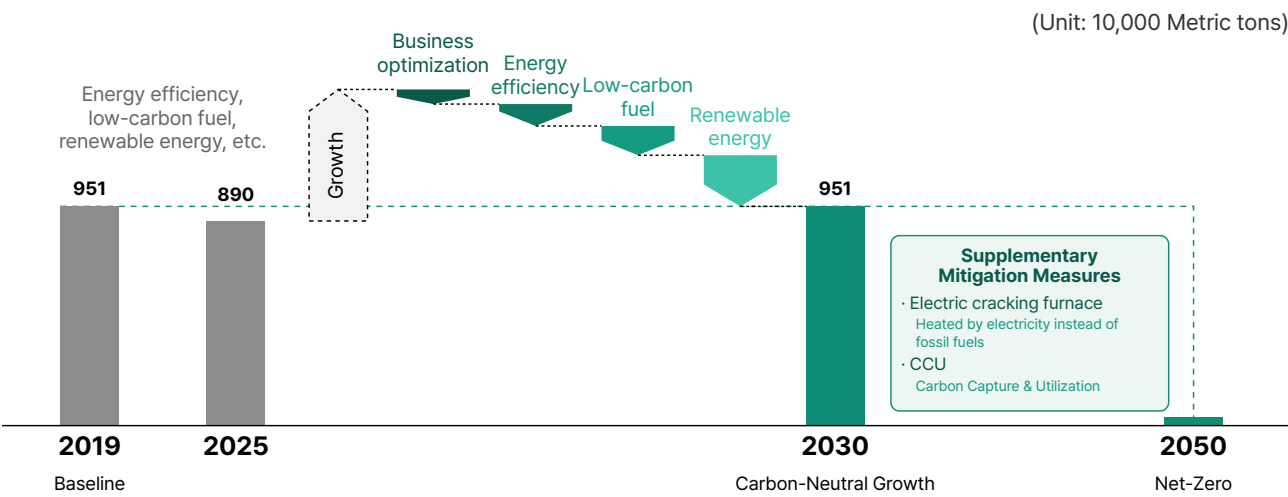
LG Chem has identified key transition risks through its climate-related risk and opportunity assessment. We assessed the potential impacts of these risks on our business strategy and financial planning across the short, medium, and long term. We plan to further enhance our scenario-based analysis framework to quantify potential financial impacts and assess climate resilience.

Code	Category	Risk Factor	Description	Expected Financial Impact
T1	Market	Increasing customer demand for supply chain decarbonization and LCA	As major customers expand participation in RE100 and SBTi, demand for Scope 3 emissions reductions and LCA-based carbon footprint data is expected to increase. Failure to meet these requirements may result in pricing pressure, contract renewal constraints, and reduced business opportunities.	ST Increase in operating expenses (LCA) MT Revenue fluctuations based on eco-friendly product adoption LT Revenue impact from changes in order volume
T2	Market	Declining demand for fossil-based commodity products and feedstock price volatility	Demand for crude oil and naphtha is expected to decline over the medium to long term as the low-carbon transition accelerates. Increased feedstock price volatility during the energy transition may put pressure on the profitability of commodity petrochemical products and contribute to market contraction.	ST Fluctuations in operating profit MT Restructuring and asset adjustment costs LT Decline in profitability and risk of asset impairment
T3	Market	Rising electricity prices from decarbonization cost pass-through	Higher grid operation costs and investments in renewable energy may be passed through to industrial electricity prices. Given the electricity-intensive nature of petrochemical and battery materials production, increases in electricity costs may increase the cost of sales.	ST Increase in cost of sales MT Additional increases in electricity costs LT Opportunities to reduce electricity costs
T4	Policy/Legal	Compliance risk related to the EU Battery Regulation	Under the EU Battery Regulation, carbon footprint declarations and performance classifications are expected to become mandatory. As a battery materials supplier, we may be required to calculate and report carbon footprints and establish Digital Product Passport (DPP) systems to support customer compliance.	ST Increase in operating expenses MT Revenue decline and inventory write-down risk LT Revenue reduction due to market restrictions
T5	Policy/Legal	Tightening of K-ETS regulations	Beginning with the fourth K-ETS compliance period (2026–2030), free allocation is expected to decrease while paid allocation expands. As national emissions reduction targets become more stringent, emission allowance purchase costs and carbon prices are expected to rise over the long term.	ST Increase in emission allowance purchase costs MT Decline in profitability LT Continued increase in regulatory costs
T6	Policy/Legal	Strengthening regulations on low-carbon and circular materials	Regulations requiring the use of recycled materials and restricting plastic use are expected to tighten across major markets. Market access for fossil-based commodity products may become more limited, while customer demand for recycled content is expected to increase.	ST Increase in R&D and certification costs MT Revenue fluctuations by product portfolio LT Revenue growth from circular economy businesses
T7	Policy/Legal	Impact of EU CBAM implementation	The expansion of the EU CBAM to the chemical sector is under consideration. If implemented, exporters may be required to purchase CBAM certificates reflecting the carbon price gap between Korea and the EU, potentially increasing the cost of sales for products exported to the EU.	ST System implementation costs MT CBAM certificate purchase costs LT Impact on price competitiveness and cost structure
T8	Technology	Increased investment costs in low-carbon and eco-friendly material technologies	Low-carbon processes and material technologies, such as electrified NCC and CCUS, remain at the pre-commercialization stage and may require significant R&D and pilot-scale investments. Early investment may provide a first-mover advantage, although the return on large-scale investments remains uncertain.	ST Increase in R&D expenses MT Increase in capital expenditure (CAPEX) LT Large-scale capital investments
T9	Technology	Delayed transition to low-carbon NCC processes	The transition of NCC facilities to low-carbon processes may be constrained by the availability of technology and supporting infrastructure. Delays in the transition could increase regulatory costs associated with K-ETS and CBAM compliance.	ST Efficiency improvement investment costs MT Increase in process facility investments LT Increase in regulatory costs and asset impairment risk

Reduction Strategy

LG Chem has established and is implementing a 2030 GHG reduction roadmap to achieve Net-Zero by 2050. Despite potential increases in emissions resulting from future capacity expansion and global business growth, we have set Carbon-Neutral Growth as our 2030 target, maintaining Scope 1 and Scope 2 emissions at the baseline year level (2019: 9.51 million tCO₂e). Due to the nature of petrochemical production processes, there are technical and economic constraints on reducing direct emissions (Scope 1) in the short term. In response to this business environment, GHG reduction initiatives are being pursued as part of our company-wide strategy to address climate-related risks and opportunities and are managed in alignment with the K-Taxonomy framework to support green finance and investment standards. By 2030, LG Chem aims to reduce emissions through energy efficiency improvements, the transition to low-carbon fuels and feedstocks, and the expanded use of renewable energy. Over the medium to long term, we are pursuing a fundamental transformation of our emissions profile through the development of low-carbon process technologies, including process electrification, electric cracking furnaces, and Carbon Capture and Utilization (CCU).

Medium- to Long-Term Scope 1 & 2 Reduction Roadmap



2030 Reduction Implementation Plan

Initiatives	Details	Share
Energy efficiency	Replacement with high-efficiency facilities, waste heat and energy recovery, etc.	3%
Low-carbon fuel transition	Biomass cogeneration, hydrogen co-firing in cracking furnaces, etc.	25%
Renewable energy	PPA, REC, etc. (Solar, onshore wind)	72%
Total		100%

* The reduction implementation plan is subject to change depending on the business structure, renewable energy procurement environment, etc.

Energy Efficiency

LG Chem is continuously driving energy efficiency improvement initiatives tailored to the process characteristics of each site. We are reducing steam and electricity consumption by optimizing operating conditions in major production processes, introducing high-efficiency equipment, and implementing waste heat recovery systems, thereby reducing greenhouse gas (GHG) emissions.

In addition, we manage the implementation status and emission reduction performance of individual projects through our company-wide integrated carbon management system (Net-Zero Portal). In 2025, we reduced approximately 30,000 metric tons of GHG emissions through eight energy efficiency projects. Key examples of energy efficiency initiatives implemented across major production processes are presented as follows.

Category	Key Activities	Expected Benefits
Equipment Efficiency Improvement	Improving centrifuge performance and optimizing operating conditions	Reducing electricity and steam consumption through improved equipment efficiency
Thermal Energy Recovery	Installing heat exchangers and establishing waste steam recovery systems	Reducing GHG emissions through improved process thermal efficiency and waste energy recovery
Power Optimization	Optimizing cooling water pump operations by applying high-efficiency equipment	Reducing electricity consumption by minimizing power loss
Process Structure Improvement	Converting batch processes into continuous processes	Reducing electricity and steam consumption through improved process efficiency

Low-Carbon Fuels and Feedstocks

Transitioning to low-carbon fuels and feedstocks is a core strategy to reduce direct emissions (Scope 1) from manufacturing processes. LG Chem is proactively driving technological transitions to replace conventional fossil fuel-based energy with renewable fuels, such as biomass cogeneration, and to expand hydrogen co-firing and the use of low-carbon feedstocks in its Naphtha Cracking Center (NCC) operations.

Hydrogen T8 T9 O5

K-Taxonomy Green Economic Activities
1-B-(4) Production of LNG-Based Hydrogen (Blue Hydrogen)

NCC is one of the most carbon-intensive processes in the petrochemical industry and remains a hard-to-abate process due to significant technical and economic constraints. To reduce emissions from NCC operations, LG Chem has installed facilities at its Yeosu plant to co-fire by-product hydrogen generated from the Chloro-Alkali process, replacing a portion of conventional fossil fuels. Through this initiative, LG Chem reduced GHG emissions by approximately 40,000 metric tons on a cumulative basis between 2023 and 2025.

LG Chem is also constructing facilities at the Daesan NCC to produce hydrogen from by-product methane and integrate CCU technologies, with plans to expand their application beginning in 2027.

Biomass T3 O4

K-Taxonomy Green Economic Activities
1-A-(1) Manufacture to Utilize Core Technologies for GHG Reduction

LG Chem established TW Biomass Energy, a joint venture with GS EPS, to accelerate the transition from coal-based energy to biomass-based alternatives. As a renewable energy source with lower GHG emissions than coal, biomass supports both carbon reduction and the efficient production of electricity and steam.

Beginning in 2027, the biomass power plant will supply electricity and steam generated from waste wood-based biomass fuel to the Yeosu Hwachi plant. Through this initiative, LG Chem expects to reduce GHG emissions by up to approximately 400,000 metric tons annually.

Biomaterials T2 T6 O2

K-Taxonomy Green Economic Activities
1-A-(1) Manufacture to Utilize Core Technologies for GHG Reduction

LG Chem is expanding the use of bio-based feedstocks to reduce reliance on fossil-based feedstocks. Approximately 40,000 metric tons of bio-naphtha are used annually in NCC operations, replacing fossil-based naphtha and contributing to GHG emission reductions during production.

To secure a stable supply of bio-based feedstocks, LG Chem established a joint venture with Enilive to produce Hydrotreated Vegetable Oil (HVO) using Used Cooking Oil (UCO). Through this partnership, LG Chem plans to further expand the use of bio-naphtha and strengthen its low-carbon feedstock portfolio.

Renewable Energy

LG Chem is introducing renewable energy across its domestic and overseas sites to reduce indirect emissions (Scope 2) from electricity consumption. We utilize various procurement methods, including PPAs, RECs, and Green Premium, based on the electricity consumption profile of each site. We also optimize electricity consumption through site-level energy efficiency improvement initiatives.

Renewable Energy Procurement T3 O4

As of 2025, we have signed a PPA for the Yeongdeok wind power project and are evaluating additional wind PPAs, including the Yeongyang wind power project. We are also considering the installation of solar power facilities utilizing idle land and factory rooftops at our sites. Our domestic sites sourced approximately 93 GWh of renewable energy through RECs and the Green Premium program, resulting in approximately 40,000 metric tons of GHG emission reductions. Our overseas sites sourced approximately 208 GWh of renewable energy through renewable energy certificates and green power purchases, resulting in approximately 130,000 metric tons of GHG emission reductions.

Low-Carbon Innovation Technologies

LG Chem is advancing a range of innovative technologies to reduce carbon emissions across the value chain. By strengthening our core technological capabilities and leveraging external collaborations and government-funded R&D programs, we continue to accelerate the development and commercialization of low-carbon solutions.

Catalyst-Based Carbon Conversion Technology T9 O5

K-Taxonomy Green Economic Activities
Common-B-(1) Research, Development, and Demonstration / 1-F-(4) Utilization of Captured CO₂

LG Chem is developing DRM (Dry Reforming of Methane) technology, which utilizes carbon dioxide (CO₂) and methane (CH₄) to produce synthesis gas, a key feedstock for chemical products. DRM technology enables the simultaneous conversion of two greenhouse gases and can contribute to carbon emissions reduction. The resulting synthesis gas can be used as a feedstock for the production of chemical products and low-carbon fuels. In 2025, we verified the long-term stability and process reliability of our proprietary catalyst through more than 3,000 hours of continuous operation at a pilot plant with an annual processing capacity of 1,000 tons, securing key operational data for commercialization.

In addition, LG Chem, together with POSCO Holdings, was selected for the Ministry of Science and ICT's CCU Mega Project and is constructing a DRM demonstration plant utilizing carbon dioxide and methane captured from steelmaking processes. Through this facility, the two companies plan to demonstrate the technology by 2030. The project is expected to validate the feasibility of a low-carbon feedstock production system applicable to carbon-intensive industries, contribute to emissions reduction in the steel industry, and create new CCU-based low-carbon business opportunities.

High-Efficiency Distillation Technology T2 O2

K-Taxonomy Green Economic Activities
Common-B-(1) Research, Development, and Demonstration

LG Chem is developing low-energy, high-efficiency distillation technology to improve the efficiency of distillation processes, which account for a significant share of energy consumption in petrochemical operations. The technology focuses on maximizing gas-liquid contact efficiency within distillation columns while minimizing remixing, thereby enhancing separation performance. Through this innovation, we expect to achieve energy savings of approximately 20–35% and reduce greenhouse gas emissions by 20–30% compared to conventional processes. In addition, improved separation efficiency is expected to enable equipment downsizing, resulting in capital expenditure savings of up to 20–50%. Combined with reduced energy consumption, this is expected to lower operating costs and enhance product cost competitiveness. LG Chem is collaborating with global partners to further advance distillation column design, process control technologies, and precision modeling capabilities. We are continuing technology development with the goal of commercialization by 2031.

Carbon Offsets and Complementary Reduction Measures

LG Chem prioritizes direct and indirect emissions reduction activities and uses external mechanisms, such as emissions allowances and carbon credits, only as complementary measures for residual emissions that are difficult to reduce further. These measures are used only to a limited extent and play a complementary role in our overall decarbonization strategy. We secure International Korea Offset Credits (i-KOCs) generated through cookstove distribution projects in Uganda and Zambia through forward purchase agreements.

Regulatory Response and Policy Engagement

LG Chem engages with key stakeholders and participates in policy discussions to proactively respond to evolving global policies and regulations related to carbon neutrality and the energy transition. We continuously monitor domestic and international regulatory developments and share industry perspectives through collaboration with industry associations and relevant organizations to support the development of practical and effective regulatory frameworks. In addition, we continue to advance our carbon management strategy in response to major policy developments, including the Carbon Border Adjustment Mechanism (CBAM) and renewable energy policies. Through these efforts, we aim to minimize regulatory risks while expanding opportunities associated with the low-carbon transition.

Agenda	Engagement Activities	Key Proposals and Outcomes
Korea Emissions Trading Scheme (K-ETS)	Participation in policy consultations through the K-ETS Public-Private Consultative Body (quarterly) and the Korea Emissions Market Association (quarterly)	Proposed easing of methodologies for recognizing emissions reductions Provided recommendations to support industrial restructuring by minimizing the cancellation of emissions allowances
2035 NDC Development	Presented industry perspectives on emissions reduction measures for the petrochemical industry through participation in public-private discussions	Inputs considered in the development of Korea's 2035 NDC
Support for Carbon Reduction Facilities	Presented recommendations on support criteria through consultations with relevant ministries	Inputs considered in establishing support criteria for carbon reduction facilities

Internal Carbon Pricing

LG Chem has implemented Internal Carbon Pricing (ICP) to proactively manage potential financial risks arising from increasingly stringent climate regulations and minimize uncertainty in decision-making. Our internal carbon price is determined based on future carbon price scenarios aligned with the goals of the Paris Agreement, as well as carbon market trends under domestic and international emissions trading schemes. The internal carbon price is incorporated into mid- to long-term business planning and investment evaluations, supporting effective decision-making by factoring potential carbon-related regulatory costs into the assessment process. Through this approach, we promote investment in low-carbon technologies and accelerate the transition toward a low-carbon portfolio.

Risk Management

GHG and Energy

LG Chem operates standards and management systems to oversee GHG emissions and energy consumption across its domestic and overseas operations. GHG emissions are calculated for carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (N₂O), and are classified into Scope 1 (direct emissions) and Scope 2 (indirect emissions) in accordance with the GHG Protocol. In addition, we have established company-wide management standards covering the definition of emission boundaries, identification of emission sources, calculation of emissions, and response to the emissions trading scheme in accordance with the Climate Change Regulatory Response Regulations.

Emissions Accounting Methodology

GHG emissions in Korea are calculated using the IPCC Second Assessment Report (AR2) in accordance with the requirements of the emissions trading scheme. The same methodology is applied to overseas operations to ensure consistency in company-wide emissions management. As emissions trading scheme requirements transition to the IPCC Fifth Assessment Report (AR5), we plan to adopt the updated standards in phases while maintaining year-over-year comparability and managing potential fluctuations resulting from methodological changes.

Domestic Operations

In line with the requirements of the emissions trading scheme, domestic operations calculate emissions from all GHG-emitting facilities under LG Chem's operational control in accordance with the Guidelines for Reporting and Certification of Emissions from the Greenhouse Gas Emissions Trading Scheme. Emissions data are independently verified in accordance with the Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading Scheme and ISO 14064-3. In addition, GHG emissions and energy consumption are monitored on a monthly and annual basis through the integrated carbon management system (Net-Zero Portal), supporting data-driven decision-making across the organization.

Overseas Operations

For overseas operations, LG Chem focuses on enhancing data reliability and management consistency. Emission calculation and management processes are being standardized based on company-wide standards and guidelines derived from the domestic emissions trading scheme framework. We are also gradually expanding GHG inventories and internal verification systems across overseas operations. Since 2023, on-site verification has been conducted at major overseas sites to assess operational practices. Sites that undergo verification update their GHG inventories and review integration with their energy management systems annually.

Energy Management System

LG Chem operates an ISO 50001-based Energy Management System (EnMS) in accordance with the Corporate Energy Management Regulations and manages energy consumption, energy baselines, and Energy Performance Indicators (EnPIs). We identify major energy uses at each site and promote energy efficiency improvement initiatives. Through our company-wide energy management program, we analyze energy consumption, identify and implement energy-saving opportunities, and monitor performance to enhance energy efficiency across our operations.

Internal Assurance and Capacity Building

LG Chem also operates an ISO 50001-based internal audit program to regularly review the operation of its energy management system. In addition, we hold GHG workshops twice a year for GHG managers across the company. The workshops cover the preparation of GHG statements, reporting to the National GHG Management System (NGMS), key developments in the emissions trading scheme, and updates to internal management standards, supporting the continued enhancement of GHG management capabilities across the organization.

Scope 3 Emissions

LG Chem recognizes Scope 3 emissions generated across the entire value chain as part of its company-wide GHG management scope, and calculates and discloses them by establishing a methodology based on the GHG Protocol. In accordance with the GHG Protocol Corporate Value Chain (Scope 3) Standard, we identify key categories and set the calculation boundary focusing on major categories such as raw materials (purchased goods and services), transportation and distribution, and the use and end-of-life treatment of sold products, reflecting our business structure, activity data management status, and emission characteristics.

Methodology and Data Management

Emissions are calculated based on internal activity data, with consistency and comparability ensured through the application of domestic emission factors (e.g., the Ministry of Environment LCI Database) and internationally recognized emission factors (e.g., Ecoinvent). Scope 3 emissions are calculated using the IPCC Fifth Assessment Report (AR5), consistent with the methodology used for greenhouse gas inventory reporting under the UNFCCC. To analyze and reduce data uncertainty, we continuously enhance category-specific calculation methodologies and increase the use of primary data. In addition, we conduct independent third-party assurance of the entire Scope 3 emissions quantification process to ensure data accuracy and transparency in disclosure.

Reporting Scope and Roadmap

Currently, Scope 3 emissions are calculated primarily for domestic operations, and we plan to gradually expand the reporting scope to include global operations, including overseas subsidiaries. Based on the calculation results, we plan to establish mid- to long-term Scope 3 emissions reduction targets in phases, focusing on categories with significant emissions impacts, and pursue reduction initiatives through supply chain collaboration and product improvements.

Industry Standards Development

LG Chem participated in the development of Korea's [National Petrochemical Industry Scope 3 Emissions Calculation Guide](#) to advance Scope 3 accounting methodologies tailored to the petrochemical sector and support the establishment of industry standards. Published in April 2026, the guide presents a calculation methodology specifically designed for the petrochemical industry. Building on this guidance, we continue to refine our internal standards and enhance comparability and consistency across the industry.

Life Cycle Assessment

LG Chem conducts Life Cycle Assessments (LCA) in accordance with ISO 14040 (Environmental management — Life cycle assessment — Principles and framework) and ISO 14044 (Environmental management — Life cycle assessment — Requirements and guidelines) to manage environmental impacts across the product life cycle. Since establishing our LCA baseline in 2021, we have continuously expanded our environmental data by conducting LCAs for all products. In 2025, we updated 564 Product Carbon Footprint (PCF) models across 15 product groups, including products and utilities, based on the product classification used on the LG Chem website and reflecting 2024 activity data. Through annual updates, we strive to keep our data current and relevant.

LCA and Data Management System

Building on our accumulated data and experience conducting LCAs across petrochemical and advanced materials processes, we established the Carbon Footprint Analysis and Management Platform (CAMP), a company-wide system for managing LCA data. As of 2025, the system covers our Yeosu, Daesan, Iksan, and Naju sites in Korea, as well as compounding partners, enabling the collection and integrated management of data. Through this system, we calculate Product Carbon Footprints (PCFs) and manage product-level emissions based on annual data. To ensure the reliability of data collection and management, we operate a standardized data management process within the system and apply a data verification framework in collaboration with relevant process owners. Key activity data is collected through integration with existing data management systems, including ERP systems. We ensure data reliability through cross-functional reviews, including data quality assessments, year-over-year comparisons, and anomaly checks. In addition, we continue to strengthen our LCA implementation and data utilization capabilities through internal training and guidelines.

Customer Engagement and Supply Chain Collaboration

LG Chem utilizes LCA data to conduct product environmental impact assessments and simulations, and provides environmental information and analytical support tailored to customer needs. In 2025, we responded to 467 requests for LCA and Product Carbon Footprint (PCF) data. In addition, we are enhancing LCA implementation and data management capabilities across our supply chain through collaboration with suppliers. In collaboration with the Korea Environmental Industry and Technology Institute (KEITI), we supported LCA implementation for eight companies within our supply chain and supported the introduction of carbon reduction initiatives through our Win-Win Growth Fund. Furthermore, we utilize LCA-based data to calculate Scope 3 emissions, applying it as foundational data for the calculation and management of emissions associated with key value chain activities.

Metrics and Targets

GHG Emissions

Scope 1 and 2 Emissions		Unit	2023	2024	2025
Scope 1 and 2 Emissions	Global	tCO ₂ e	9,079,127	9,335,444	8,889,779
	Korea	tCO ₂ e	8,072,359	8,314,440	7,764,396
	Excl. Korea	tCO ₂ e	1,006,768	1,021,004	1,125,383
	Emission Intensity	tCO ₂ e / KRW 1M	0.4413	0.4181	0.4125
Scope 1 Emissions	Global	tCO ₂ e	5,188,120	5,659,154	5,142,284
	Korea	tCO ₂ e	5,031,867	5,498,078	4,993,558
	Excl. Korea	tCO ₂ e	156,253	161,076	148,726
	Emission Intensity	tCO ₂ e / KRW 1M	0.2522	0.2534	0.2386
Scope 2 Emissions	Global	tCO ₂ e	3,891,007	3,676,290	3,747,495
	Korea (Market-based)	tCO ₂ e	3,040,492	2,816,362	2,770,838
	Korea (Location-based)	tCO ₂ e	3,119,902	2,881,610	2,813,566
	Excl. Korea (Market-based)	tCO ₂ e	850,515	859,928	976,657
	Excl. Korea (Location-based)	tCO ₂ e	1,315,612	1,266,577	1,108,646
	Emission Intensity	tCO ₂ e / KRW 1M	0.1891	0.1646	0.1739

CO₂ emissions from biomass combustion are classified as biogenic emissions and disclosed separately from Scope 1 emissions. As of the reporting year, biogenic emissions totaled 10.5 tCO₂, primarily resulting from the limited use of biofuels in certain utility processes.

- 1) Korea Scope 1 and Scope 2 emissions for 2024 were partially revised based on the verification results of the Ministry of Environment's greenhouse gas inventory.
- 2) Korea Scope 1 and Scope 2 emissions for 2025 were calculated based on the greenhouse gas inventory submitted to the Ministry of Environment and may be revised following the verification process.
- 3) Emission Intensity = Global GHG Emissions ÷ (Revenue excluding LG Energy Solution and Common and others)
- 4) Scope 2 emissions are disclosed using both the market-based and location-based methods.
- 5) Global Scope 2 emissions are calculated based on market-based Scope 2 emissions.
- 6) Market-based Scope 2 emissions are calculated by deducting reductions resulting from the purchase of RECs and Green Premiums from location-based Scope 2 emissions.

Scope 3 Emissions		Unit	2023	2024	2025
Scope 3 Emissions	Korea Total	tCO ₂ e	11,471,953	19,260,472	18,335,055
	Cat.1 Purchased Goods and Services	tCO ₂ e	10,215,107	14,143,583	12,936,175
	Cat.2 Capital Goods	tCO ₂ e	245,912	162,883	86,911
	Cat.3 Fuel- and Energy-Related Activities	tCO ₂ e	399,605	339,324	315,392
	Cat.4 Upstream Transportation and Distribution	tCO ₂ e	611,329	515,318	737,246
	Cat.5 Waste Generated in Operations	tCO ₂ e	-	131,531	143,816
	Cat.6 Business Travel	tCO ₂ e	-	4,330	4,117
	Cat.7 Employee Commuting	tCO ₂ e	-	10,307	9,275
	Cat.9 Downstream Transportation and Distribution	tCO ₂ e	-	677,368	692,226
	Cat.11 Use of Sold Products	tCO ₂ e	-	596,749	779,696
	Cat.12 End-of-Life Treatment of Sold Products	tCO ₂ e	-	2,435,063	2,445,823
	Cat.15 Investments	tCO ₂ e	-	244,016	184,378

- 1) In 2024, a Scope 3 calculation methodology for Korea business sites was established, and third-party verification was completed for the resulting emissions. In 2023, certain categories (5, 6, 7, 9, 11, 12, and 15) were excluded from the calculation boundary due to the absence of established methodologies. These categories have been included in the calculation since 2024.
- 2) For the calculation of Category 1 emissions in 2025, the methodology was partially revised to exclude swap transaction volumes to better reflect the substance of transactions and enhance calculation consistency. This revision has been applied since the 2025 calculation.
- 3) For the calculation of Category 4 and Category 9 emissions in 2025, ocean freight transport distances were determined using the EcoTransIT Emission Calculator (New Version). This revision has been applied since the 2025 calculation.
- 4) For the calculation of Category 15 emissions in 2025, certain investee companies were excluded from the calculation boundary following the full divestment of LG Chem's equity interests in those companies. This revision has been applied since the 2025 calculation.

【 Scope 3 Calculation Standards and Application 】

- In response to the growing importance of Scope 3 emissions management, enhanced sustainability disclosure requirements, and evolving stakeholder expectations, LG Chem reviewed global standards and application boundaries to establish its Scope 3 calculation methodology. Accordingly, emissions are calculated across 11 categories for domestic business sites.
- Emissions for each category are calculated in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) using highly reliable databases. Changes to the calculation methodology were applied beginning with the 2025 inventory, while the 2023 and 2024 results were calculated using the previous methodology.
- Going forward, LG Chem plans to gradually expand the scope of Scope 3 emissions accounting from domestic business sites to overseas operations, thereby continuously enhancing the completeness and consistency of Scope 3 emissions management.

【 Scope 3 Emissions Calculation Methodology 】

Category	Calculation Methodology	Activity Data
Category 1: Purchased Goods and Services	Average-data method (reflecting supplier data where available)	Purchase volumes of major raw materials, products, semi-finished products, and merchandise for the Petrochemicals and Advanced Materials businesses based on accounting records
Category 2: Capital Goods	Spend-based method	Expenditures for acquired or replaced capital assets, including buildings, structures, machinery, vehicles, tools, equipment, and fixtures
Category 3: Fuel- and Energy-Related Activities	Average-data method	Fuel and energy consumption purchased externally based on the GHG emissions inventory
Category 4: Upstream Transportation and Distribution	Average-data method	Transportation distances for raw materials purchased by business sites (based on EcoTransIT)
Category 5: Waste Generated in Operations	Average-data method	Volumes of waste and wastewater generated at business sites and treated or disposed of by third-party facilities
Category 6: Business Travel	Spend-based method	Employee transportation and accommodation expenses incurred during domestic and international business travel
Category 7: Employee Commuting	Average-data method	Number of employees, average working days, and annual commuting distance
Category 9: Downstream Transportation and Distribution	Average-data method	Transportation distances for exported products (excluding emissions associated with warehouses and distribution centers during transit)
Category 11: Use of Sold Products	Average-data method	Volumes of sold products used as fuel and directly emitted into the atmosphere
Category 12: End-of-Life Treatment of Sold Products	Average-data method	Volumes of sold products disposed of at the end of their life cycle, applying statistics-based disposal scenarios
Category 15: Investments	Spend-based method	Revenue data of associates and joint ventures, excluding subsidiaries, based on consolidated financial statements and reflected in proportion to LG Chem's equity share

Energy Consumption

Energy Consumption		Unit	2023 ¹⁾	2024 ¹⁾	2025
Total Energy Consumption ²⁾	Global	TJ	136,504	146,591	137,157
	Korea	TJ	124,513	134,254	126,764
	Excl. Korea	TJ	11,991	12,337	10,393
	Energy Intensity ³⁾	TJ / KRW 1M	0.0066	0.0066	0.0064
Fuel Consumption	Global	TJ	96,456	109,669	103,237
	Korea	TJ	93,692	106,595	99,834
	Excl. Korea	TJ	2,764	3,074	3,403
External Steam Consumption	Global	TJ	12,830	11,134	11,568
	Korea	TJ	11,600	9,980	10,432
	Excl. Korea	TJ	1,230	1,154	1,136
Non-Renewable Electricity Consumption ⁴⁾⁵⁾	Global	TJ	24,506	23,074	21,374
	Korea	TJ	19,043	17,461	16,270
	Excl. Korea	TJ	5,463	5,613	5,104
Renewable Energy Consumption ⁴⁾⁶⁾	Global	TJ	3,156	3,007	1,085
	Korea	TJ	622	511	335
	Excl. Korea	TJ	2,534	2,496	750
Self-Generated ⁷⁾	Global	MW	4.8	4.8	4.8
Energy Sold	Global	TJ	0	0	0

1) Due to changes in the calculation criteria for Total Energy Consumption, the data for 2023 and 2024 have been updated.

2) Total Energy Consumption is calculated by summing Fuel Consumption, External Steam Consumption, Non-Renewable Electricity Consumption, and REC-based externally procured renewable electricity. Green Premium purchases and self-generated and self-consumed electricity are excluded.

3) Energy Intensity = Global Total Energy Consumption ÷ (Revenue excluding LG Energy Solution and Common and others)

4) Electricity consumption (MWh) is converted to a calorific value basis (TJ) for internal calculation (1 MWh = 3,600 MJ) and reflected in Total Energy Consumption.

5) Non-Renewable Electricity Consumption is calculated by subtracting Renewable Energy Consumption (REC and Green Premium) from total electricity consumption.

6) Renewable Energy Consumption is calculated based on externally procured renewable electricity, including RECs and Green Premium purchases.

7) The company owns solar power generation facilities for self-consumption totaling 4.8 MW (Korea: 1.9 MW; Excl. Korea: 2.9 MW). The figures disclosed represent installed capacity. Actual power generation is managed separately by each business site.

K-Taxonomy Alignment

(Unit: KRW 1M)

K-Taxonomy Economic Activities			Revenue ¹⁾	CapEx ²⁾	OpEx ³⁾
K-Taxonomy Eligible Economic Activities			1,541,035	127,651	100,013
Common	A. Industry	(2) Manufacture of Materials, Components, and Equipment for Innovative Items			
		Lithium-ion Battery	17,030	14,755	8,044
		Water Pollution Management	5,304	132	30
		Reuse and Recycling of Secondary Batteries	-	-	2
		Electric and Hybrid Vehicles	749	29	154
		Zero Energy Buildings	25,048	-	150
		Next-generation Electronic Devices	3,125	119	205
		Solar Power Generation	111,961	2,935	1,152
	B. Research and Development	(1) Research, Development, and Demonstration ⁴⁾	-	-	44,600
1. Greenhouse Gas Reduction	A. Industry	(1) Manufacture to Utilize Core Technologies for GHG Reduction	213,330	11,240	22,600
		(5) Manufacture of Basic Chemicals with Relatively Low Emission Intensity	1,078,249	61,713	20,852
	B. Power Generation and Energy	(4) Production of LNG-Based Hydrogen (Blue Hydrogen)	-	26,912	-
4. Transition to Circular Economy	A. Production	(2) Production of Products Using Recycled Raw Materials and Circular Resources	86,239	175	2,224
	D. Recovery	(4) Chemical Recycling of Waste	-	9,641	-
Total ⁵⁾			1,541,035	127,651	100,013

1) Revenues: Revenue generated from Green Economic Activities (R&D), calculated by deducting sales returns, allowances, and discounts from gross revenue (as of FY2025).

2) CapEx: Calculated based on the current period acquisitions of property, plant, and equipment, intangible assets, right-of-use assets, and investment properties acquired in connection with Green Economic Activities (R&D).

3) OpEx: Calculated based on R&D expenses (after deducting government grants) and repair and maintenance expenses related to Green Economic Activities (R&D), excluding R&D expenses capitalized as intangible assets to avoid double counting.

4) Expenses incurred in research, development, and demonstration activities are R&D expenditures that serve as the foundation for subsequent Green Economic Activities (R&D) (utilization of captured carbon dioxide, hydrogen energy, next-generation secondary batteries) and are included in OpEx.

5) If multiple activities are mapped to a single sub-category, they are aggregated separately to prevent double counting of financial data.



LG Chem is accelerating the transition to a low-carbon, circular business model by minimizing resource consumption and increasing resource circularity throughout the product lifecycle—from raw material sourcing and production to use and recycling. Through these efforts, we reduce environmental impacts while advancing a more circular economy. In addition, our circular economy initiatives help mitigate climate change and resource depletion risks while creating new growth opportunities through certified recycled materials and products based on circular feedstocks.

Governance

Strategic Initiatives

To strengthen the implementation of our circular economy strategy, LG Chem has established a company-wide management framework. Strategic priorities and key investment initiatives related to the circular economy are overseen by senior management and the Board of Directors, while progress and performance are regularly reviewed by the ESG Committee. In addition, business units and R&D organizations share responsibilities for implementing initiatives in key areas, including plastic recycling, the use of recycled and circular feedstocks, and battery recycling. We are also gradually expanding an integrated resource circulation system spanning the entire value chain, from raw material sourcing to recycling. Furthermore, our circular economy initiatives are systematically managed in alignment with corporate strategies and investment plans. We also monitor performance while maintaining alignment with green taxonomy frameworks, including the K-Taxonomy.

Approach

LG Chem is advancing a circular economy strategy as a key driver of sustainable growth. Through this strategy, we mitigate climate-related risks and raw material supply uncertainties associated with resource depletion, while creating new market opportunities in response to evolving circular economy regulations (→ [Climate Risks and Opportunities](#)). Going beyond carbon reduction, our circular economy strategy takes an integrated approach to strengthening value chain sustainability and enhancing readiness for global regulatory developments. We continue to develop and commercialize solutions across key areas, including plastic recycling, renewable and circular feedstocks, and battery recycling. These initiatives are closely integrated with our corporate strategy and investment plans. By expanding our portfolio of low-carbon and circular products that meet K-Taxonomy eligibility criteria, we are strengthening our long-term business competitiveness.

Plastic Recycling

To reduce the environmental impacts of plastic waste, LG Chem advances both mechanical and chemical recycling. Recycled feedstocks include Post-Consumer Recycled (PCR) materials derived from end-of-life plastic waste and Post-Industrial Recycled (PIR) materials recovered from manufacturing processes. By securing stable sources of recycled feedstocks and advancing recycling technologies, we are strengthening plastic circularity and expanding the use of recycled materials across our product portfolio.

Mechanical Recycling T6 O2

K-Taxonomy Green Economic Activities
4-A-(2) Production of Products Using Recycled Raw Materials and Circular Resources

Mechanical recycling produces recycled plastics by collecting, sorting, shredding, and washing waste plastics before processing them through compounding. As a relatively simple and cost-efficient recycling method, it remains the most widely used approach to plastic recycling. LG Chem is building a PCR product portfolio across a broad range of materials, including polyethylene (PE) and polypropylene (PP) for applications ranging from films and household goods to automotive, industrial, and medical products, as well as ABS, PC, and PVC. To improve product quality and color consistency, we continue to enhance sorting and separation processes while standardizing material specifications. Recycled materials are validated according to application requirements and supplied in various forms, including films and injection-molded products, for use in construction materials, flooring, synthetic leather, and consumer goods.

LG Chem has obtained Global Recycled Standard (GRS) certification to expand the use of recycled-content products. GRS verifies recycled material content, traceability, and compliance with environmental and social requirements. Through GRS certification, we continue to expand the credibility and application of recycled-material products across various product lines, including PC and PP.

Chemical Recycling T6 O2

K-Taxonomy Green Economic Activities
4-D-(4) Chemical Recycling of Waste

LG Chem is advancing chemical recycling for mixed and low-quality plastic waste that is difficult to recycle mechanically. Chemical recycling converts waste plastics into pyrolysis oil through chemical decomposition, enabling their use as circular feedstocks. This technology helps overcome quality degradation and recycling limitations associated with conventional mechanical recycling, supporting the expansion of plastic circularity. LG Chem has completed construction of a pyrolysis oil plant with an annual capacity of 20,000 metric tons in the Seokmun National Industrial Complex in Dangjin and is currently preparing for operation and stabilization. Pyrolysis oil produced at the facility will be used as feedstock for selected NCC facilities, while by-product gases will be reused as process energy sources.

To secure a stable supply of chemical recycling feedstocks, LG Chem has established sourcing partnerships with multiple suppliers and implemented a quality management system that classifies recycled feedstocks by grade. We have also signed agreements with Siheung City (2022) and the Seoul Metropolitan Government (2023) to secure a stable supply of municipal plastic waste and promote plastic circularity through local collection systems.

Renewable Raw Materials

BCB (Bio-Circular Balanced) T2 T6 O2

K-Taxonomy Green Economic Activities
1-A-(1) Manufacture to Utilize Core Technologies for GHG Reduction

LG Chem was the first company in Korea to develop Bio-Circular Balanced (BCB) products using the mass balance approach. BCB products are produced by combining bio-renewable feedstocks derived from renewable vegetable oils with conventional fossil-based feedstocks. This approach reduces reliance on fossil resources while leveraging existing petrochemical production infrastructure. Based on this technology, LG Chem has secured ISCC PLUS certification across a range of product lines, including SAP and ABS. ISCC PLUS is an internationally recognized certification system that verifies sustainability throughout the value chain, including feedstock sourcing, production, distribution, and traceability. Since obtaining its first certification in 2021, LG Chem has expanded certification coverage to 61 products as of June 2026.

HVO (Hydrotreated Vegetable Oil) T2 T6 O2

K-Taxonomy Green Economic Activities
1-A-(1) Manufacture to Utilize Core Technologies for GHG Reduction

HVO is a bio-based oil produced by hydrotreating renewable vegetable oils such as used cooking oil. Compared with conventional fossil fuels, HVO offers lower greenhouse gas emissions and strong low-temperature performance. It can be used in a variety of applications, including Sustainable Aviation Fuel (SAF), biodiesel, and bio-naphtha. To expand renewable feedstock production, LG Chem established LG-Eni BioRefining, a joint venture with Enilive, a subsidiary of the Italian energy company Eni. Construction is underway for an HVO production facility in Seosan, Korea, with an annual capacity of approximately 300,000 metric tons and a target completion date of 2027. LG Chem will continue to strengthen partnerships across the renewable feedstock value chain and respond to growing demand for sustainable products.

Battery Recycling

As a global battery materials company, LG Chem is advancing battery recycling to recover valuable resources from end-of-life (EOL) batteries generated by the rapid growth of electric vehicles. Through recycling processes, batteries are converted into secondary raw materials containing critical metals such as lithium, nickel, and cobalt, which can be reused in battery materials production. Leveraging its expertise in battery materials, LG Chem is strengthening a circular value chain spanning production and recycling while expanding the use of recycled feedstocks in battery materials manufacturing.

Regulatory Environment

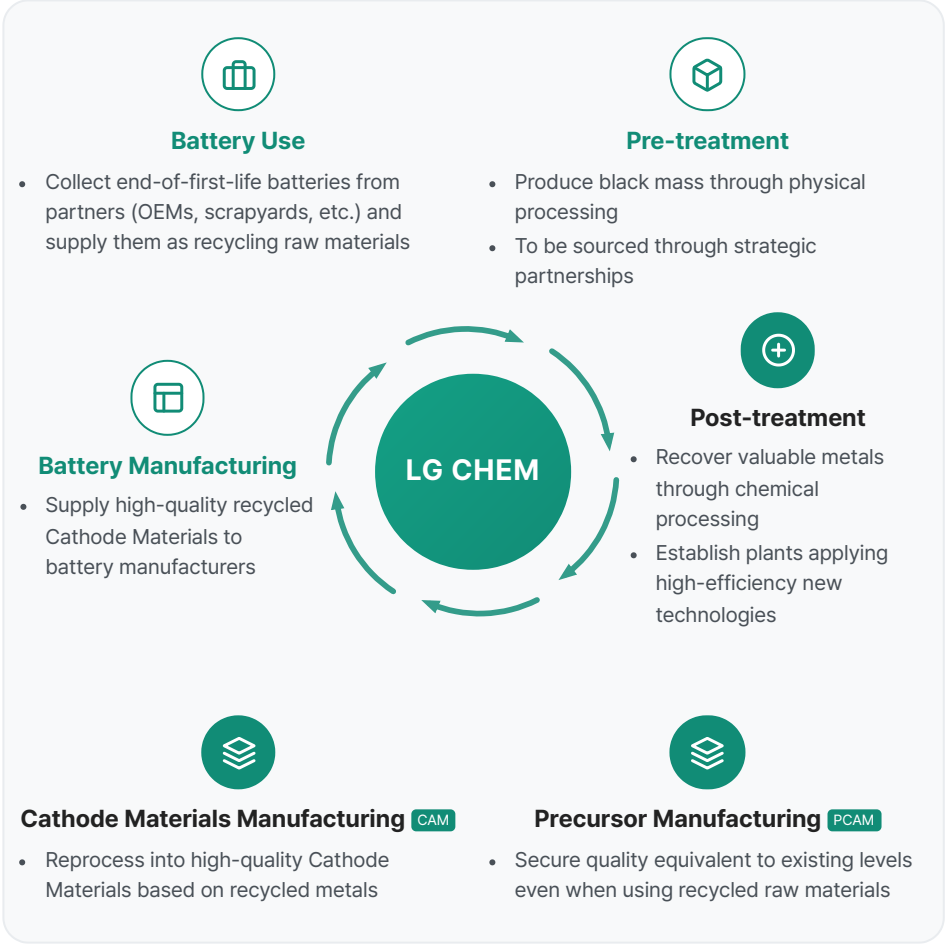
As demand for electric vehicles grows, governments are strengthening regulations to promote battery reuse, recycling, and resource recovery. The European Union's Critical Raw Materials Act (CRMA) requires at least 25% of strategic raw materials to be sourced from recycling by 2030 and restricts exports of Black Mass to non-OECD countries. In the United States, the Inflation Reduction Act (IRA) provides tax incentives for recycling-related manufacturing, production, and investment. Korea is also expanding policy support by reclassifying NCM battery recycling as a manufacturing activity, streamlining facility permitting procedures, and recognizing Black Mass as a recyclable resource.

Battery Recycling Value Chain

The battery recycling value chain begins with the collection of end-of-life (EOL) batteries. Collected batteries undergo pre-treatment, including crushing and shredding, to produce Black Mass, an intermediate recycling material. LG Chem then recovers critical metals for battery materials production through post-treatment processes. Recovered metals are used to produce precursor cathode active materials (PCAM) and cathode active materials (CAM). Leveraging high process efficiency, LG Chem produces recycled metals with low impurity levels and consistent quality. PCAM and CAM produced from recycled metals can achieve quality comparable to those made from virgin raw materials. These recycled metals are further processed into high-quality recycled cathode materials and supplied to battery manufacturers.

Battery Recycling Business Development

To commercialize its battery recycling business, LG Chem plans to complete construction and verification of pilot facilities in the first half of 2026 and commence commercial-scale operations in 2028. Working closely with battery cell manufacturers and automotive companies, LG Chem is expanding a circular value chain connecting EOL battery collection, recycling, and battery materials production. We are also enhancing recycling processes to support next-generation battery technologies, including precursor-free cathode materials. Through these efforts, we continue to strengthen a circular business model and enhance the competitiveness of recycled-material-based battery products.



Performance

Key Partnerships

Commercialization of Bio-Based ASA for Kitchen Furniture

LG Chem collaborated with Hanssem, a leading Korean home interior company, to commercialize the world’s first BCB-based ASA for kitchen furniture. ASA offers excellent processability, durability, and discoloration resistance, making it well suited for interior applications such as kitchen furniture and built-in closets. LG Chem supplied the bio-based ASA material, while Hanssem applied it as a surface material for its e’clat kitchen furniture line. This collaboration expanded the use of sustainable materials in interior products, strengthened alternatives to fossil-based materials, and contributed to the growth of the sustainable interior market.

Expanding Commercialization of Circular EP Products

In 2025, we began commercializing products based on OBP (Ocean Bound Plastic) and BCB (Bio-Circular Balanced) materials, expanding the use of circular materials across our portfolio. Beyond mechanical recycling, we are also developing products using chemically recycled materials and building a closed-loop system connecting waste recovery with recycled-material applications. Through these efforts, we are contributing to the transition toward a circular economy while strengthening compliance with environmental regulations such as ELV (End-of-Life Vehicles) requirements and enhancing product competitiveness.

Product Certifications

ISCC PLUS

61 Products Certified
(SAP, ABS, and others)



GRS

30 Products Certified
(ABS, PC, PP, and others)



Reused and Recycled Materials

Reused and Recycled Materials ¹⁾		Unit	2023	2024	2025
Input Ratio ²⁾	PC	%	4.50	5.30	8.20
	ABS	%	0.19	0.31	0.40
	PO	%	0.18	0.09	0.09
	PVC	%	0.0010	0.0144	0.0351
	Plasticizers	%	0.0019	0.0036	0.0220

1) Reused and recycled materials include Post-Consumer Recycled (PCR) and Post-Industrial Recycled (PIR) materials.
2) Input ratio represents recycled material content based on total sales volume for each product category.



Environmental Stewardship

LG Chem recognizes the environmental impacts arising from its business activities as a key management issue and implements a range of environmental management initiatives to reduce environmental impacts associated with its production and operational activities. We regularly monitor regulatory and policy developments related to key environmental aspects, including air emissions, odor, water pollution, and waste, and proactively identify and assess environmental impacts at each site. In addition, we continue to strengthen our environmental management practices by incorporating environmental improvement initiatives into annual investment plans and implementing them on an ongoing basis.

Governance

Policies and Standards

LG Chem establishes and operates environmental policies and standards to manage environmental impacts across its operations. Based on an ISO 14001-aligned Environmental Management System (EMS), we implement regulations and guidelines under our EH&S Policy. The EMS is externally verified through ISO 14001 certification and regularly reviewed through internal audits. ISO 14001 certification covers all domestic manufacturing sites and 15 of 17 global manufacturing sites. The remaining sites are either newly established or undergoing certification, with coverage continuing to expand. Details on the certification scope and status are available on our website.

LG Chem monitors changes in environmental regulations and regularly updates company-wide policies and standards. In 2025, we strengthened our EH&S framework by establishing or revising 10 regulations and 38 guidelines, including those related to soil contamination and persistent organic pollutants. We monitor key environmental performance indicators, including air emissions, water quality, waste, and water resources, and continuously enhance our management practices in line with our mid- to long-term EH&S ESG roadmap. Through process improvements, facility investments, and operational efficiency initiatives, we manage environmental risks and pursue our target of reducing air and water pollutant emission intensity by 10% by 2030 compared to 2022 levels.

LG Chem EH&S Policy

- We will comply with all applicable EH&S legal requirements and establish leading corporate EH&S rules and best practices.
- We will improve our EH&S level continuously by establishing the safety and health system that identifies and improves the potential risks in advance.
- We will drive continuous innovation throughout the entire life cycle of operation to supply environmentally-friendly products and services.
- We will provide a safe and healthy work environment and ensure the principle-adhering corporate culture.
- We will support business partners and local communities to improve their EH&S practices as our social responsibility.
- We will communicate our EH&S policies and programs with stakeholders.

[EH&S ISO Certifications](#) 

Roles and Accountability

LG Chem manages environmental policies and activities company-wide under the oversight of the Chief Safety & Environment Officer (CSEO). The CSEO oversees environmental policies and strategies and regularly reviews key environmental risks and performance. Headquarters establishes environmental policies and standards while monitoring domestic and global regulatory developments. Amendments to environmental and safety regulations are reviewed monthly and shared through Environmental Safety Portal 2.0, enabling site-level EH&S organizations to assess impacts and respond proactively.

LG Chem also conducts annual self-assessments of environmental regulatory compliance through collaboration among production, engineering, and EH&S functions. Non-conformities identified through these assessments are registered in the internal EH&S Portal and tracked to completion. At each site, EH&S organizations conduct self-assessments covering key environmental areas, including air emissions, water, soil, and waste. We also provide EH&S awareness and training to help employees understand relevant environmental impacts and effectively implement environmental policies. Training programs covering regulatory compliance, pollutant management, and environmental incident prevention help strengthen environmental management capabilities across the organization.

Approach

Pollution Management

LG Chem recognizes pollutants generated from its operations as key environmental risks that may affect local communities, ecosystems, and business continuity. We manage air emissions, water discharges, soil contamination, and waste through a risk-based approach that reflects the characteristics of each environmental aspect. Based on applicable regulations and policy requirements, we establish site-specific management standards and continuously strengthen our practices in response to evolving regulations and environmental issues.

Air Emissions

LG Chem recognizes air emissions from its operations as a key environmental risk and manages them in accordance with applicable air quality regulations, including Korea’s Clean Air Conservation Act and the Special Act on the Improvement of Air Quality in Air Control Zones. Taking into account site-specific process and emission characteristics, we identify and manage key pollutants, including nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter.

Air Emission Control

LG Chem operates emission control facilities tailored to process characteristics, including combustion gas treatment systems, incinerators, and absorption and scrubbing units. Facility performance and emissions are continuously monitored through systems such as the Tele Monitoring System (TMS). We also conduct regular inspections and leak management activities for storage and combustion facilities and inspect key process connections to minimize fugitive emissions.

External Collaboration and Community Air Quality Initiatives

LG Chem actively supports government-led fine dust reduction initiatives and works with regional stakeholders to improve air quality. Since 2019, we have participated in the Voluntary Agreement for the Seasonal Fine Dust Management Program with the Yeongsan River Basin Environmental Office. In 2024, we also participated in the sixth Seasonal Fine Dust Management Program together with companies in southern Korea.

Targets and Performance Improvement

LG Chem has set a target to reduce air pollutant emission intensity across all manufacturing sites by 10% by 2030 compared with 2022 levels. To achieve this target, we continue to invest in emission reduction facilities and regularly review performance to strengthen air emissions management.

Air Emissions Monitoring

LG Chem’s Yeosu, Daesan, Naju, Cheongju (Separator), Ochang, and Osong sites operate under Korea’s Total Air Pollutant Load Management System and manage emissions within allocated regional limits. Emissions are continuously monitored through the Tele Monitoring System (TMS). Following the expansion of TMS installation requirements in 2020, LG Chem established a TMS Control Center at the Yeosu plant in August 2021, a first for Korea’s petrochemical industry. Currently, 115 TMS units operate across the Yeosu, Daesan, and Cheongju sites, enabling real-time emissions monitoring through Eagle Eye, LG Chem’s integrated environmental management platform. The TMS Control Center operates 24 hours a day and is supported by work guidelines, response manuals, and standardized procedures for emergency situations.

Odor and VOC Management

LG Chem manages odors and volatile organic compounds (VOCs) to minimize impacts on surrounding communities. VOCs and odorous gases generated from wastewater treatment facilities are treated through regenerative thermal oxidizers (RTOs) or adsorption systems using activated carbon. Odor monitoring equipment installed along site boundaries continuously measures hydrogen sulfide, ammonia, and VOC concentrations. These data are analyzed together with meteorological conditions to identify emission sources and support timely response measures.

Water Pollutants

LG Chem recognizes wastewater generated from production processes as a key environmental risk and manages water pollutants in accordance with applicable regulations. Key parameters under management include COD, TOC, suspended solids (SS), total nitrogen (T-N), and total phosphorus (T-P). Management standards are continuously reviewed to reflect regulatory developments and evolving requirements.

Wastewater Treatment and Water Quality Management

Wastewater generated from operations is treated through physical, chemical, and biological treatment processes before being discharged. Treated effluent is analyzed to verify compliance with applicable standards. Treatment performance and facility conditions are regularly reviewed, while high-strength wastewater that cannot be effectively treated on-site is managed through specialized off-site treatment or incineration.

Targets and Performance Improvement

LG Chem has set a target to reduce water pollutant discharge intensity across all manufacturing sites by 10% by 2030 compared with 2022 levels. We continue to invest in treatment facilities and review annual performance to strengthen water quality management.

Water Stewardship

LG Chem recognizes that water use can affect local water resources and manages the full water cycle, including withdrawal, use, and reuse. Particular attention is given to sites located in water-stressed regions, where we focus on improving water-use efficiency and strengthening water management practices. Water-stressed areas are defined as locations rated High or above under the WRI Aqueduct Water Risk Atlas. Across major domestic and international sites, we monitor local water conditions and improve efficiency through process optimization, equipment upgrades, and expanded water reuse.

Soil Contamination

The EH&S team at each LG Chem business site identifies facilities subject to soil contamination testing in accordance with Korea’s Soil Environment Conservation Act and manages soil contamination risks based on applicable legal requirements. Soil contamination is monitored in accordance with statutory standards and inspection cycles, while investigation, remediation, and follow-up procedures are implemented where necessary.

Soil Investigation and Monitoring

Each year, LG Chem establishes investigation plans for facilities subject to statutory soil contamination testing and commissions independent third-party specialists to conduct assessments. Results are recorded and retained in accordance with relevant requirements. Where contamination is identified, remediation measures are implemented and independently verified upon completion.

Remediation and Follow-up Management

Soil contamination testing is first conducted within six months from the date a facility is designated for testing, and regular testing is performed every five years thereafter. For facilities where 15 years have elapsed since installation, the testing cycle is shortened to two years to apply more stringent management standards. In addition, for leak tests, facilities with a storage capacity of less than 500,000 liters undergo their first test within 10 years of installation and regular tests every eight years thereafter, thereby managing the potential for soil contamination in advance. Through this management system, we periodically check for soil contamination within our business sites, and in the event of contamination, we prevent and minimize environmental impacts through prompt action and systematic post-management.

Waste Management

LG Chem recognizes waste generation and disposal as important factors affecting resource efficiency and environmental impact. We operate a waste management framework tailored to the operational characteristics of each site, focusing on waste reduction, recycling, and resource circularity.

Waste Reduction and Treatment

LG Chem focuses on reducing waste generation and ensuring proper treatment based on analyses of waste types and generation characteristics. Waste generated from operations is classified, stored, transported, and treated in accordance with applicable regulations. Recyclable waste streams are managed using recycling methods tailored to site-specific conditions and material characteristics. Several sites are also transitioning from landfill- and incineration-oriented treatment methods to more recycling-centered approaches.

Recycling and Resource Circularity

To advance resource circularity, LG Chem assesses recycling opportunities for waste streams such as waste wood, plastic containers, and wastewater treatment sludge, and implements site-specific recycling solutions. We are also increasing the use of Post-Consumer Recycled (PCR) materials in packaging for intermediate materials and finished products to further reduce waste generation.

Zero Waste to Landfill (ZWTL)

LG Chem continues to reduce waste generation and expand recycling across its operations. As part of these efforts, the Yeosu site became the first petrochemical facility in Korea to obtain Zero Waste to Landfill (ZWTL) certification in 2022. Since then, certification coverage has progressively expanded to the Guangzhou site in 2023, the Tianjin site (Platinum) and Yeosu Hwachi site (Gold) in 2024, and the Chongqing site (Platinum) in 2025. As of 2025, LG Chem maintains ZWTL certification at five sites: Yeosu Hwachi, Cheongju (Separator), Guangzhou, Tianjin, and Chongqing. The Tianjin site achieved a 100% recycling rate by recycling all waste wood and plastic containers generated during manufacturing, while the Yeosu Hwachi site achieved a 96% recycling rate by recycling wastewater treatment sludge that had previously been incinerated. In addition, LG Chem is expanding waste plastic recycling through a public-private partnership with Yeosu City and the Korea Environment Corporation, with a goal of progressively increasing on-site plastic recycling through 2026. Building on experience gained through the ZWTL certification process, LG Chem continues to strengthen waste reduction and recycling initiatives. Under its medium- to long-term ZWTL roadmap established in 2023, the company aims to achieve a 75% recycling rate across global operations by 2030 while continuing to expand ZWTL certification coverage.

Chemical Stewardship

LG Chem applies a Product & Chemical Stewardship framework to manage the environmental and human health impacts of chemicals and products throughout their life cycle. The framework aims to proactively identify and manage not only the hazards of chemicals, but also potential risks associated with product development, production, use, and end-of-life management. The Chemical Stewardship Team, based at headquarters, oversees Product Stewardship and Regulatory Affairs activities, including company-wide chemical policies, stewardship programs, and global regulatory compliance.

Product and Chemical Safety Assessment

Before commercial production of newly developed products, LG Chem conducts preliminary toxicity assessments to evaluate product hazards, risks, and safety. In addition to chemical property-based assessments, we utilize product-level test data to improve the accuracy of safety evaluations. Assessment results are shared with relevant internal users and customers. In 2025, LG Chem established Product Toxicity Assessment and Management Guidelines to strengthen and standardize the assessment process, clarify evaluation criteria, and define departmental roles and responsibilities. New products undergo toxicity assessments before production-scale validation to identify hazards early and minimize the use of hazardous substances.

LG Chem uses alternative assessment methods, including QSAR (Quantitative Structure–Activity Relationship) modeling and in vitro testing, to improve the efficiency and accuracy of toxicity evaluations. Substances meeting high-concern criteria, including CMR, PBT, vPvB, and EDC classifications, are designated as restricted substances and managed under enhanced review procedures. New products containing these substances are subject to more stringent approval requirements. LG Chem also continuously monitors their presence across its portfolio and, beginning in 2026, discloses the revenue share of products containing restricted substances as a key management indicator. These data support ongoing efforts to reduce and substitute high-concern substances.

Regulatory Compliance and Information Management

LG Chem monitors evolving global chemical regulations and manages substances of concern accordingly. Under its Product Stewardship Regulations, substances are classified according to risk level, and regulatory compliance is verified from the raw material procurement stage. To support compliance with regulations such as REACH, SVHC, and CMR requirements, LG Chem maintains a global regulatory database and product chemical inventory. We also respond to customer regulatory requirements and provide substance information through the BOS (Bill of Substance) management system, which enables ongoing monitoring of restricted substances and their concentrations. In 2025, LG Chem further strengthened its chemical stewardship framework by establishing Global Chemical Registration Guidelines, SDS and Labeling Guidelines, and PFAS Management Guidelines covering major jurisdictions including Korea, the EU, and the United States.

Hazardous Substances in Products

Hazardous Substances in Products ¹⁾	Unit	2023 ²⁾	2024 ²⁾	2025 ²⁾
Revenue share of products containing CMR ³⁾ substances	%	40.52	38.38	27.76
Revenue share of products containing PBT ⁴⁾ substances	%	0.03	0.02	0.03
Revenue share of products containing vPvB ⁵⁾ substances	%	0.03	0.02	0.03
Revenue share of products containing EDC ⁶⁾ substances	%	6.27	6.70	6.91
Total hazardous substance product revenue share	%	41.00	38.99	28.61

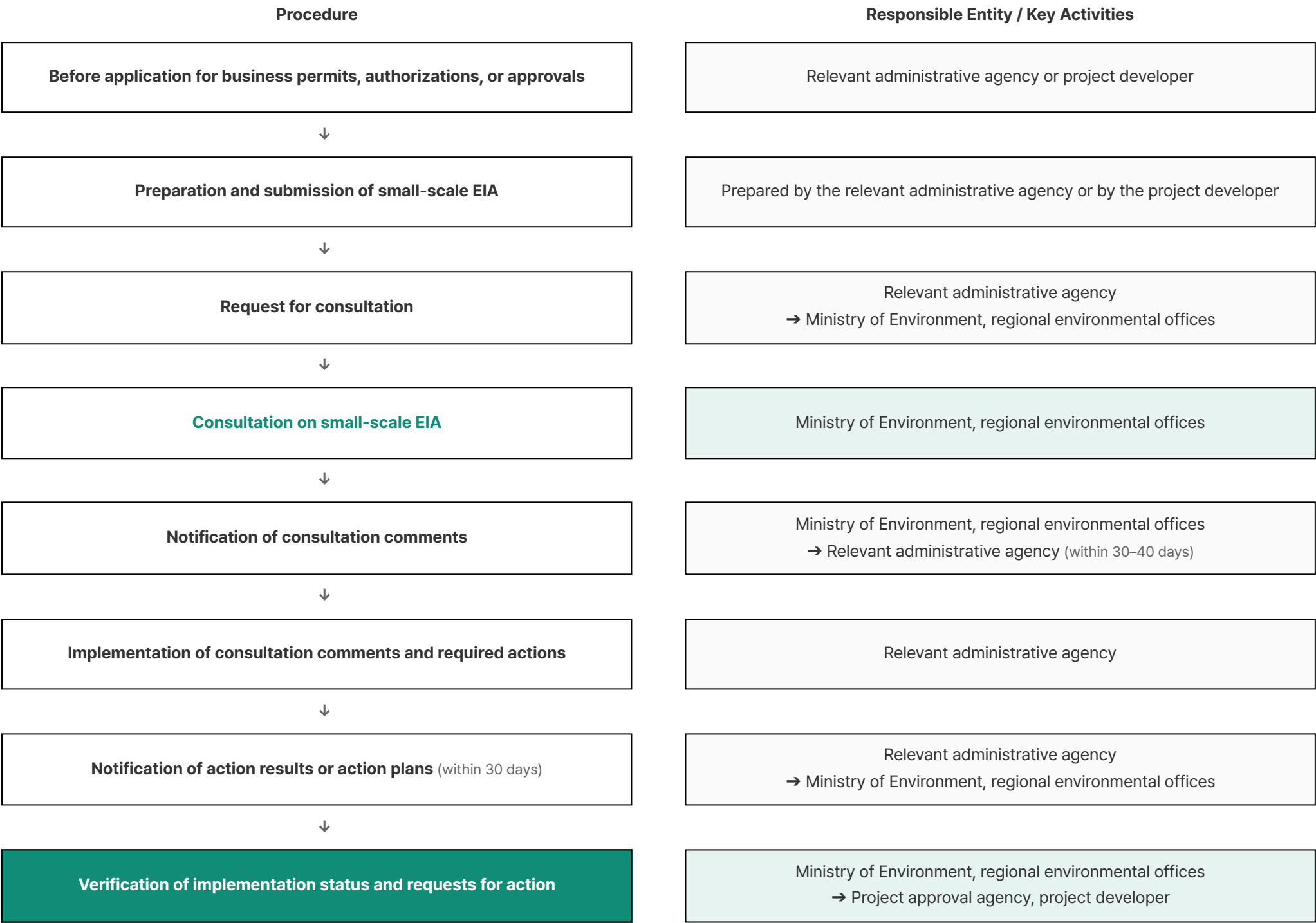
1) Percentage of annual revenue generated from products containing the respective hazardous substances.
2) 2023–2025 data were recalculated using the latest regulated substance list effective as of 2026.
3) CMR (Carcinogenic, Mutagenic and Reprotoxic substances): CMR Category 1 and 2 substances.
4) PBT (Persistent, Bioaccumulative and Toxic substances).
5) vPvB (Very Persistent and Very Bioaccumulative substances).
6) EDC (Endocrine Disrupting Chemicals).

Environmental Impact Assessment

LG Chem recognizes that predicting and assessing potential environmental impacts during development projects and facility installations is crucial for protecting communities and ecosystems, and operates an Environmental Impact Assessment system in accordance with relevant laws and regulations. Through this, we systematically review environmental impacts from the business planning stage and apply management measures for sustainable business operations. In addition, we reflect the opinions of various stakeholders, including the government, communities, and external specialized institutions, in the process of establishing and implementing Environmental Stewardship policies, and continuously incorporate feedback obtained through environmental impact assessments, expert consultations, and discussions with relevant authorities into our policies and management activities.

Environmental impact assessments are categorized into Strategic Environmental Assessment (SEA) and Environmental Impact Assessment (EIA) depending on the nature and scale of the project, and small-scale environmental impact assessments are conducted for targets specified by law, such as Gas Turbine Generators (GTGs). During the assessment process, we review impacts on major environmental factors such as air quality, odor, and non-point source pollution, and derive necessary reduction and management plans. The assessment results are reflected in the overall design and operation of facilities. Based on these results, we manage environmental impacts by complying with optimal operation manuals for power generation facilities, operating non-point source pollution reduction facilities, and monitoring through the Tele Monitoring System (TMS). Furthermore, we ensure that the results of environmental impact assessments are continuously managed through the implementation of measures and post-monitoring in accordance with consultations with relevant administrative agencies, the Ministry of Environment, and regional environmental offices.

Small-Scale EIA Process



Performance

Air Emissions

Air Emissions		Unit	2023	2024	2025
Air Emissions	Dust	Metric tons	176	162	120
	Emission Intensity ¹⁾	kg / KRW 1M	0.0086	0.0073	0.0056
	NOx (Nitrogen Oxides)	Metric tons	3,150	3,100	3,041
	Emission Intensity	kg / KRW 1M	0.1531	0.1388	0.1411
	SOx (Sulfur Oxides)	Metric tons	119	152	136
	Emission Intensity	kg / KRW 1M	0.0058	0.0068	0.0063
	VOCs (Volatile Organic Compounds)	Metric tons	151	134	118
	Emission Intensity	kg / KRW 1M	0.0073	0.0060	0.0055
	HAPs (Hazardous Air Pollutants)	Metric tons	105	95	98
	Emission Intensity	kg / KRW 1M	0.0051	0.0043	0.0045

1) Emission Intensity = Air Emissions ÷ (Revenue excluding LG Energy Solution and Common and others)

Water Pollutants

Water Pollutant Discharge		Unit	2023	2024	2025
Water Pollutant Discharge	COD (Chemical Oxygen Demand) ¹⁾	Metric tons	244	284	140
	Discharge Intensity ²⁾	kg / KRW 1M	0.0119	0.0127	0.0065
	TOC (Total Organic Carbon)	Metric tons	381	460	289
	Discharge Intensity	kg / KRW 1M	0.0185	0.0206	0.0134
	SS (Suspended Solids)	Metric tons	228	190	171
	Discharge Intensity	kg / KRW 1M	0.0111	0.0085	0.0079
	T-N (Total Nitrogen)	Metric tons	211	219	221
	Discharge Intensity	kg / KRW 1M	0.0103	0.0098	0.0103
	T-P (Total Phosphorus)	Metric tons	41	19	25
	Discharge Intensity	kg / KRW 1M	0.0020	0.0009	0.0011

1) In accordance with the Water Environment Conservation Act, the gradual transition of organic matter indicators from COD to TOC has been reflected.

2) Discharge Intensity = Water Pollutant Discharge ÷ (Revenue excluding LG Energy Solution and Common and others).

Water Resources

Water Withdrawal, Discharge, and Consumption		Unit ¹⁾	2023	2024	2025
Water Withdrawal	Total	ML	73,423	72,391	65,237
	Surface water ²⁾	ML	14	32	83
	Groundwater	ML	465	411	371
	Seawater	ML	0	0	0
	Municipal water ³⁾	ML	72,944	71,948	64,783
	Others ⁴⁾	ML	0	0	0
	Withdrawal Intensity ⁵⁾	ML/KRW 1M	0.0036	0.0032	0.0030
	Withdrawal in Water Stress Areas ⁶⁾	ML	50,603	48,778	47,436
Water Discharge	Total	ML	22,544	21,918	21,290
	Surface water	ML	759	2,376	1,796
	Groundwater	ML	0	0	0
	Seawater	ML	9,649	7,865	9,310
	Third-party Treatment	ML	12,136	11,677	10,184
	Discharge Intensity	ML/KRW 1M	0.0011	0.0010	0.0010
	Discharge in Water Stress Areas	ML	14,357	13,334	13,354
Water Consumption	Total	ML	50,879	50,473	43,947
	Consumption Intensity	ML/KRW 1M	0.0025	0.0023	0.0020
	Consumption in Water Stress Areas	ML	36,247	35,445	34,082
Water Reuse Rate ⁷⁾		%	2.72	3.48	7.90

1) The disclosure unit has been changed from m³ to ML (megaliters).

2) Surface water includes rainwater withdrawal and storage. The 2023 and 2024 figures have been restated to reflect rainwater withdrawal and storage that were previously included in other water sources.

3) Municipal water includes industrial water and purchased off-site reclaimed wastewater. The 2023 figure has been restated to reflect purchased reclaimed wastewater that was previously included in other water sources. The 2024 total water withdrawal has also been revised to reflect volumes that had not been previously reported.

4) The Others category includes produced water and similar sources. No such volume was generated during the reporting period.

5) Intensity = Water Withdrawal, Discharge, or Consumption ÷ (Revenue excluding LG Energy Solution and Common and others).

6) Areas with Water Stress are defined as locations rated High or above under the WRI Aqueduct Water Risk Atlas V4.0. In Korea, these include Yeosu, Cheongju, Ochang, Osong, Daejeon, and Iksan. Outside Korea, the Tianjin and Wuxi sites in China are included. Compared with the previous year's disclosure, Yeosu, Cheongju, Ochang, Osong, and Daejeon were added, while Magok was excluded. There were no changes to sites outside Korea.

7) Water Reuse Rate includes internal reuse and the use of reclaimed wastewater purchased from external sources. The 2023 and 2024 figures have been restated to reflect corrections to classification errors identified since the previous disclosure.

* Industrial water storage facilities are used for routine process operations. LG Chem does not maintain separate water storage facilities with significant water-related impacts.

Areas with Water Stress

Areas with Water Stress are defined as locations rated High or above under the WRI Aqueduct. LG Chem conducts monitoring and management activities at these sites.

Water Resources in Areas with Water Stress ¹⁾		Unit	Freshwater ²⁾	Other Water ³⁾	Total
Water Withdrawal (All Areas)	Total	ML	65,237	0	65,237
	Surface water	ML	83	0	83
	Groundwater	ML	371	0	371
	Seawater	ML	0	0	0
	Municipal water	ML	64,783	0	64,783
	Others	ML	0	0	0
Water Withdrawal (Areas with Water Stress)	Total	ML	47,436	0	47,436
	Surface water	ML	0	0	0
	Groundwater	ML	371	0	371
	Seawater	ML	0	0	0
	Municipal water	ML	47,065	0	47,065
	Others	ML	0	0	0
Water Discharge (All Areas)	Total	ML	21,290	0	21,290
	Surface water	ML	1,796	0	1,796
	Groundwater	ML	0	0	0
	Seawater	ML	9,310	0	9,310
	Third-party Treatment	ML	10,184	0	10,184
Water Discharge (Areas with Water Stress)	Total	ML	13,354	0	13,354
	Surface water	ML	1,127	0	1,127
	Groundwater	ML	0	0	0
	Seawater	ML	3,343	0	3,343
	Third-party Treatment	ML	8,885	0	8,885
Water Consumption (All Areas)	Total	ML	43,947	0	43,947
Water Consumption (Areas with Water Stress)	Total	ML	34,082	0	34,082

1) This table presents water withdrawal, discharge, and consumption by freshwater and other water sources for all areas and areas with water stress during the reporting year.
2) Freshwater refers to water sources with Total Dissolved Solids (TDS) of 1,000 mg/L or less.
3) Other water refers to water sources with Total Dissolved Solids (TDS) exceeding 1,000 mg/L.

Waste and Recycling

Waste Generation and Recycling		Unit	2023	2024	2025
Waste Generated	Total	Metric tons	248,035	242,684	192,385
	Waste Intensity ¹⁾	Metric tons/KRW 1M	0.0121	0.0109	0.0089
Nonhazardous Waste Generated	Total	Metric tons	125,042	103,013	85,648
	Recycling ²⁾	Metric tons	97,692	80,665	68,894
	Incineration (w/ heat recovery)	Metric tons	13,779	11,577	7,998
	Incineration	Metric tons	4,433	2,444	1,544
	Landfill	Metric tons	9,138	8,327	7,212
	Others	Metric tons	0	0	0
Hazardous Waste Generated	Total	Metric tons	122,993	139,671	106,737
	Recycling ²⁾	Metric tons	57,458	83,641	54,972
	Incineration (w/ heat recovery)	Metric tons	52,210	48,000	42,807
	Incineration	Metric tons	11,930	7,371	8,076
	Landfill	Metric tons	1,395	659	882
	Others	Metric tons	0	0	0
Waste Recycling Rate	incl. Incineration (w/heat recovery)	%	89	92	91
	excl. Incineration (w/heat recovery)	%	63	68	64

1) Waste Intensity = Waste Generated ÷ (Revenue excluding LG Energy Solution and Common and others)

2) Waste recycling and final disposal are managed off-site by third parties. As on-site treatment is not applicable, the data are disclosed without separate classification.

* As of 2025, five sites—Yeosu (Hwachi), Cheongju (Separator), Guangzhou, Tianjin, and Chongqing—maintain ZWTL certification.



Nature and Biodiversity

LG Chem recognizes that nature-related dependencies and impacts can affect business resilience and long-term value creation. To better understand and manage these risks and opportunities, we are advancing a TNFD-aligned approach to nature-related risk management and expanding assessments across our operations. We also support ecosystem conservation initiatives around our business sites to help maintain biodiversity and ecosystem resilience.

Governance

Management Framework

LG Chem’s operations are highly dependent on natural resources and ecosystem services, including water resources, land, and marine ecosystems. We recognize that ecosystem degradation may create business risks through increased costs, tighter regulations, and supply chain disruptions. As part of our integrated ESG governance framework, biodiversity and natural capital are managed as key components of nature-related risk management. The ESG Committee under the Board of Directors oversees nature-related risks, opportunities, and response strategies, while the Sustainability Strategy Team within the Corporate Strategy Group leads biodiversity-related initiatives. Building on this governance structure, LG Chem is developing a TNFD-aligned approach to natural capital risk assessment and expanding nature-related impact management beyond our own operations by incorporating biodiversity protection requirements into our Supplier Code of Conduct and engaging across the supply chain.

Approach

LEAP Pilot Assessment

LG Chem is assessing nature-related dependencies, impacts, risks, and opportunities across its operations using the LEAP (Locate–Evaluate–Assess–Prepare) approach in line with TNFD recommendations. The assessment draws on internationally recognized datasets, including WRI Aqueduct 4.0, WDPA, GBIF, and ENCORE. In 2025, we screened five domestic sites and identified priority sites for assessment based on the overlap between sensitive and material locations. As a result, the Yeosu Plant was selected as the pilot assessment site, considering its location characteristics, the extent of its nature-related dependencies and impacts, and its overall business significance.

Our assessment currently focuses on the Locate and Evaluate phases of the LEAP approach, while the Assess and Prepare phases will be further developed through enhanced data and quantitative financial impact analysis. Going forward, we plan to expand the assessment to additional domestic and international sites and enhance TNFD-aligned nature-related disclosures.

Site Screening

LG Chem conducted location sensitivity screening across five major domestic business sites in line with the TNFD LEAP approach. Based on the results, the Yeosu Plant was selected as the 2025 LEAP pilot assessment site, as it was identified as both a sensitive location and a material location from a nature-related risk and opportunity perspective.

Location Sensitivity Screening

High — Selected for Pilot Assessment High Medium Low

Category	Yeosu Plant Basic Chemicals	Daesan Plant Polymer Resins	Naju Plant Basic Chemicals	Cheongju Plant Polymer Resins	Iksan Plant Other Chemical Products
Location	Yeosu National Industrial Complex	Daesan Industrial Complex	Naju General Industrial Complex	Cheongju City Heungdeok-gu	Iksan City Yongje-dong
Sensitive Location	High	High	Medium	Medium	Medium
+ Material Location	High	High	Low	Medium	Low

LEAP - Locate

Yeosu Plant produces basic chemicals, including NCC, PE, PVC, and ABS, within the Yeosu National Industrial Complex, Korea’s largest petrochemical cluster, which receives approximately 540,000 metric tons of industrial water per day. The plant uses approximately 40 million m³ of industrial water annually and discharges treated wastewater into the South Sea (Gwangyang Bay). Protected areas within 10 km of the site include wildlife protection areas, the Gamak Bay Environmental Conservation Area, and Hallyeohaesang National Park. In addition, 25 legally protected species, including the Class I endangered black-faced spoonbill, have been identified in the surrounding area. The Juam Dam basin, the plant’s primary water source, is classified as High (40–80%) for water stress under WRI Aqueduct 4.0. Using the Locate phase of the TNFD LEAP approach, LG Chem assessed the site across four dimensions—protected areas, species, water resources, and ecological zoning—and identified Yeosu as the most location-sensitive site among the five business sites assessed.

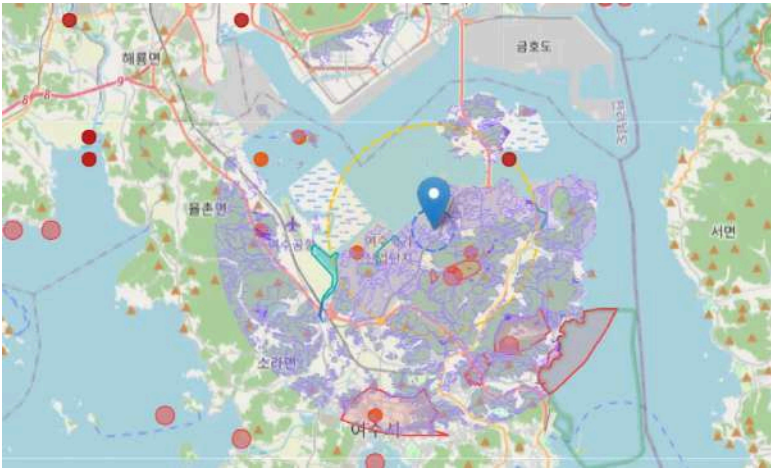
A total of 20 legally protected areas are located within 15 km of the Yeosu Plant, including wildlife protection areas, water source protection areas, environmental conservation areas, and national parks within 10 km of the site. Gwangyang Bay, the receiving water body for treated wastewater, is designated as an Environmental Conservation Area under the Framework Act on Environmental Policy, where stricter discharge standards apply than in general marine areas. Upstream of Juam Dam lies the Mipyeong Water Source Protection Area, where polluting activities are restricted under the Water Supply Act. The Suncheon Bay Ramsar Wetland is also located within 15 km of the site.

③ Protected Area Analysis

[Status of Major Protected Areas¹⁾]

Protected Area Name	Type	Legal Basis	Distance
Jungheung-dong Wildlife Sanctuary	Wildlife Sanctuary	Wildlife Protection and Management Act	Within 5km
Mipyeong Water Source Protection Area	Water Source Protection Area	Water Supply Act	Within 10km
Gamak Bay Environmental Conservation Area	Environmental Conservation Area	Framework Act on Environmental Policy	Within 10km
Hallyeohaesang National Park	National Park	Natural Parks Act	Within 10km
Yeosu Wetland Protected Area	Wetland Protected Area - Tidal Flat	Wetlands Conservation Act	Within 15km
Suncheon Bay Ramsar Site	Ramsar Site	Ramsar Convention / Key Biodiversity Area (KBA)	Within 15km

1) Based on representative legally protected areas by type within a 15km radius of the Yeosu plant.



Yeosu Plant 1km Radius 5km Radius Protected Area (WDPA)
Key Biodiversity Area (KBA) Ramsar Site Korea Inland Wetland
Ecological and Natural Map Grade 1 & 2

④ Species Analysis

A total of 25 legally protected species and IUCN Red List species inhabit the vicinity of the Yeosu plant, based on observation data from the GBIF (Global Biodiversity Information Facility). By taxonomic group, they consist of 15 bird species, 3 fish species, 3 mammal species, 1 amphibian/reptile species, and 2 plant species. By protection status, they include 11 Class I endangered species and 8 Class II endangered species under Korea, as well as 1 IUCN CR (Critically Endangered) species and 6 EN (Endangered) species.

Key observed species include the black-faced spoonbill, peregrine falcon, Oriental stork, Eurasian otter, and Chinese egret (Class I endangered species); Dendrobium moniliforme, whooper swan, hooded crane, cinereous vulture, and Eurasian sparrowhawk (Class II endangered species); and the Kori salamander, Japanese eel, and finless porpoise (IUCN EN). The primary impact pathways from plant operations are categorized as environmental disturbances such as noise and lighting, water quality changes due to water intake and discharge, and habitat disturbance from site operations.

⑤ Water Resource Analysis

Juam Dam is the primary water source for the Yeosu Plant, and treated wastewater is discharged into the South Sea (Gwangyang Bay). Annual industrial water consumption is approximately 40 million m³, while wastewater discharge totals approximately 10 million m³. According to WRI Aqueduct 4.0, the Juam Dam basin is rated High (40–80%) for Baseline Water Stress (BWS), indicating that total water withdrawals account for 40–80% of available water resources. The Baseline Water Depletion (BWD) rating is Low-Medium (5–25%). Gwangyang Bay, the receiving water body, is designated as an Environmental Conservation Area, resulting in a High discharge sensitivity rating. LG Chem collects and discloses site-level data on water withdrawal, consumption, and reuse, and improves water-use efficiency through process improvements, equipment optimization, and increased reuse. Sites located in water-stressed areas are subject to additional monitoring based on local water conditions. While water resources are currently managed from an operational perspective, LG Chem plans to strengthen an integrated natural capital risk management approach based on the results of the TNFD LEAP assessment.

[Status of Protected Species¹⁾]

Standard	Grade	Protected Species
Korea Legally Protected Species	Class I Endangered	Black-faced spoonbill, Peregrine falcon, Oriental stork, Eurasian otter, Chinese egret, Red-crowned crane, Bewick's swan, White-tailed eagle, Golden eagle, Long-billed plover, Korean auha bush fish (11 species)
	Class II Endangered	Dendrobium moniliforme, Whooper swan, Hooded crane, Cinereous vulture, Eurasian sparrowhawk, Great knot, Upland buzzard, Gobiobotia brevibarba (8 species)
IUCN Red List	CR (Critically Endangered)	Siberian crane (1 species)
	EN (Endangered)	Kori salamander, Japanese eel, Finless porpoise, Oriental stork, Greater sand plover, Korean auha bush fish (6 species)

1) Based on GBIF observation data. Includes species overlapping between Korea legally protected species and the IUCN Red List.

LEAP - Evaluate

LG Chem applied the ENCORE (UNEP-WCMC) framework to assess ecosystem service dependencies and nature-related impacts associated with the basic chemical manufacturing processes at the Yeosu Plant. ENCORE classifies ecosystem service dependencies and impact drivers into five levels: VH (Very High), H (High), M (Medium), L (Low), and VL (Very Low).

Ecosystem Service Dependency

The ecosystem service dependency of the Yeosu Plant’s basic chemical manufacturing processes was assessed across 14 categories. Results showed six Medium (M), three Low (L), and five Very Low (VL) ratings, with no categories rated High (H) or above. Medium-rated dependencies were concentrated in water-related regulating services, including water supply, purification, and flow regulation.

Nature Impact Assessment

Nature-related impact drivers associated with the Yeosu Plant’s basic chemical manufacturing processes were assessed across seven categories. Results showed two Very High (VH), four Medium (M), and one Low (L) ratings. The Very High-rated impact drivers—environmental disturbances such as noise and light, and emissions of toxic soil and water pollutants—have the potential to directly affect habitats of protected species near the site.

[Ecosystem Service Dependency Assessment Results]

Rating	Ecosystem Service
M	Water supply
M	Water purification
M	Water flow regulation
M	Flood mitigation
M	Soil and sediment retention
M	Storm mitigation
L	Solid waste remediation
L	Local climate regulation
L	Dilution by atmosphere and ecosystems
VL	Air filtration
VL	Global climate regulation
VL	Noise attenuation
VL	Mediation of sensory impacts
VL	Rainfall pattern regulation

[Nature Impact Assessment Results]

Rating	Impact Driver
VH	Disturbances (noise, light, etc.)
VH	Emissions of toxic soil & water pollutants
M	Water use
M	GHG emissions
M	Air pollutant emission (Non-GHG air pollutants)
M	Solid waste generation
L	Land use

Performance

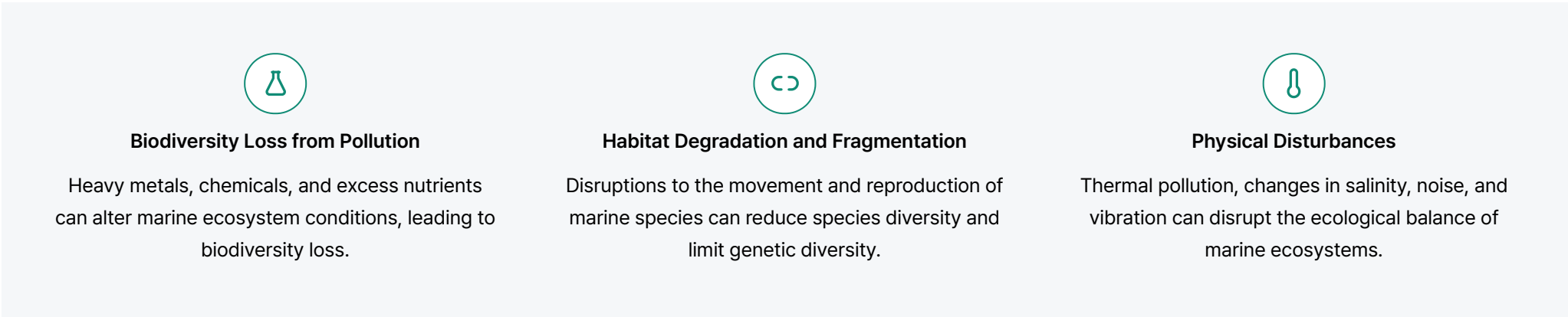
Based on the nature dependencies and impact factors identified through the TNFD LEAP analysis, LG Chem is carrying out ecosystem conservation activities centered on areas adjacent to its business sites. In particular, we are promoting region-based restoration and conservation projects targeting marine and urban ecosystems with high sensitivity to nature, thereby mitigating the risk of natural capital degradation and contributing to the enhancement of biodiversity.

Marine Ecosystem Restoration

LG Chem is carrying out a seagrass habitat restoration project in Gwangyang Bay near the Yeosu Plant, an area identified as highly sensitive and material through the TNFD LEAP assessment. Marine ecosystems near petrochemical industrial complexes can experience biodiversity loss due to water quality changes, habitat fragmentation, and physical disturbances. Consistent with the LEAP Evaluate phase results, hazardous soil and water pollutants, as well as environmental disturbances such as noise and light, were identified as Very High (VH) impact drivers.

Seagrass provides habitat and food sources for diverse marine species and is recognized by the IPCC as one of the three major blue carbon ecosystems due to its high carbon sequestration and storage capacity. Recognizing these ecological and climate benefits, LG Chem launched the restoration project in waters off Daegyeongdo, Yeosu, in the second half of 2023. We continue to monitor restoration outcomes through quarterly comparisons between transplanted and control sites.

Marine Ecosystems Pressures

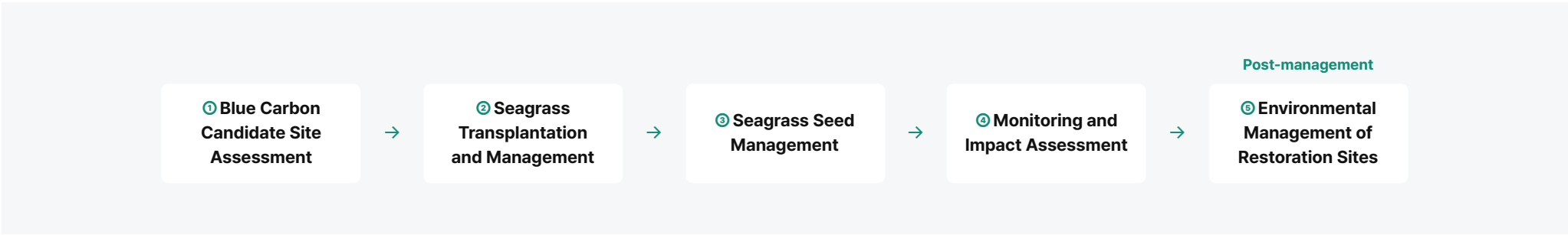


Seagrass Restoration and Monitoring

Seagrass restoration is carried out with consideration for connectivity to existing seagrass meadows. Seagrass collected from waters near Soan-myeon, Wando is transported to the restoration site, pre-treated onshore, and transplanted into seabed sediments. Between 2023 and 2024, LG Chem transplanted and managed approximately 70,000 seagrass shoots in waters near Daegyeongdo, Yeosu, contributing to the expansion of restored and existing seagrass habitats to a total of 13.66 ha.

The project uses airborne bathymetric LiDAR and drone-based hyperspectral imaging to assess seabed conditions and evaluate the health and distribution of seagrass habitats. These technologies support quantitative analysis of restoration outcomes and provide a foundation for long-term monitoring.

Seagrass Restoration Project



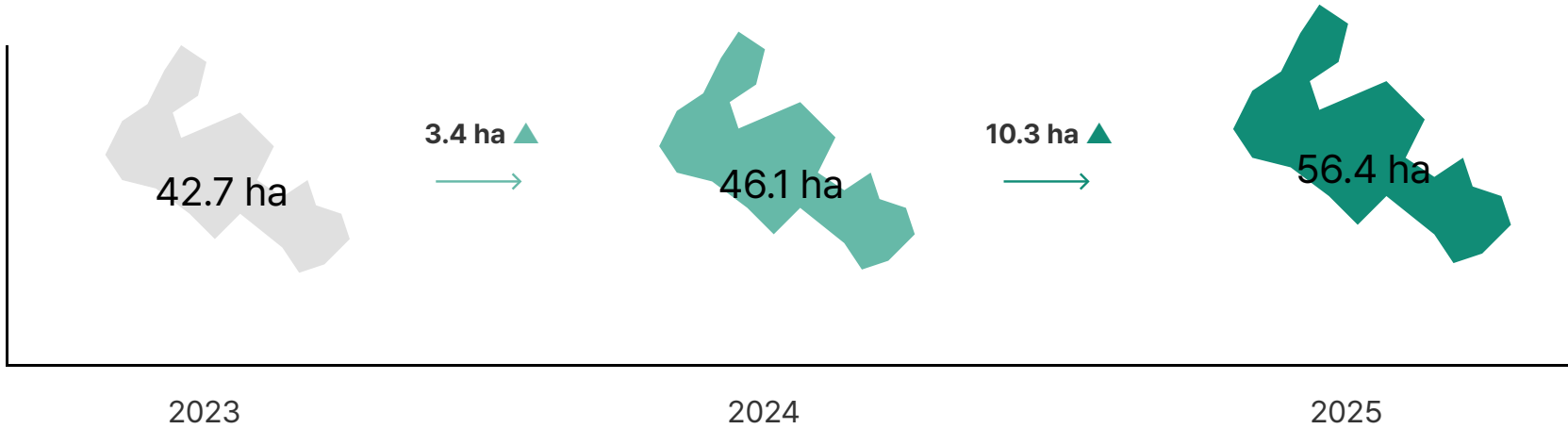
* In 2025, activities are focused on monitoring, impact assessment, and environmental management of restoration sites.

Ecological and Social Value Creation

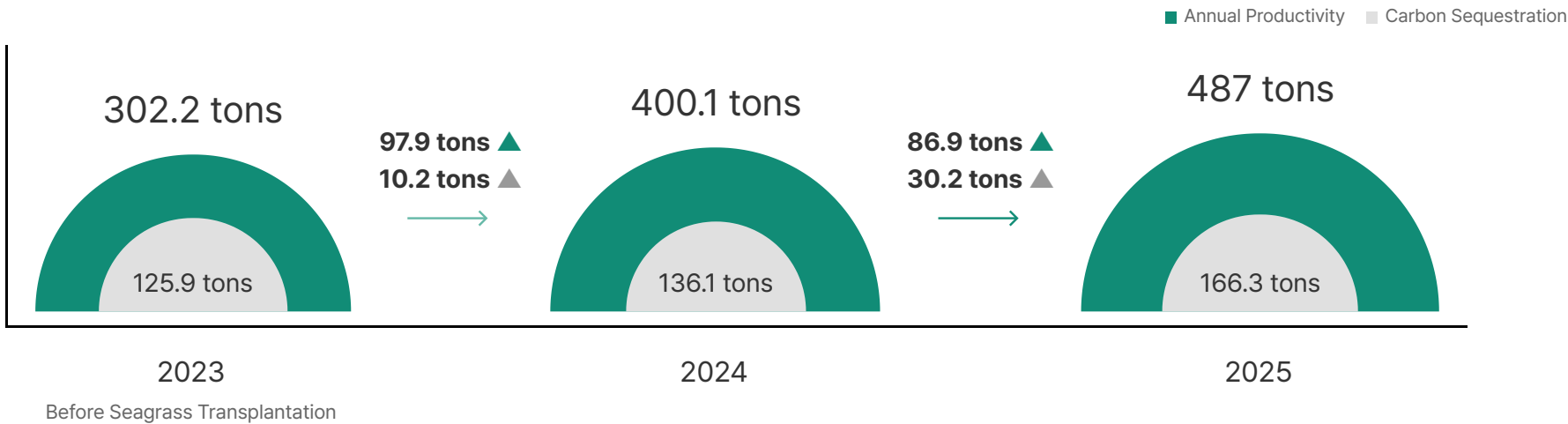
Seagrass meadows provide habitat and food sources for diverse marine species, and restored areas have shown increased observations of marine life. As important habitats and nursery grounds for fisheries resources, seagrass restoration can also support local fishing communities. In addition, marine litter collection activities conducted alongside restoration efforts contribute to improving the local marine environment. We also help raise awareness of blue carbon and marine ecosystems through public engagement programs and environmental education initiatives, including the ZEPETO Blue Forest platform.

To evaluate restoration outcomes, we have conducted quarterly monitoring since 2023. Monitoring compares transplanted areas with non-transplanted control sites. From October 2023 to December 2025, juvenile fish abundance at restoration sites averaged 83 individuals per 1,000 m³, compared with 59 individuals per 1,000 m³ at control sites, representing an increase of more than 50%.

Growth of Seagrass Habitats Since Restoration



Seagrass Productivity and Carbon Sequestration



* Carbon sequestration is not used as part of the company's GHG reduction or carbon offset performance.

Urban Ecosystem Stewardship

Located near LG Chem’s headquarters in Yeouido, Seoul, Bamseom Island is an urban ecological conservation area and an internationally recognized wetland ecosystem designated as a Ramsar Wetland in 2012. As part of our commitment to the responsible stewardship of natural assets surrounding our operations, LG Chem supports conservation activities linked to this ecologically significant area. In partnership with the Seoul Metropolitan Government, we have supported the operation of the Bamseom Eco-Experience Center since 2018. Given the restricted public access to this protected area, the center provides biodiversity training programs based on indirect experiences. Our support includes program funding, training material development, and on-site operational support. In 2025, the center welcomed 1,505 visitors, while 777 participants took part in biodiversity training programs, including activities focused on endangered wildlife such as the Eurasian otter. Through these initiatives, we continue to raise awareness of biodiversity and support the conservation of local ecosystems. These efforts also contribute to mitigating natural capital degradation risks and strengthening public awareness of biodiversity in ecologically valuable areas.

Bamseom Eco-Experience Center

Category	Unit	2023	2024	2025
Total Visitors	Person	1,207	1,888	1,505
Program Participants	Person	486	1,067	777



Guided by the principle that human safety is the top priority in all our business activities, LG Chem conducts Environment, Health & Safety (EH&S) activities to prevent workplace accidents and protect the safety and health of employees. We have established a company-wide EH&S framework to strengthen accident prevention, continue to invest in the safety of high-risk processes and facilities, and expand safety management practices to suppliers and business partners.

Governance

Policies and Standards

Based on the principle that human safety comes first, LG Chem has established its EH&S Policy and places environment, health, and safety at the center of all business activities. Aligned with ISO 45001, we maintain a health and safety management framework focused on systematic risk assessments and preventive activities. The EH&S Policy applies to all employees and contractors working under LG Chem’s management and supervision across global operations. We continuously monitor changes in applicable regulations and policies and incorporate them into company-wide standards and management practices. In 2025, we strengthened the consistency and effectiveness of our EH&S framework by establishing or revising 10 regulations and 38 guidelines applicable across environment, health, and safety functions.

[EH&S Policy \(Korean\)](#)

[EH&S Policy \(English\)](#)

[EH&S Policy \(Chinese\)](#)

LG Chem has established the LGC Standards as a common EH&S framework across the company. To strengthen workplace safety, we also apply the Seven Absolute Safety Rules, which define mandatory safety behaviors for all employees and contractors. Key elements of our safety and health framework include risk assessment, pre-startup safety review, safe process operation and work permit management, hazardous energy control (Lock-Out Tag-Out, LOTO), fire prevention, and occupational health management.

LGC Standards | 5 Key Initiatives

- 1. Technical Guidelines
- 2. Mother Factory Program
- 3. Accident Prevention Program
- 4. Emergency Response Program
- 5. AI Transformation

Seven Absolute Safety Rules

- 1. Wear designated personal protective equipment (PPE)
- 2. Measure flammable gas levels and place fire extinguishers before hot work
- 3. Measure hazardous gas and oxygen levels before confined-space entry
- 4. Use fall prevention and double safety harnesses when working at heights
- 5. Begin work only after a work permit has been issued
- 6. Do not bypass or disable interlocks without authorization
- 7. Comply with LOTO in case of equipment shutdown

LG Chem has set a target of achieving a Lost Time Injury Rate (LTIR) of 0.1 or lower by 2030 as part of its commitment to continuously improving EH&S performance. To support this objective, we establish annual targets and continue to strengthen activities aimed at preventing serious incidents and protecting worker health. LG Chem has also developed a long-term roadmap through 2030 to strengthen EH&S capabilities. The roadmap focuses on driving consistent execution across global sites, fostering a culture of proactive employee participation, and strengthening organizational capabilities as a leader in EH&S management. Annual action plans are established and performance is reviewed regularly to support continuous improvement.

Roles and Accountability

LG Chem has established a Chief Safety & Environment Officer (CSEO) governance structure to strengthen accountability and execution in EH&S management. The CSEO has overall responsibility and authority for company-wide EH&S management, including strategy and policy development, regulatory compliance, performance oversight, and EH&S governance. This structure helps ensure consistency in decision-making and implementation across the organization. LG Chem headquarters establishes company-wide EH&S standards and management frameworks and monitors implementation across sites. Each site designates an EH&S leader responsible for site-level activities, including risk assessments, high-risk work management, and emergency preparedness. While key EH&S activities are implemented at the site level, headquarters provides oversight, coordination, and support to strengthen company-wide risk management.

LG Chem also maintains worker participation and consultation mechanisms based on the principle that workers are active participants in accident prevention. Worker participation is embedded through site-level consultative bodies and Occupational Safety and Health Committees, ensuring that employee perspectives are reflected in risk assessments and key EH&S activities. We also collaborate with contractors and business partners to strengthen safety and health management across workplaces. In addition, employees are empowered to identify and respond to hazardous conditions, supporting a proactive safety culture. Through training, communication, and digital EH&S management systems, policies, inspection results, and improvement actions are shared across the organization to support consistent implementation. Since 2021, LG Chem has reported its annual occupational safety and health plan to the Board of Directors and obtained Board approval in accordance with the Occupational Safety and Health Act. Through this process, Board-level oversight and accountability for EH&S policies, organization, investments, and performance continue to be strengthened.

CSEO Committees and Meetings

Committee / Meeting	Participants	Key Agenda	Frequency
CSEO On-Site Management	CSEO, Head of Site Safety, Site EH&S Department Leaders	Review EH&S performance and implementation status across sites in Korea and at overseas sites	Ad hoc
EH&S Committee	CSEO, Head of Site Safety, HQ and Site EH&S Department Leaders	- Share and discuss key company-wide EH&S issues - Review compliance with legal obligations related to serious accidents	Semiannually
EH&S Leader Workshop	CSEO, HQ and Site EH&S Department Leaders	Share site-level achievements and discuss key EH&S issues	Semiannually
EH&S Department Meeting	CSEO, HQ and Site EH&S Department Leaders	Share company-wide EH&S updates and discuss site-specific issues	Monthly
Business HQ EH&S Meeting	Business Headquarters EH&S Department Leaders	Review EH&S performance and implementation status at the business headquarters level	Bimonthly
Overseas Site EH&S Meeting	Overseas Site EH&S Department Leaders	Discuss EH&S performance and key issues across overseas sites	Semiannually

Approach

Process Safety Management

Based on the LGC Standards, LG Chem's global EH&S management standards, we apply a systematic approach to preventing process-related risks and maintaining consistent safety standards across business sites. Given the chemical industry's high-temperature and high-pressure processes and the handling of diverse chemical substances, we emphasize prevention from the process design stage through operations. This approach is supported by technical guidelines, sharing and standardization of safety practices across sites, risk assessment-based accident prevention, emergency preparedness, and continuous improvement of EH&S management practices.

LGC Standards | 5 Key Initiatives

1. **Technical Guidelines:** Apply LG Chem's proprietary technical guidelines, integrating international standards, regulatory requirements, and operational expertise to ensure consistent EH&S standards across all sites.
2. **Mother Factory Program:** Facilitate the exchange of EH&S know-how and manufacturing expertise among sites with similar products and processes to share best practices and strengthen capabilities across global operations.
3. **Accident Prevention Program:** Identify and manage potential risks through Risk Assessment Committees and high-risk work protocols, enabling proactive accident prevention at the site level.
4. **Emergency Response Program:** Minimize the impact of incidents through structured emergency response procedures and support the safe evacuation of personnel during emergencies.
5. **AI Transformation:** Leverage digital technologies and AI transformation (AX) to prevent major accidents while continuously advancing EH&S practices, organizational culture, and technical capabilities.

Technical Guidelines

LG Chem has established technical guidelines that integrate engineering standards and operational expertise and applies them consistently across all business sites. Safety considerations are reviewed from the process design stage and incorporated into the guidelines, enabling the application of consistent process safety standards across domestic and overseas operations. When processes are modified or new facilities are introduced, safety is verified in advance using standardized technical guidelines, helping minimize variations in safety performance across sites.

Mother Factory Program

LG Chem has established Production and EH&S Mother Factory Programs to share safety management standards and operational expertise among sites with identical or similar processes. The Production Mother Factory Program promotes the exchange of major incident cases and preventive practices through regular collaboration among manufacturing sites, helping identify and implement improvement actions to prevent accidents. Under the program, Mother Factories review and support technical guidelines as well as facility and process operations at Fellow Factories, while Fellow Factories carry out continuous improvement activities. Through these efforts, LG Chem promotes consistent process and workplace safety standards across business sites. The EH&S Mother Factory Program connects domestic and overseas EH&S organizations to share enhanced management practices, technical expertise, and technical support. This collaboration helps strengthen EH&S capabilities and promote consistent EH&S standards across global operations.

Accident Prevention Program

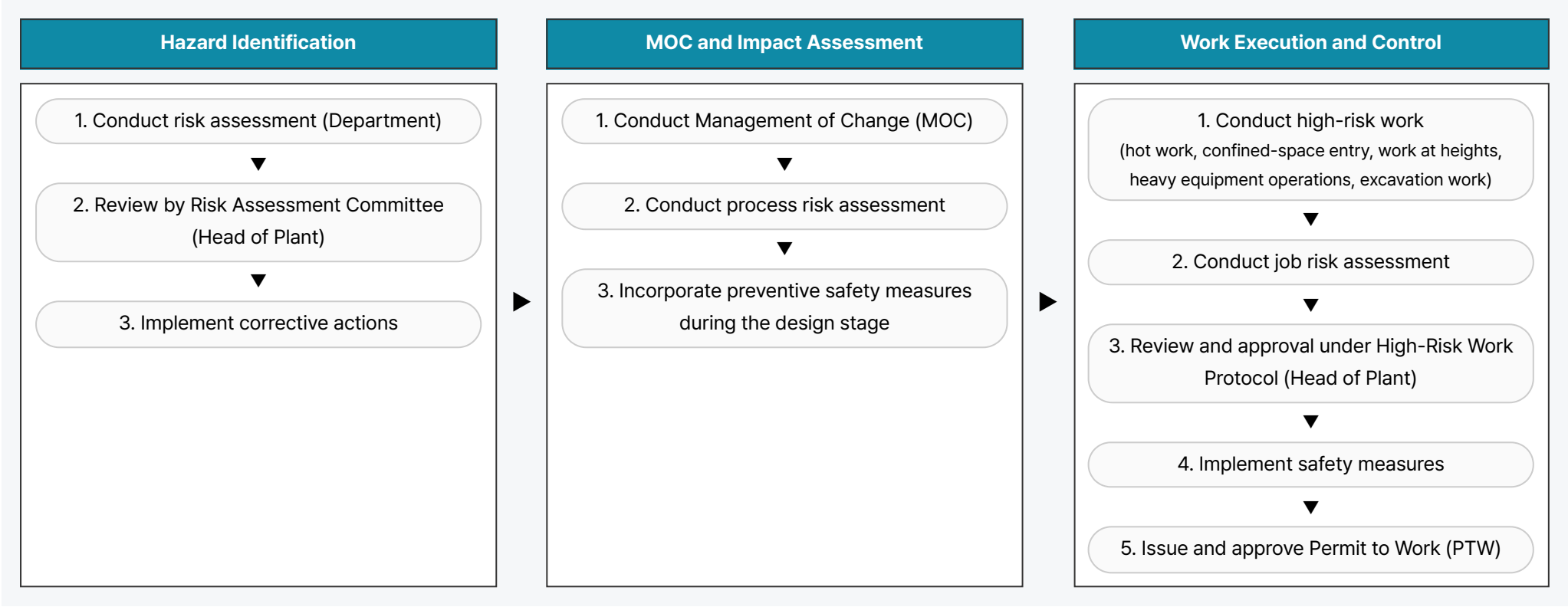
LG Chem uses risk assessments as a core tool for preventing incidents during process operations and work activities. All domestic and overseas sites conduct regular and ad hoc risk assessments at the team level, and the results are reviewed by Risk Assessment Committees chaired by the Head of Plant. Through this process, potential hazards are identified, risks are prioritized, and improvement measures are systematically implemented. When process changes occur, process risk assessments are conducted in accordance with Management of Change (MOC) procedures to ensure that appropriate safety measures are incorporated from the design stage.

Before high-risk activities such as hot work, confined-space entry, work at heights, heavy equipment operations, and excavation work, LG Chem applies High-Risk Work Protocols. Under these protocols, the Head of Plant reviews and approves work methods and risk assessment results to confirm that key risks have been identified and the required controls are in place. LG Chem also maintains a Safety Call (Right to Stop Work) program that enables immediate action when imminent hazards are identified. The program applies equally to employees and contractor personnel, ensuring that safety concerns raised by workers are addressed without delay. Training and awareness programs are provided on an ongoing basis to reinforce safety practices in the field.

Hazards are identified under normal, abnormal, and emergency conditions using established risk assessment methodologies. Potential causes, consequences, and existing safeguards are evaluated to determine risk levels, followed by the implementation of improvement measures and management controls. In accordance with the internal Hierarchy of Controls, risk reduction efforts prioritize elimination, substitution, and engineering controls, while administrative controls and personal protective equipment (PPE) are applied as complementary measures. Headquarters-led EH&S audits are conducted across all sites through both regular and special audits to assess process and facility safety. Improvement actions identified through audit findings are tracked and implemented to proactively reduce accident risks.

Site Risk Assessment and Improvement Process

Where non-conformities are identified through HQ-led emergency or detailed safety audits, corrective actions are implemented through the following risk assessment process.



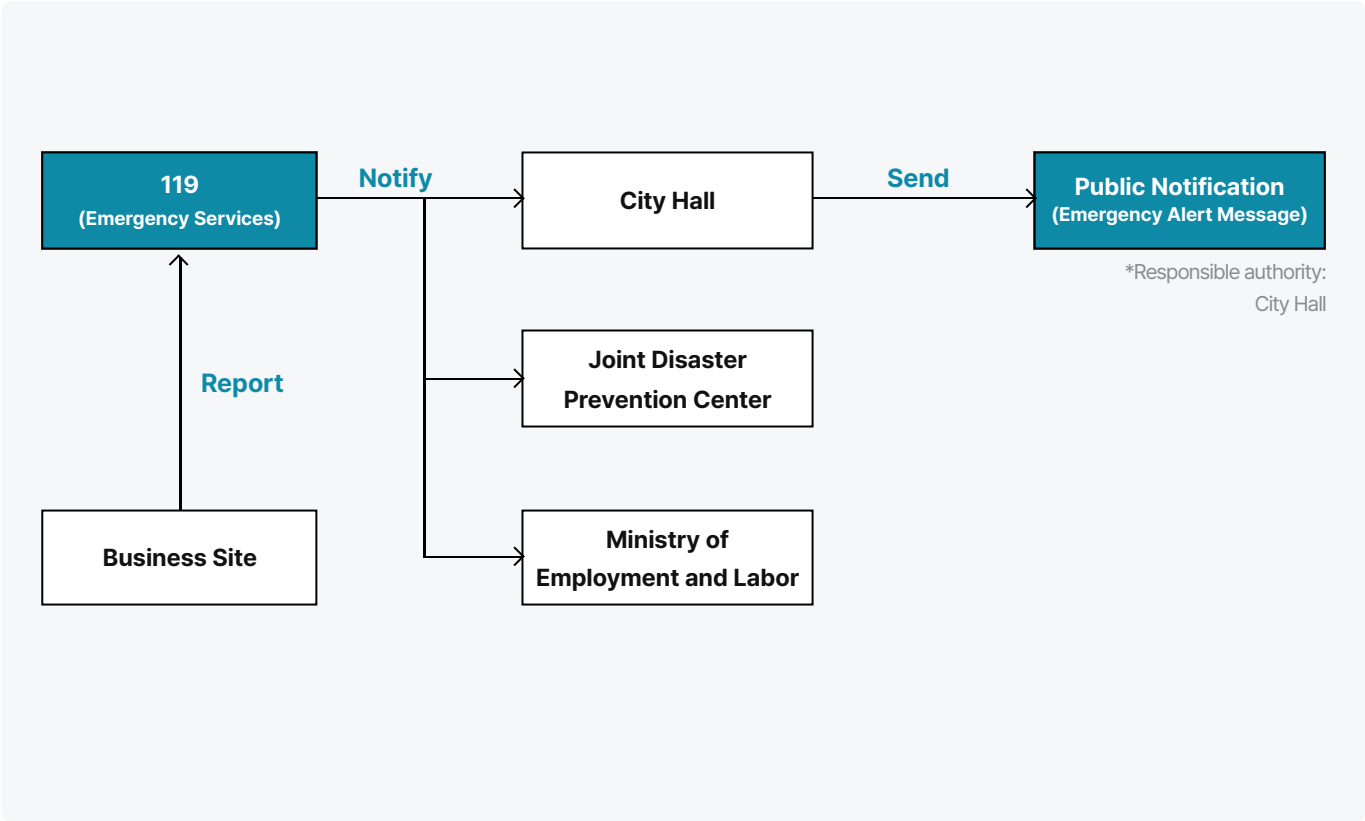
Emergency Response Program

In addition to accident prevention efforts, LG Chem has established an emergency response program to minimize the impact of emergency situations. When an incident occurs, response activities follow standardized procedures covering reporting, investigation, root cause analysis, and corrective actions. LG Chem also analyzes domestic and overseas incident cases to identify root causes and develop preventive measures against recurrence. Frequently occurring incident types are incorporated into training materials and shared across all business sites to strengthen preventive capabilities. Emergency response guidelines have been standardized across domestic and overseas operations, and regular emergency drills are conducted to support timely communication, evacuation, and response. In the event of fires, spills, or leaks, LG Chem works closely with relevant government agencies and local authorities to minimize impacts on surrounding communities.

Emergency Response



Coordination with Local Authorities



Digital and AI Transformation

LG Chem has actively adopted digital transformation (DX) technologies to improve EH&S management efficiency and strengthen accident prevention capabilities. In addition to advancing the automation and unmanned operation of high-risk tasks, we have deployed EH&S Portal 2.0, an integrated EH&S platform, across all business sites. The platform supports standardized management of processes ranging from risk assessments, work permits, and equipment inspections to accident case sharing and corrective action tracking. When an Emergency Shutdown (ESD) occurs, relevant information is shared immediately to support rapid response and decision-making. The platform has been expanded beyond Korea to business sites in China, the United States, Europe, and Southeast Asia. Building on this foundation, LG Chem is upgrading its DX-enabled EH&S framework and plans to transition to an Artificial Intelligence Transformation (AX)-based safety management framework beginning in October 2025.

Occupational Health & Safety

LG Chem manages occupational health risks through work environment management, employee health programs, and targeted health risk prevention activities.

Work Environment and Hazardous Factor Management

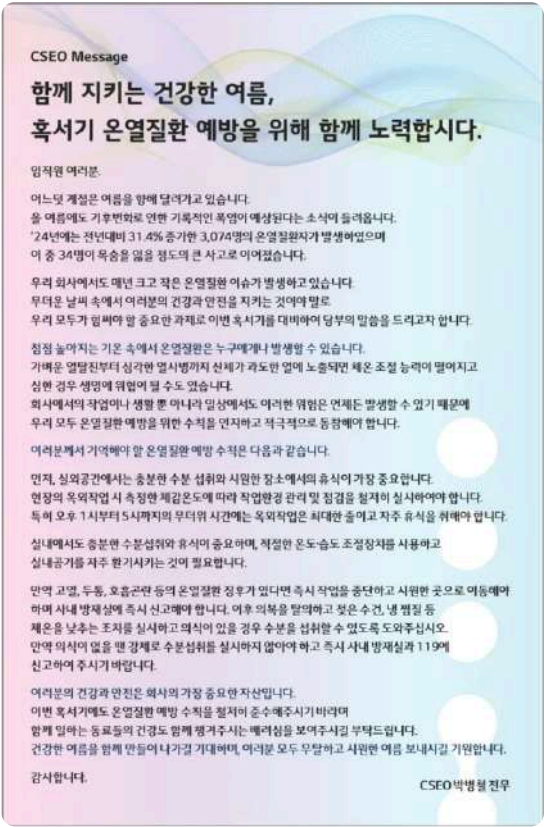
LG Chem manages workplace conditions and worker exposure to protect employees from hazards arising from processes and work activities. We apply standards that exceed legal requirements and conduct semiannual work environment monitoring through independent external specialists. Workplace conditions are also improved through activities such as inspections of local exhaust ventilation systems, helping create a safer and healthier workplace.

Health Management and Disease Prevention

LG Chem promotes employee health and works to prevent occupational illnesses through programs targeting musculoskeletal disorders associated with repetitive tasks and working postures. We provide medical services and health promotion programs through on-site clinics and health management centers tailored to employee needs. Health screening kiosks are used to assess the health status of construction and engineering contractor personnel before work begins, supporting the early identification of potential health risks.

Heat Illness Prevention and Response

LG Chem is strengthening its heat illness prevention program in response to growing climate-related health risks, including heatwaves. Preventive measures are in place to reduce health impacts and safety risks associated with high-temperature working environments. The Five Heatwave Safety Rules are incorporated into Major Accident Prevention Safety Rules and applied across workplaces. During hot weather, leaders conduct focused inspections of high-heat work areas and proactively address signs of heat-related illness through improvements to working conditions and work practices.



CSEO Heat Illness Prevention Message

Supplier Health & Safety

LG Chem extends its accident prevention and health and safety management efforts to contractor personnel working at its business sites. Recognizing contractor safety as equally important as employee safety, we manage health and safety throughout the contractor lifecycle, from selection and onboarding to work execution and follow-up management.

Supplier Selection and Work Safety Management

During the contractor selection process, LG Chem evaluates potential contractors to determine whether they meet qualification requirements. For contractors involved in construction, expansion, or engineering projects, safety management systems and accident prevention capabilities are assessed through the Safety Bid Evaluation (SBE). This process helps ensure that contractors meeting LG Chem's safety standards are selected and that their ability to perform high-risk work is verified in advance. During work execution, dedicated personnel monitor workplace safety conditions and identify opportunities for improvement through work permit systems and pre-work risk assessment reviews. Contractors are also supported in identifying and addressing potential risks through the use of risk assessment best-practice libraries.

Capability Building and Performance Management

LG Chem regularly evaluates the health and safety performance of contractors and suppliers. Organizations identified as having elevated health and safety risks are designated as priority management targets and supported through tailored improvement measures, including reassessments, consulting, and training. We also recognize and reward contractors demonstrating outstanding safety performance through an annual recognition program, encouraging continuous improvement and proactive accident prevention. Since 2025, LG Chem has hosted EH&S leader meetings with major suppliers to strengthen information sharing and further enhance health and safety capabilities across its supplier network.

Performance

Investment and Operations

LG Chem continues to invest in preventing potential accidents in high-risk processes and facilities and strengthening the effectiveness of its EH&S management framework. From 2022 to 2025, the company invested an average of KRW 178 billion annually, totaling approximately KRW 712 billion over the four-year period. During the Magnolia Project (M-PJT), investment was focused on improvements to high-risk facilities. LG Chem also continues to expand spending on initiatives that support a strong safety and health culture, including personal protective equipment, employee health management, on-site safety programs and recognition, and training.

2025 EH&S Investment Summary

Unit: KRW billion

Total EH&S Investment
KRW 125.9 billion

Digital Transformation

KRW 23.5 billion

Facility Upgrades

KRW 19.4 billion

Regulatory Compliance

KRW 37.9 billion

Technical Guidelines

KRW 45.2 billion

EH&S Academy and Training

LG Chem promotes a participation-based safety culture grounded in workers’ right to know, right to participate, and right to refuse unsafe work. To strengthen EH&S capabilities, we provide company-wide training programs through the CSEO-led Talent Development Committee and the EH&S Academy. Training programs are tailored to different roles and functions, covering safety leadership for executives and managers, specialized programs for safety engineers supporting production sites, and region-specific courses reflecting the characteristics of domestic and overseas operations. We also provide environment and safety mindset training twice a year for employees and contractors to reinforce a strong safety culture. In addition, LG Chem encourages proactive accident prevention through employee participation programs, including the EH&S Hero program, accident-free incentives, and safety slogan contests.

LG Chem EH&S Academy Courses

Category	Area	Target	Key Courses
Common	EH&S	All Employees	Company-wide EH&S Mindset Training
Leadership	Safety	Executives, Directors, Leaders	Safety Leadership Course
Professional Competency	Process Safety	EH&S Engineers, Production & Utility Engineers	Risk Assessment Practice, HAZOP, LOPA, PHA, etc.
	Occupational Safety		OSH Act, Accident Investigation, EH&S Assessment, etc.
	Occupational Health		Ergonomics, Musculoskeletal Disorder Prevention, etc.
	Chemicals		MSDS, Hazardous Chemical Handling Standards, etc.
	Environment		Air Quality Management, Pollution Management, etc.

2025 EH&S Academy Participation

Category	Program	Target Audience	Participants
Common	EH&S Mindset Training	All Employees	12,204
Leadership	Safety Leadership Course	Executives, Directors, Leaders	62
Professional Competency	EH&S Academy (Korea)	EH&S Engineers, Safety Engineers	493
	Global EH&S Academy (Outside Korea)	EH&S Engineers, Production & Utility Engineers	430

* As training programs are conducted throughout the year, the number of participants may differ from the total number of employees as of year-end 2025.

Customer EH&S Capability Building

LG Chem supports the development of customers’ health and safety capabilities as part of its commitment to a sustainable business environment. For key customers, we provide training on the Understanding of Serious Accidents Punishment Act and Safety Leadership to strengthen awareness of major accident prevention and reinforce field-based safety leadership. LG Chem also helps customers address key EH&S challenges, including regulatory permitting, regulatory interpretation, and the application of technical standards. Through EH&S subject matter experts, we provide practical technical and advisory support to help resolve compliance issues and strengthen EH&S management capabilities.

Health & Safety Performance

Occupational and Process Safety ¹⁾		Unit	2023	2024	2025
Employees	Fatalities	Case	0	0	0
	Fatality Rate ²⁾	Rate	0	0	0
	Lost Time Incidents	Case	31	23	20
	LTIR ²⁾	Rate	0.1602	0.1229	0.1123
	Recordable Incidents	Case	131	97	85
	TRIR ²⁾	Rate	0.6769	0.5185	0.4774
	Total Hours Worked	Hour	38,703,375	37,417,656	35,610,975
Subcontractors	Fatalities	Case	0	0	1
	Fatality Rate	Rate	0	0	0.0100
	Lost Time Incidents	Case	21	21	18
	LTIR	Rate	0.1804	0.1899	0.1793
	Recordable Incidents	Case	63	69	60
	TRIR	Rate	0.5412	0.6240	0.5977
	Total Hours Worked	Hour	23,281,596	22,116,904	20,075,613
Process Safety Events ³⁾	Process Safety Events	Case	0	0	1
	Process Safety Event Rate	Rate	0	0	0.0056
Transportation Incidents ⁴⁾	Road	Case	0	0	0
	Rail	Case	0	0	0
	Ship	Case	0	0	0

1) Previous disclosures focused on incident rates. Following the inclusion of incident case data, working-hour calculation criteria were reviewed, resulting in revisions to certain incident rates previously disclosed.

2) Fatality and incident rates were calculated as (Number of incidents ÷ Total hours worked) × 200,000.

3) Process safety events were determined based on an internal incident index, which considers injuries, fires, spills and leaks, and financial losses.

4) Transportation incidents are collected and managed in accordance with SASB (Sustainability Accounting Standards Board) standards. No incidents meeting the reporting criteria were identified during the reporting year.

* No high-consequence injuries requiring more than six months of recovery were identified in 2025.

* Occupational illnesses and infectious diseases are managed separately under internal standards. No related cases were identified in 2025.



Supplier Management

LG Chem takes a systematic approach to managing ESG risks across its supply chain. To proactively identify and address environmental, social, and ethical issues that may arise within the supply chain, we have established a governance framework and a management process that connects policy, assessment, and improvement. Based on the Supplier Code of Conduct and Responsible Sourcing Policy, LG Chem defines clear ESG expectations for suppliers and conducts annual supplier ESG assessments to support their implementation. Assessment results are used to identify high-risk suppliers and guide improvement activities, training, and communication, helping strengthen ESG performance across the supply chain.

Governance

Policies and Standards

Responsible Sourcing Policy

LG Chem continuously reviews and updates its Supplier Code of Conduct and Responsible Sourcing Policy to strengthen ESG risk management and transparency across the supply chain. Since establishing the Responsible Sourcing Policy in 2020, LG Chem revised the policy in 2023 to incorporate the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the five-step due diligence framework outlined in the OECD Due Diligence Guidance for Responsible Mineral Supply Chains. The scope of due diligence was expanded beyond minerals to the broader raw material supply chain, and due diligence standards were enhanced to align with internationally recognized frameworks, including the Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Battery Regulation (EUBR).

LG Chem’s supply chain ESG management and assessment process follows the six-step OECD framework for responsible business conduct, covering policy integration, risk identification and assessment, mitigation of adverse impacts, monitoring, disclosure, and remediation. Through this process, LG Chem continues to strengthen its responsible supply chain management framework in line with global standards. The supplier grievance mechanism, enhanced since 2024, was incorporated into the 2025 revision of the Responsible Sourcing Policy to further strengthen stakeholder protection and grievance resolution. The Responsible Sourcing Policy serves as the foundation for preventing and managing ESG risks across the supply chain and underpins the Supplier Code of Conduct and related operating standards.

[Responsible Sourcing Policy](#)

Supplier Code of Conduct

LG Chem requires suppliers to comply with applicable laws and regulations in the jurisdictions where they operate and to meet internationally recognized standards. In 2016, LG Chem established the Supplier Code of Conduct based on leading international frameworks, including the Responsible Business Alliance (RBA), the International Labour Organization (ILO) Core Conventions, and the OECD Guidelines for Multinational Enterprises. The Supplier Code of Conduct is generally reviewed and updated every two years. However, revisions may be made more frequently in response to evolving ESG regulations or emerging supply chain risks. Updated requirements are reported to the Head of the Global Sourcing Group and shared with suppliers and internal stakeholders to strengthen awareness and implementation. The January 2026 revision reflects emerging supply chain risks arising from geopolitical developments and an increasingly complex global business environment. As international requirements related to economic sanctions and export controls have become more stringent, the Code now explicitly requires suppliers to comply with applicable regulations and international sanctions regimes. In addition, the scope of responsible sourcing was expanded beyond responsible mineral sourcing to responsible material sourcing, requiring suppliers to strengthen management practices across the broader material supply chain.

LG Chem also obtains annual Supplier Code of Conduct compliance pledges to reinforce sustainability values and responsible supply chain principles. In 2025, 964 suppliers participated in the pledge process, and 944 suppliers (98%) signed the pledge. LG Chem recognizes anti-corruption and conflict-of-interest risks as key supply chain management issues. The Supplier Code of Conduct explicitly prohibits all forms of corruption and conflicts of interest, including bribery, kickbacks, improper solicitation, third-party corruption, fair trade violations, and economic sanctions violations. Suppliers are required to comply with applicable laws and international standards. Ethics and compliance are key focus areas in supplier ESG assessments and on-site audits, enabling the early identification and management of potential risks. Where violations are identified, LG Chem may require corrective actions, restrict business transactions, or terminate contracts depending on the severity of the issue.

[Supplier Code of Conduct](#)

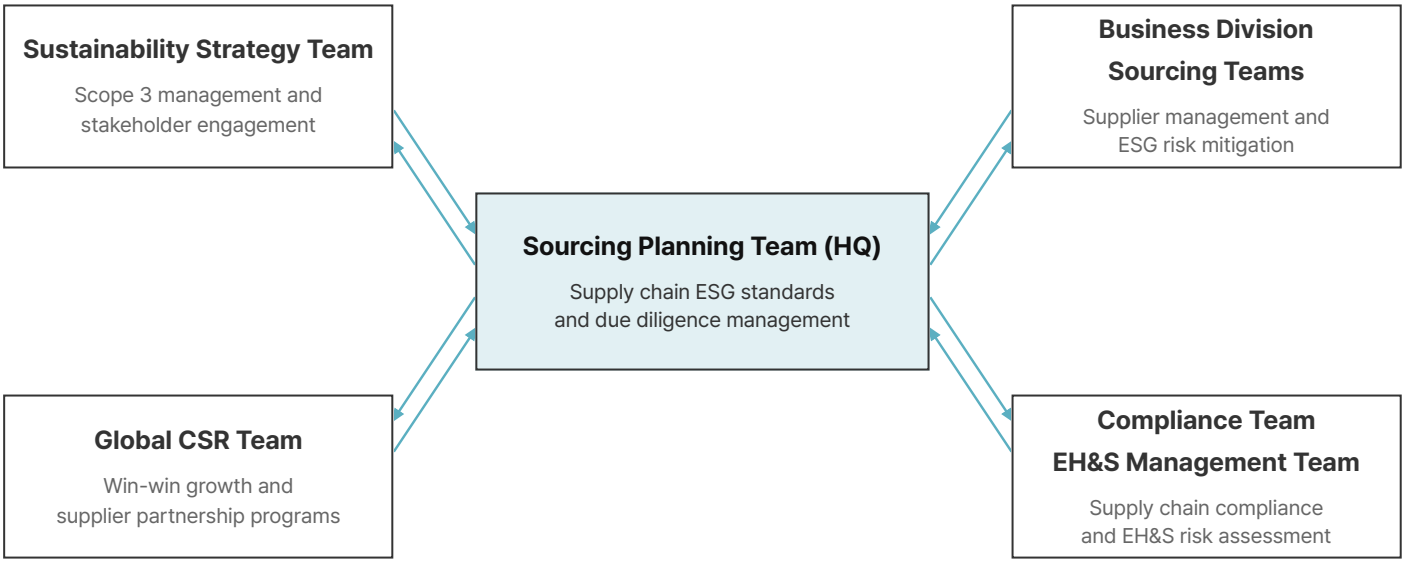
Roles and Accountability

Governance and Internal Collaboration

LG Chem manages supply chain ESG risks through clear accountability and cross-functional collaboration. The Head of the Global Sourcing Group is responsible for sustainable supply chain management and serves as the key decision-maker for the establishment, enhancement, and application of supply chain ESG standards. The Head reviews and approves the operation of the supply chain due diligence process and key improvement initiatives, while overseeing ESG risk identification and assessment. Supply chain ESG risks and supply chain ESG performance are regularly reviewed to ensure alignment with the company’s sustainability strategy and objectives. The operation and key results of the supply chain ESG management process are reported annually to the Head of the Global Sourcing Group, including ESG self-assessment results, due diligence activities, key risks, and improvement actions. The ESG Committee also oversees major ESG issues, including those related to the supply chain.

Internal organizations across LG Chem share responsibility for planning, implementing, and supporting the supply chain ESG management framework. The Sourcing Planning Team establishes ESG standards and processes and manages revisions to the Responsible Sourcing Policy and Supplier Code of Conduct. Business Division Sourcing Teams manage supplier engagement and support implementation activities. LG Chem also participates in the ESG Subcommittee of the LG Group Procurement Council and has chaired the subcommittee since 2025. Key activities in 2025 included supplier audit integration, sharing supply chain ESG regulatory updates, and exchanging best practices across affiliates to promote consistency and strengthen joint responses.

Roles and Collaboration in Supplier ESG Management



Evaluation and Compensation

LG Chem recognizes sustainable supply chain management as a key strategic priority across the organization. Supply chain ESG performance is incorporated into the performance evaluations of C-level executives and relevant department heads, and evaluation results are linked to compensation, reinforcing accountability for responsible supply chain management. To strengthen supplier ESG capabilities, LG Chem conducts annual supplier ESG assessments. These assessments are also used as a key performance indicator in management evaluations.

Performance Evaluation Indicators

LG Chem conducts annual supplier ESG assessments to strengthen supplier ESG capabilities, and the results are reflected in management performance evaluations.

Evaluation Indicator

Supplier ESG assessment coverage based on total domestic and overseas sourcing spend

Evaluation Criteria

Outstanding ≥ 85%	Excellent ≥ 80%	Average ≥ 70%	Below Average ≥ 60%
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Approach

Supply Chain Risk Management

Internal Risk Identification and Monitoring

To build a sustainable supply chain, LG Chem identifies and monitors ESG risks across its suppliers and broader supply chain. We use a range of internal and external information sources to assess potential risks, and the results are also considered during supplier selection. LG Chem monitors major domestic and international media outlets to identify social issues, accidents, and adverse news related to suppliers at an early stage. Risk assessment also takes into account business and regional characteristics. In the Cathode Materials business, for example, LG Chem screens suppliers located in Conflict-Affected and High-Risk Areas (CAHRAs), reviews risk levels, and verifies Responsible Minerals Initiative (RMI) certification to identify region-specific risk factors. Based on identified risks, LG Chem develops supplier-specific management strategies and, where necessary, conducts follow-up assessments and corrective actions. To verify that supplier ESG assessments and supply chain management activities are implemented in accordance with internal standards, the company also performs internal reviews and periodic operational assessments, incorporating the results into supplier management and follow-up actions.

Risk-Based Supplier Screening Criteria

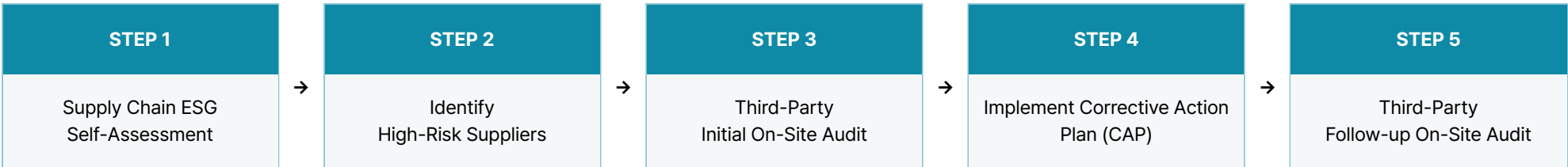
LG Chem conducts risk-based supplier screening during supplier selection and classification by considering country, industry, and product-specific risk factors. Suppliers located in Conflict-Affected and High-Risk Areas (CAHRAs) or in countries with elevated human rights and environmental risks are classified as high-risk suppliers and subject to enhanced due diligence and management requirements. In 2025, LG Chem used an internally developed regional risk identification tool to support the selection of suppliers requiring in-depth on-site assessments. The tool will be formally incorporated into the company's risk-based screening process beginning in 2026. Additional scrutiny is applied to suppliers operating in industries with elevated human rights and environmental risks, such as battery materials and cathode materials supply chains. Suppliers handling high-risk minerals, including cobalt, nickel, and lithium, are also subject to additional due diligence and certification requirements. Through this risk-based approach, LG Chem applies differentiated management strategies based on supplier risk profiles.

ESG Requirements in Purchase Agreements

Since November 2024, LG Chem has incorporated legal compliance obligations and supply chain due diligence requirements into purchase agreements for new suppliers. These provisions support ESG risk management and strengthen regulatory compliance and transparency across the supply chain. Purchase agreements require compliance with applicable environmental, labor, safety, and anti-corruption regulations. They also specify that the party responsible for a legal violation must bear the resulting legal and financial liabilities. In addition, all new suppliers are required to acknowledge and sign the Supplier Code of Conduct (CoC) as a condition of doing business with LG Chem. The company also conducts ESG self-assessments for key suppliers based on transaction volume and frequency to identify and assess ESG risks. Purchase agreements further grant LG Chem the right to conduct supplier due diligence where permitted by applicable regulations. Through this contract-based approach, LG Chem seeks to prevent environmental and safety risks across the supply chain and provide safe and reliable products to stakeholders.

Regular Supplier ESG Assessments

Since 2022, LG Chem has conducted annual ESG self-assessments for domestic and overseas suppliers as part of its regular supplier review process. Suppliers are categorized as Low, Middle, or High based on their ESG management performance, with those classified as High designated as high-risk suppliers subject to enhanced management requirements. In 2025, 923 suppliers participated in the assessment, representing approximately 97% of total sourcing spend and maintaining the same level of coverage as the previous year. LG Chem supports supplier ESG capability building through ongoing communication and training. Suppliers identified as high-risk and requiring additional verification are subject to on-site assessments conducted with independent third-party experts. These assessments identify key risks, establish corrective action plans, and monitor implementation progress. Document reviews and on-site assessments are conducted with reference to internationally recognized frameworks, including the RBA Code of Conduct and the OECD Due Diligence Guidance.



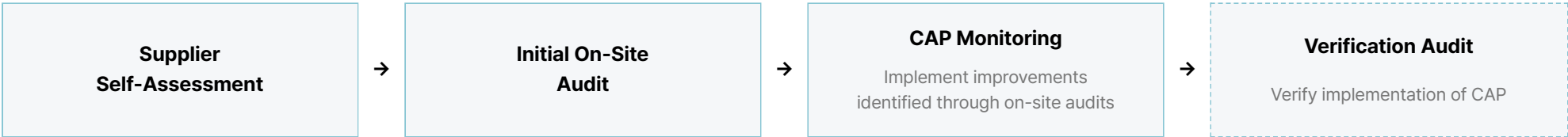
Assessment Results and Corrective Actions

2025 Supplier ESG Assessment Results

In 2025, LG Chem conducted supplier ESG assessments to evaluate overall supplier ESG performance and identify key areas for improvement. No supplier relationships were terminated due to significant adverse social impacts. However, opportunities for improvement were identified across environmental management, energy and GHG emissions, labor, occupational health and safety, and ethics and responsible business practices. These findings served as the basis for corrective action planning to support supplier sustainability. In the social area, improvement opportunities were identified in policies and procedures prohibiting child labor, accommodations for religious practices and individuals with disabilities, and supply chain management practices. Environmental findings included opportunities to strengthen GHG measurement systems and reduction targets, environmental impact management processes, and waste management practices. In the occupational health and safety area, employment policies for vulnerable workers, including pregnant employees, as well as emergency response processes and training, were identified as key improvement areas. In the ethics area, compliance reporting channels, follow-up actions, and ethics audits were identified as areas for improvement.

Corrective Action Plans and Support

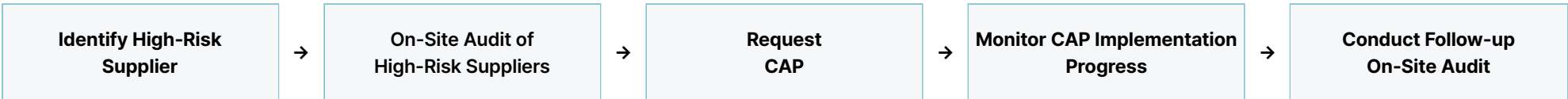
When sharing supplier ESG assessment results, LG Chem also provides rating categories and distribution criteria to help suppliers understand their relative standing among their peers. This enables suppliers to identify improvement priorities and develop action plans accordingly. LG Chem completed Corrective Action Plans (CAPs) for all suppliers that participated in on-site audits in 2025. Based on assessment and audit findings, each supplier developed specific action plans and implemented corrective measures in a phased manner. LG Chem also provides consulting support to small and medium-sized suppliers with relatively limited ESG management experience. In 2024, 21 suppliers and, in 2025, 18 suppliers received ESG-related guidelines, support for internal processes and documentation, and customized guidance on the Supplier Code of Conduct. Follow-up audits conducted in 2025 showed that most suppliers were steadily implementing their CAPs. The average corrective action implementation rate reached 75%, an increase of 22 percentage points from the previous year, demonstrating the effectiveness of LG Chem’s ongoing monitoring and support efforts. LG Chem will continue to monitor progress against supplier CAPs and provide additional support where needed. The company also supports suppliers in strengthening internal processes and setting clear priorities to further enhance their ESG management capabilities.



High-Risk Supplier Management

LG Chem identifies high-risk suppliers based on supplier ESG assessment results and applies differentiated management measures to manage supply chain ESG risks. High-risk suppliers are defined as those that meet at least one of the following criteria: (i) classified as High Risk in supplier ESG assessments, or (ii) involved in two or more environmental, social, or ethics-related legal violations within a specified period. To enhance risk identification across the supply chain, LG Chem utilizes an internally developed high-risk region identification tool based on internationally recognized country-level ESG indicators. In 2025, the tool was used to support the selection of suppliers for on-site assessments and was formally incorporated into the company's risk-based screening process in 2026. Based on country- and region-specific environmental, human rights, labor, and ethics risks, selected suppliers were subject to on-site assessments conducted with independent third-party experts. Suppliers identified as high-risk through ESG assessments and country- or region-level risk analysis are subject to additional on-site assessments and follow-up reviews. Based on the assessment results, suppliers are required to establish Corrective Action Plans (CAPs). LG Chem monitors CAP implementation through regular progress reviews and follow-up assessments to ensure identified risks are effectively addressed. For suppliers identified as non-compliant with human rights or labor standards, additional support is provided to facilitate corrective actions and prevent recurrence. In 2025, 147 suppliers were identified as high-risk through supplier ESG assessments. Of these, 25 suppliers with relatively elevated risk levels underwent on-site assessments conducted with independent third-party experts. Assessment findings were used to develop CAPs, and ongoing monitoring and follow-up activities were carried out to strengthen supply chain ESG performance.

High-Risk Supplier Identification and Audit



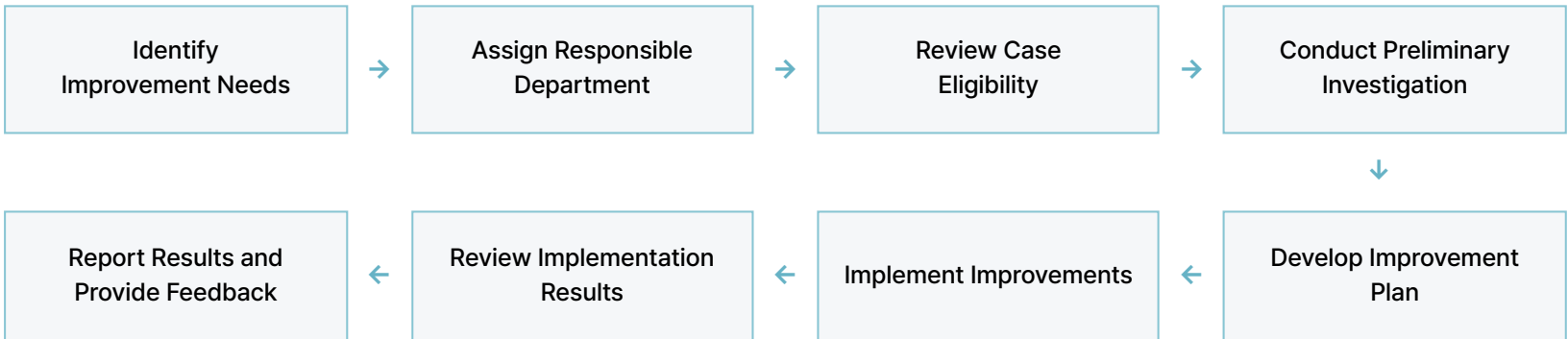
Supplier Grievance Mechanism

Supplier Grievance Process

LG Chem operates a supplier grievance mechanism that allows supplier employees and other supply chain stakeholders to raise concerns related to working conditions, human rights, and ethics. The mechanism supports the protection of supplier workers and promotes fair working conditions while enabling issues to be identified and addressed through LG Chem's supply chain management framework. It is designed not only to resolve individual cases but also to support recurrence prevention and continuous improvement. The grievance mechanism is available to supply chain stakeholders, including supplier employees. All reports are managed by a dedicated department, which assigns responsibility based on the nature of the issue and determines the scope of investigation. Investigations are conducted to verify facts, and additional reviews or site visits may be carried out where necessary. Investigation results are communicated to the reporting party, and all reports are handled in accordance with confidentiality principles. LG Chem aims to notify reporting parties within five business days of whether an investigation will be initiated and to communicate results within ten business days after an investigation begins. Where additional time is required, progress updates and expected timelines are communicated separately. LG Chem protects the anonymity of reporting parties and applies measures to prevent retaliation. Findings from grievance cases are reflected in internal management processes and supply chain operations to support recurrence prevention and continuous improvement. The mechanism also serves as an important tool for identifying and addressing human rights and labor-related issues across the supply chain.

2025 Supplier Grievance Performance and Improvements

LG Chem operates supplier grievance channels to strengthen communication with suppliers and ensure timely responses to grievances. To improve effectiveness, the grievance mechanism excludes inquiries and promotional messages that are not directly related to grievance handling. In 2025, a total of four cases were received, and all were handled promptly and fairly in accordance with internal procedures. Progress updates were provided throughout the process to promote transparency and build trust in the grievance mechanism. The average time from case submission to initial feedback was 0.33 days, and no cases required additional investigation. Where additional review time is required, progress updates and expected completion dates are communicated to reporting parties. The reduction in response time reflects LG Chem's efforts to establish clear response timelines and strengthen grievance management processes. LG Chem continues to review the effectiveness of its grievance handling procedures and response capabilities. The company also continues to enhance its grievance management framework by reflecting global customer expectations and international standards while strengthening the protection of reporting parties and affected individuals.



Supplier ESG Capability Building

Financial Support through ESG and Win-Win Funds

LG Chem provides financial support programs to help strengthen supplier ESG capabilities and build a sustainable supply chain. Through these programs, the company supports supplier competitiveness while helping suppliers respond to evolving ESG requirements and regulatory expectations. LG Chem operates two financial support programs—the ESG Fund and the Win-Win Fund. The ESG Fund supports ESG-related activities such as reducing hazardous substances, improving energy efficiency, and enhancing occupational health, safety, and product quality. The Win-Win Fund helps alleviate financial burdens and improve overall business stability for suppliers. LG Chem has established an ESG Fund of KRW 100 billion and a Win-Win Fund of KRW 106.1 billion, providing suppliers with meaningful interest rate reduction benefits. Established in 2021, the ESG Fund was the first program of its kind in the industry designed to support ESG improvement activities among small and medium-sized suppliers. As of December 2025, approximately KRW 37 billion had been utilized for supplier ESG improvement initiatives. LG Chem also reviews ESG improvement outcomes to assess the effectiveness of fund support. The Win-Win Fund is designed to strengthen business partnerships with suppliers while supporting their financial stability. As of December 2025, approximately KRW 80 billion had been provided to suppliers, primarily for facility investments and working capital needs arising from raw material price fluctuations. These programs contribute to both supplier resilience and supply chain stability.

ESG Awareness and Capability Building

LG Chem provides educational materials and training programs to enhance supplier ESG awareness and encourage continuous improvement. These initiatives help suppliers understand ESG issues and integrate ESG considerations into their business operations. The company develops and distributes ESG educational materials covering key ESG concepts, emerging issues, and practical implementation approaches. These materials are tailored to supplier needs based on on-site assessment findings and help suppliers identify and address improvement opportunities. LG Chem also offers practical training programs to strengthen supplier ESG capabilities. The programs focus on global sustainability trends, regulatory developments, and LG Chem's supplier requirements, helping suppliers better manage supply chain risks and respond to evolving regulatory expectations. In 2025, LG Chem provided virtual training covering ESG management trends and supplier ESG self-assessment criteria through an online learning platform. A total of 194 participants from 138 suppliers attended the training. The program was designed to help suppliers better understand ESG trends and assessment requirements and apply them to their own ESG management systems and strategies.

Performance

Supplier ESG Assessment

Supplier ESG Assessments ¹⁾		Unit	2023	2024	2025
ESG Self-Assessment ²⁾	No. of suppliers	Company	1,168	1,026	964
	Completed suppliers	Company	1,000	955	923
	No. of core suppliers ³⁾	Company	118	152	129
	Completed core suppliers	Company	97	139	124
ESG On-Site Audit	No. of high-risk suppliers ⁴⁾	Company	160	151	147
	Completed high-risk suppliers	Company	31	38	25
	No. of high-risk core suppliers	Company	7	15	12
	Completed high-risk core suppliers	Company	1	3	3
Corrective Actions for On-Site Audits	Total number of findings	Case	554	1,134	508
	Number of improvements	Case	99	604	382

1) Suppliers refer to domestic and overseas suppliers with annual purchases of KRW 100 million or more and at least three purchase orders issued per year.
2) ESG self-assessments refer to online or written assessments conducted to evaluate supplier ESG risk levels.
3) Core suppliers refer to suppliers representing the top 90% of total sourcing spend and include companies of all sizes.
4) High-risk suppliers refer to suppliers with material non-conformities or those classified as High Risk through ESG self-assessments.

Responsible Minerals

As global regulatory requirements continue to tighten, responsible minerals management is evolving from a voluntary ethical commitment into a legal and regulatory obligation. In particular, the implementation of the EU Battery Regulation (EUBR) and the expansion of forced labor-related regulations in the EU and the United States have significantly increased expectations for mineral sourcing transparency and supply chain due diligence across the battery materials industry. In response, stakeholders—including customers, international organizations, regulators, and civil society—are increasingly demanding that companies establish and operate responsible minerals sourcing programs in a transparent and accountable manner. LG Chem recognizes responsible minerals sourcing and responsible supply chain management as strategic priorities in response to this evolving regulatory landscape. Key minerals such as cobalt, nickel, and lithium are used in LG Chem’s cathode materials products, and these minerals are subject to supply chain due diligence requirements under the EU Battery Regulation. To address these evolving requirements, LG Chem has established a dedicated responsible minerals management framework integrated into its broader supply chain ESG management framework.

Governance

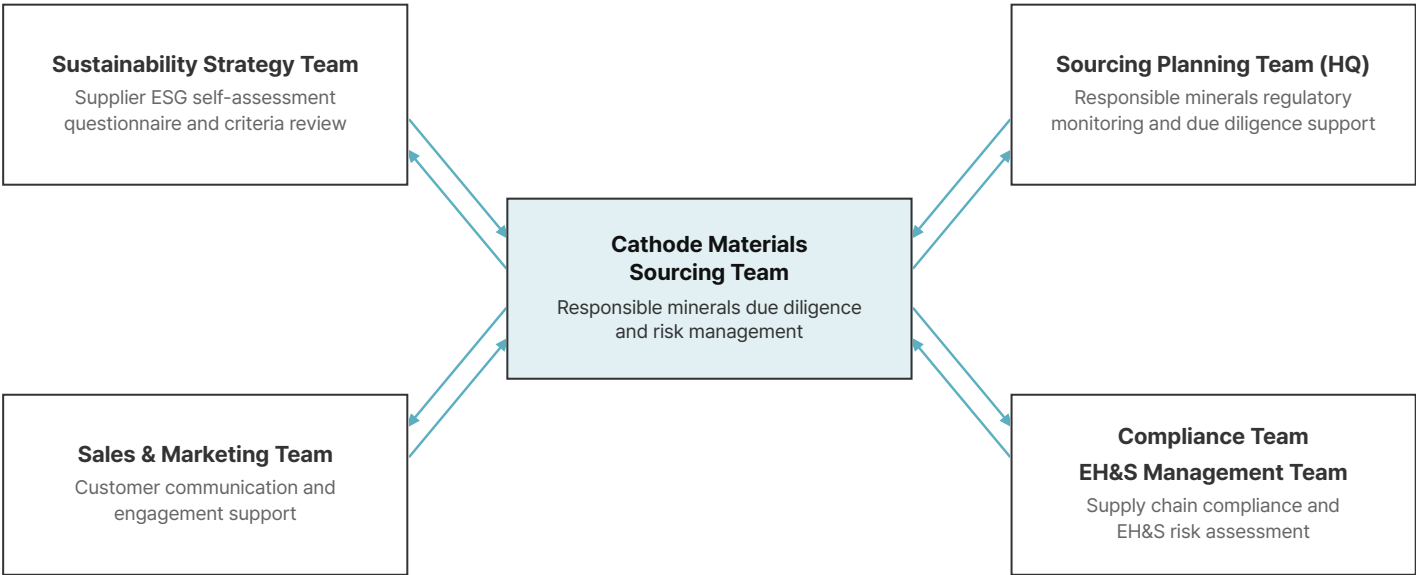
Management Principles

The Responsible Sourcing Policy serves as LG Chem’s overarching framework for preventing and managing ESG risks across the supply chain and forms the foundation of the Supplier Code of Conduct and related operational standards. Responsible minerals management is embedded within this framework, with particular emphasis on addressing human rights violations and environmental impacts that may arise during the extraction, processing, and sourcing of minerals. LG Chem manages responsible minerals in alignment with the OECD Due Diligence Guidance for Responsible Business Conduct and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, applying a consistent due diligence approach throughout its supply chain. Through this framework, we integrate responsible minerals management into our broader supply chain ESG risk management activities rather than treating it as a standalone issue. We seek to proactively identify, prevent, mitigate, and address risks related to human rights, labor practices, the environment, health and safety, and business ethics across the supply chain.

Roles and Accountability

LG Chem has established a governance structure based on cross-functional collaboration to support responsible minerals sourcing and effective supply chain risk management. In particular, to strengthen the sustainability of the cathode materials supply chain, a core part of the battery materials business, we have established clear roles, responsibilities, and accountability for responsible minerals management, led by the Cathode Materials Division. The Cathode Materials Sourcing Team is responsible for the day-to-day management of responsible minerals activities, including the development and implementation of supplier due diligence processes and tools, as well as oversight of supply chain due diligence activities. Through these efforts, the team systematically identifies and manages human rights and environmental risks associated with the sourcing of key battery minerals. The Sales and Marketing Team serves as the primary customer interface, communicating customer inquiries and requirements related to responsible minerals management across the organization and supporting external engagement. The HQ Sourcing Planning Team supports regulatory monitoring, the collection of responsible minerals-related information, and due diligence management activities to facilitate compliance with international regulations and external disclosure requirements. The Compliance Team manages ESG-related clauses in procurement standards and contractual agreements to help ensure that responsible minerals requirements are consistently reflected in purchasing and contracting processes. Through this cross-functional governance structure, we manage responsible minerals as an integral part of our company-wide responsible supply chain management framework rather than as the responsibility of a single department. In collaboration with suppliers, we continue to strengthen the effectiveness of our responsible minerals sourcing practices and supply chain risk management activities.

Roles and Collaboration in Responsible Minerals Management



Approach

Minerals Risk Management

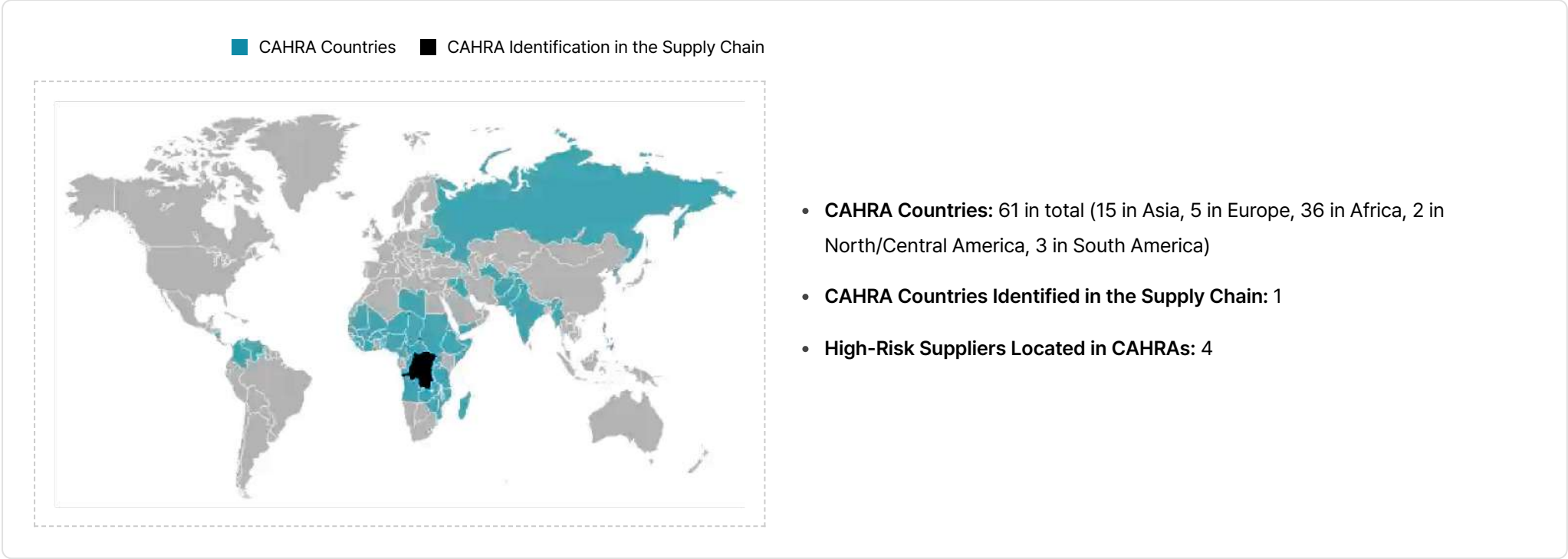
Responsible Minerals Risk Management Framework

LG Chem proactively identifies, prevents, and manages risks related to human rights, labor practices, the environment, health and safety, and business ethics across its supply chain through a robust responsible minerals management framework. In particular, we recognize human rights violations and environmental impacts that may arise during mineral extraction, smelting, refining, and sourcing activities as key areas of focus and apply consistent due diligence policies and management standards throughout the supply chain. This framework is implemented in accordance with our Responsible Sourcing Policy and Supplier Code of Conduct.

Supply Chain Mapping and CAHRA Identification

LG Chem applies a five-step due diligence framework based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs) as part of its responsible minerals management approach. Risk identification and assessment are conducted through systematic data collection and analysis, enabling us to proactively identify potential risks and establish management priorities across the supply chain. Our responsible minerals management efforts currently focus on nickel, cobalt, and lithium, which are key raw materials used in battery materials production. While traditional conflict minerals—including tin, tungsten, tantalum, and gold (3TG)—are not among our primary raw materials, we apply the same OECD-aligned due diligence approach to maintain a management framework that remains consistent with international standards and adaptable to future changes in supply chain structures. We collect and regularly update information on the origin and transaction routes of raw materials using supplier reporting templates. This information serves as a basis for enhancing supply chain transparency and identifying potential risks.

LG Chem utilizes credible external indicators, including the EU CAHRA list, countries covered by Dodd-Frank Act requirements, and the Human Development Index (HDI), to identify Conflict-Affected and High-Risk Areas (CAHRAs). By reviewing supply chain mapping data alongside these external indicators, we classify suppliers as high-risk when sourcing origins or transaction routes involve entities located in CAHRAs. For suppliers identified as high-risk, we verify their responsible minerals management practices and review certifications issued under recognized industry initiatives, including the Responsible Minerals Initiative (RMI). The results of this review provide insight into suppliers' responsible minerals management performance and help assess risk levels across the supply chain. Through supply chain mapping and CAHRA-based risk identification processes, we systematically identify and assess responsible minerals-related risks and strengthen the foundation of our responsible sourcing framework.



Risk Mitigation Measures

For responsible minerals sourcing, LG Chem verifies whether suppliers comply with responsible minerals sourcing requirements and utilize internationally recognized certified smelters and refiners. In addition to confirming certification status, we review the validity and ongoing maintenance of certifications to ensure that responsible minerals management extends beyond a simple certification review. We also supplement our assessment with information obtained from publicly available sources, including supplier websites, due diligence reports, media coverage, and reports published by NGOs and academic institutions. Through these efforts, the number of high-risk suppliers identified declined from 10 in 2023 to 4 in 2024 and remained unchanged in 2025.

In addition, as part of our supply chain risk mitigation efforts, LG Chem requires Cathode Materials Tier 1 suppliers to complete an annual ESG Self-Assessment Questionnaire (SAQ). Through the self-assessment process, suppliers evaluate their ESG and responsible minerals management practices against the requirements of the LG Chem Supplier Code of Conduct, while the assessment results are used to support supply chain risk management activities. Since 2024, we have also incorporated clauses related to compliance with ESG regulations, cooperation in due diligence activities, and supply chain ESG management obligations into supplier contracts. These requirements apply to both new contracts and contract renewals, helping ensure that responsible minerals management expectations are consistently reflected in procurement and business relationships.

To further strengthen risk mitigation efforts across the supply chain, we maintain regular communication with Tier 1 suppliers handling responsible minerals. Through semi-annual Sustainability Meetings, we share supply chain risk management strategies and ESG objectives, exchange information on evolving regulations and industry developments, request due diligence-related data, and review suppliers' ESG management status. As of 2025, participation by Tier 1 suppliers in these meetings reached 100%.

Third-Party Due Diligence

LG Chem continuously monitors the status and validity of internationally recognized third-party certifications held by smelters, refiners, and mines identified through supply chain mapping. Through these activities, we objectively assess risks within the responsible minerals supply chain and maintain a management framework aligned with global standards. We continuously encourage suppliers that have not obtained recognized certifications to pursue certification and recommend timely renewal where certifications have expired, helping ensure that responsible minerals sourcing standards are applied throughout the supply chain. In particular, for minerals associated with elevated risks of child labor and conflict, such as cobalt, we assess the management practices of smelters and refiners against the Responsible Minerals Assurance Process (RMAP). We have also strengthened RMAP certification requests and certification coverage management for the Indonesian nickel supply chain, where concerns regarding human rights and environmental risks have increased in recent years. Through these efforts, RMAP certification coverage among cobalt refiners reached 100% in 2025, a significant increase from 89% in the previous year. Certification coverage among nickel refiners also expanded from 67% in 2024 to 75% in 2025.

To further assess potential risks within the cathode materials supply chain, LG Chem conducts third-party ESG on-site audits through qualified independent third-party audit organizations. The audits utilize internationally recognized RBA standards to evaluate management practices and risk levels across labor, health and safety, environmental, and ethics topics, while also reviewing key RMAP requirements to verify the implementation of responsible minerals due diligence and related management systems. The audits are conducted in phases. The initial audit identifies high-risk areas and improvement opportunities for each supplier, based on which suppliers establish improvement plans. Following an agreed implementation period, a follow-up audit is conducted to verify the completion of corrective actions and supporting evidence, thereby verifying whether meaningful improvements have been achieved.

In 2025, we completed third-party ESG on-site audits for two Tier 1 suppliers that had commenced mass-production supply, along with five Tier 2 suppliers. During 2024 and 2025, we maintained 100% on-site audit coverage of Tier 1 suppliers while expanding the audit scope to include Tier 2 suppliers. As a result of scoring and tracking audit performance, the average supplier score improved by 15.8% in the follow-up audit compared with the initial audit, demonstrating a meaningful improvement in suppliers’ overall ESG management performance. Going forward, we will continue to monitor the implementation of improvement actions across our supplier base, including the responsible minerals supply chain, and strengthen our ability to address risks identified through third-party audits.

Stakeholder Engagement

LG Chem strengthens accountability and stakeholder trust by transparently disclosing responsible minerals due diligence results and management activities. Key outcomes, including responsible minerals supply chain due diligence activities, third-party certification status, and on-site audit results, are disclosed through official channels such as the Sustainability Report. Related information is also provided in response to requests from customers and regulatory authorities. Through these disclosure efforts, we respond to evolving global responsible minerals regulations, including the EU Battery Regulation (EUBR), as well as customer expectations. We also strive to ensure that supply chain due diligence and management activities translate into meaningful and effective implementation of responsible sourcing practices. Going forward, LG Chem will continue to regularly review responsible minerals management performance and improvement progress, while building stakeholder trust through transparent disclosure of relevant information.

Performance

Responsible Minerals Management

- **CAHRA Management Status**
1 CAHRA country identified within LG Chem's supply chain (out of 61 CAHRA-designated countries, as of 2024)
4 high-risk suppliers located in CAHRAs (unchanged from 2024 to 2025) – **100%** certified under internationally recognized certification programs
- **Tier 1 Supplier Coverage**
100% coverage of Tier 1 cathode materials suppliers handling responsible minerals (2025)
- **Expansion of On-Site Audit Coverage**
100% on-site audit coverage of Tier 1 suppliers maintained (2024–2025)
Audit scope expanded to include five Tier 2 suppliers in 2025
- **Improvement Performance**
Average supplier score improved by **15.8%** based on follow-up third-party ESG on-site audit results



To foster a corporate culture where every employee can thrive, LG Chem has established five core values based on its philosophy of respect for people. We are committed to providing all employees with a work environment free from discrimination, harassment, and physical, psychological, or verbal abuse. We also strive to foster a culture grounded in mutual respect and fairness. Based on these principles, we attract and develop talent, support career growth, and create an efficient work environment that enables both our people and our business to thrive. Through a variety of programs and initiatives, we also promote open communication and a collaborative workplace culture.

Governance

Core Values and Principles

LG Chem uses its five core values—Customer Focus, Agility, Collaboration, Passion, and Sustainability—as guiding principles for employee-related decision-making and people management practices. These core values are embedded across key HR processes, including recruitment, performance evaluation, and compensation, as well as initiatives related to organizational culture and employee protection. We recognize our employees as the foundation of our success and strive to foster a fair and respectful workplace. In particular, we identify issues that directly affect employees—including human rights, diversity, safety, and fundamental labor rights—as key management priorities and continuously review related policies and implementation progress.

Employee-related policies and initiatives are overseen by the Chief Human Resources Officer (CHO). Through this governance structure, employee-related issues are managed as company-wide sustainability priorities rather than solely as HR matters, supporting accountable and responsible management.

LG Chem's Five Core Values

- **Customer Focus:** We place customers at the center of all our businesses.
- **Agility:** We respond to change with flexibility and agility.
- **Collaboration:** We actively collaborate based on mutual respect to create synergy.
- **Passion:** We grow together with the company through passion for work and bold challenges.
- **Sustainability:** We provide innovative and sustainable solutions for the environment and society.

Employee Value Proposition

Based on these core values and management practices, LG Chem aims to create meaningful work experiences for employees. This is reflected in our Employee Value Proposition (EVP), which is centered on the employee experience.

- **Growth:** A company where employees grow their value through meaningful work
- **Work:** A company that creates positive change by focusing on what matters most in an efficient work environment
- **Recognition:** A company where employees are recognized in fair and diverse ways
- **Care:** A company that values the health and well-being of employees and their families

Labor and Human Rights Principles

LG Chem recognizes the protection of employee labor and human rights, as well as compliance with applicable laws and regulations, as important management principles. We comply with statutory working hour requirements and manage working hours to prevent excessive overtime. We also respect the right to paid leave and support sufficient rest through related policies and programs.

Under our principle of non-discriminatory compensation, we provide fair compensation for employees in the same roles and positions and strive to maintain equity throughout our compensation practices. We also recognize the importance of responsible labor practices not only within our own operations but also in our relationships with suppliers. Compliance with fundamental labor and human rights principles is a prerequisite for doing business with LG Chem, and suppliers are required to sign the LG Chem Supplier Code of Conduct (CoC).

Approach

Human Rights and Labor

Based on its principle of Respect for Human Dignity, LG Chem is committed to respecting human dignity and protecting the rights to freedom and happiness. We comply with labor laws in all countries and regions where we operate and support internationally recognized standards related to human rights and labor, including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Core Conventions, and the OECD Guidelines for Multinational Enterprises. In line with these standards and principles, LG Chem maintains a clear commitment to prohibiting child labor and forced or compulsory labor at all sites owned and controlled by the company and has established related human rights and labor policies and standards.

In 2023, we conducted our first Human Rights Impact Assessment covering three sites, including two sites in Korea and one overseas site. The assessment covered major human rights risks commonly associated with business activities, including forced labor, human trafficking, child labor, freedom of association, collective bargaining rights, and discrimination. As a result, improvements were made to overtime management at our China site through enhancements to HR and time management systems. In 2024, we expanded the assessment to four sites, including three sites in Korea and one overseas site, and identified opportunities to expand Human Rights Impact Assessments across the company and strengthen human rights-related disclosure data. Accordingly, in 2025, we expanded the assessment to all sites in Korea. Through these assessments and ongoing risk management activities, no significant risks related to child labor or forced labor have been identified at the sites assessed to date.

To comply with legal requirements and strengthen employee awareness of human rights, LG Chem provides mandatory human rights training for employees, regularly monitors completion rates, and updates training materials to reflect changes in relevant laws and regulations. The company identifies and manages compliance risks and potential crisis factors related to human rights and labor laws through an annual risk assessment process. For key risk areas, we establish response scenarios and continue to strengthen our response preparedness through regular reviews and simulation exercises.

Harassment Prevention

Workplace Harassment and Discrimination Grievance Mechanism

LG Chem operates a Sexual Harassment and Workplace Bullying Reporting Center to foster a workplace free from harassment and discrimination and to provide a safe working environment. We also conduct campaigns through various channels to help prevent sexual harassment and workplace bullying. Under our zero-tolerance policy, we protect affected employees through strict confidentiality and measures to prevent secondary harm. When a report is received, we promptly verify the facts, conduct an investigation, and take disciplinary action where necessary.

Prevention, Response, and Continuous Improvement

LG Chem provides mandatory training on the prevention of sexual harassment and workplace bullying for all employees. We also seek to identify cases that may not be formally reported through various channels, including employee surveys, HR interviews, and employee representative bodies. The Sexual Harassment and Workplace Bullying Reporting Center accepts reports 24 hours a day through multiple channels, including email, telephone, and online platforms. To protect personal information and confidentiality, trained investigators implement separation measures between the reporting party or affected employee and the respondent throughout the investigation process. When allegations are substantiated, disciplinary action is taken, and potential secondary harm involving the reporting party, affected employee, and investigation participants is monitored for one year following case closure.

LG Chem analyzes resolved cases to continuously improve its approach to preventing and addressing sexual harassment and workplace bullying. Cases are reported to the CHO, relevant HR departments, and the LG Chem Ethics Office. Reports include investigation plans, findings, separation measures, disciplinary actions, and future prevention and response measures. Where workplace bullying or sexual harassment involving an executive or people leader is substantiated, the same information is also reported to the CEO and the holding company.

Diversity, Equity, and Inclusion

LG Chem views diversity, equity, and inclusion as essential elements of a sustainable organizational culture and is committed to fostering a more diverse and inclusive workplace. The diversity we promote extends beyond gender, generation, and cultural background to include cognitive diversity, which plays an important role in building a healthy organizational culture based on mutual respect and collaboration. In support of gender diversity, we establish and monitor targets to increase female representation across the organization. As of 2025, women accounted for approximately 31% of new office hires in Korea. We continue to recruit talent with diverse backgrounds and perspectives while supporting female employees in building long-term careers through maternity protection and related programs.

Over the medium to long term, we aim to increase the proportion of female leaders, including organizational heads, to at least 15%. We also consider diversity as part of the leadership selection process. Pay equity is regularly reviewed using relevant data, and the results are reflected in compensation practices to help prevent discrimination among employees in comparable roles and positions. Through these efforts, we continue to foster an inclusive workplace culture and provide a working environment that respects the unique circumstances and characteristics of every employee.

Pregnancy, Childbirth, and Childcare Support

LG Chem offers a range of programs and support measures to help minimize career interruptions related to pregnancy, childbirth, and childcare, while enabling employees to build stable careers throughout different stages of life. We provide both statutory protections and company-sponsored programs that support employee health and work-life balance throughout pregnancy, childbirth, and childcare. In addition to meeting legal requirements, we offer a variety of benefits and resources designed to address the evolving needs of employees and their families. To enhance the effectiveness and accessibility of these programs, we continuously review and expand eligibility criteria and program coverage. We also continue to strengthen our work environment and childcare support infrastructure to better support employees throughout their parenting journey.

Employee Life Stage Support Programs

- **Pregnancy and Childbirth Support**
 - Up to six months of leave for infertility treatment
 - Financial support for infertility treatment, including non-covered expenses such as diagnostic tests, medication to prevent miscarriage, and implantation support medication
 - Pregnancy- and childbirth-related medical expenses
 - Leave and extended leave for miscarriage or stillbirth
 - KRW 1 million childbirth benefit
- **Childcare Support**
 - One additional year of parental leave beyond the statutory entitlement
 - Six on-site childcare centers located at Headquarters, Magok Campus, Daejeon R&D Campus, and the Yeosu, Daesan, and Cheongju Plants
- **Workplace Support**
 - Dedicated maternity support rooms for nursing and pregnant employees

Fostering Cultural and Generational Diversity

As a global company, LG Chem strives to foster a culture where employees from diverse cultural backgrounds understand, respect, and embrace one another, creating greater opportunities for collaboration and shared success. To strengthen global collaboration, we offer learning and development programs focused on cultural diversity and mutual understanding. We also encourage professional and cultural exchange by providing employees from overseas operations with opportunities to work in Korea. In addition, we support expatriate employees in understanding local cultures and leading effectively in diverse environments.

To promote generational diversity, LG Chem operates a Co-Mentoring program in which executives and younger employees serve as mutual mentors, helping strengthen cross-generational understanding and collaboration. We also offer a variety of programs designed to build trust and enhance understanding of different personalities, strengths, and working styles among leaders and team members. We believe these efforts contribute to organizational innovation and long-term competitiveness, and we remain committed to creating an environment where employees with diverse backgrounds and perspectives can thrive and reach their full potential.

Talent Development

LG Chem offers a range of recruitment programs to attract talented individuals regardless of gender, age, nationality, race, or religion. Through these programs, we hired approximately 600 employees across Korea and overseas in 2025. We also support employee learning and career development through a job competency framework. Key initiatives include programs focused on global talent, leadership development, and professional expertise.

Investment in Next-Generation Leadership

To develop next-generation leaders, LG Chem maintains candidate pools for key leadership positions and supports leadership development through role-specific programs. Candidates are selected for positions such as Head of Business Unit, Head of Department, and Team Leader and participate in training designed to strengthen the leadership skills required for each role. Through regular leadership workshops, we help organizational leaders deepen their understanding of business strategy, strengthen communication with employees, and enhance their crisis management and leadership capabilities.

To further strengthen coaching-based leadership, LG Chem offers training programs certified by the Korea Coach Association. In 2024, we were recognized as a certified institution authorized to provide training, assessments, and certification, enabling us to deliver coaching programs directly.

Career Development

Job Competency Assessments and Development Discussions

LG Chem supports employees in objectively assessing their job competencies and proactively planning their career development by linking job competency assessments with career development discussions. Assessment results help ensure that key HR decisions—such as hiring, appointments, and transfers—are based on objective job requirements rather than individual preferences or bias, contributing to a fair and transparent HR management approach. We further strengthen fairness in talent management by aligning individual competencies with job requirements throughout external hiring, internal mobility, and leadership appointment processes.

In 2025, we continued to enhance personalized development planning and career path design based on job competency assessment results for all office and technical employees, supporting the long-term growth of our workforce.

Internal Job Posting System

To support employee-driven career development and encourage internal talent mobility, LG Chem has offered an Internal Job Posting System since 2020. For research organizations, the program is complemented by an R&D Rotation Program. As of 2025, a cumulative total of 1,985 employees had participated in the company-wide Internal Job Posting System, with 508 employees successfully transferring to their preferred organizations and roles.

Career Development Support Programs

LG Chem offers programs that support career exploration and professional development, helping employees explore different career paths and define their future growth opportunities. Through Career Week, employees are encouraged to actively explore and plan their careers. Voluntary participation reached 5,500 employees in 2023, 6,200 in 2024, and 4,500 in 2025. We also provide financial support for professional certification programs, covering up to KRW 1 million per year for tuition and learning materials. The program helps employees develop both job-related expertise and professional skills. In 2025, a total of 111 employees utilized this support.

Performance Evaluation and Professional Development

Performance Evaluation and Compensation

LG Chem establishes organizational and individual KPIs aligned with the company's mid- to long-term strategy and evaluates performance using quantitative indicators. Performance evaluations cover all employees in Korea, as well as office and technical employees overseas, and take into account both individual KPI achievement and adherence to the company's core values. To support employee growth, we incorporate multi-source feedback, including peer feedback, into the evaluation process and encourage people leaders to provide regular and ongoing feedback. Our compensation approach is designed to attract and retain talented employees. In Korea, compensation levels are reviewed with consideration of statutory minimum wage requirements, inflation, and industry benchmarks. For overseas employees, compensation is determined based on local market conditions and salary benchmarks.

Professional Development Programs

Through LG Chempus, its company-wide learning platform, LG Chem offers a wide range of role-based and professional development programs. In 2025, a total of 400 online and offline courses were offered, including marketing (8 courses), DX (15 courses), quality (11 courses), production technology (126 courses), R&D (106 courses), EH&S (46 courses), and ERP (39 courses). Marketing and R&D were identified as key development priorities in 2025, with 890 employees participating in marketing programs and 1,124 employees participating in R&D programs.

LG Chem also actively supports Communities of Practice (CoP) to encourage knowledge sharing and foster a culture of continuous learning. In 2025, 99 groups and 783 employees participated in learning activities focused on real business challenges. To help employees adapt to digital transformation and rapid technological change, the company provided AI-Driven Leadership training for all leaders (936 participants) and continued to offer AI-related training programs for employees, helping strengthen future-ready skills across the organization.

Technical Expert Program

To strengthen technical expertise among frontline employees, LG Chem operates the LG Chem Master and LG Chem Expert programs. Between 2022 and 2025, a total of eight Masters and 84 Experts were selected through these programs. Selected experts contribute through on-site technical consulting, training for junior employees, and mentoring activities. They also continue to develop their expertise through regular advisory meetings and expert workshops, which have been held five times to date. In addition, Individual Development Plans (IDPs) are established to support long-term career development and professional growth.

Culture and Engagement

Programs for Open Communication

LG Chem fosters open communication and collaboration by providing a variety of channels through which employees can share ideas, work together, and contribute to timely and effective decision-making. Through regular town hall meetings, we share business strategies and key achievements with employees across the company. We also strengthen communication and collaboration through discussion-based programs that encourage direct dialogue between management and employees, as well as mentoring programs that promote greater understanding across generations. In addition, we offer team-building and wellness programs to encourage communication and collaboration at the team level. In 2025, a total of 99 teams and approximately 1,125 employees participated in these programs.

Creating an Efficient Work Environment

LG Chem actively listens to employee feedback and continues to enhance programs and support measures that help employees focus on their priorities in a flexible and efficient work environment. To comply with statutory working hour requirements, we regularly monitor working hours and take measures to prevent unnecessary overtime. Through our annual leave planning program, employees are encouraged to plan their vacation in advance, helping ensure sufficient and predictable time for rest while fostering a culture of self-directed leave utilization. Annual leave may be taken in full-day increments as well as half-day (four-hour) and quarter-day (two-hour) increments to accommodate individual needs. Summer vacation may also be taken at any time during the year. We also offer flexible working hours and remote work arrangements, enabling employees to adjust their work schedules and work locations according to their individual circumstances and job requirements.

Flexible Work Arrangements in 2025

- Staggered Working Hours Users: 6,542
- Flexible Working Hours Users: 5,639
- Remote Work Users: 1,932

Supporting Employee Health and Well-being

LG Chem recognizes physical and mental health as essential to employee engagement and a sustainable workplace. To support employee well-being, we offer a variety of health and wellness programs. Employees are encouraged to participate in company-sponsored sports clubs, including soccer, baseball, basketball, and tennis, promoting both physical well-being and social connection. We also provide access to professional counseling services through external specialists for employees experiencing emotional or psychological challenges. In addition, employees who are unable to work due to non-work-related accidents or illnesses may take a leave of absence to focus on treatment and recovery. During this period, LG Chem provides various forms of support, including partial salary continuation, to help employees recover with stability and peace of mind.

Improvements Based on Employee Feedback

Through the Connect HR platform, LG Chem continuously gathers employee questions, suggestions, and feedback on a wide range of topics, including workplace improvements, working conditions, and HR-related matters. Submitted items are reviewed by the relevant departments and reflected in policies, programs, and HR processes where appropriate. Employees can submit HR-related questions or suggestions at any time through Connect HR. Responses to questions are provided within five business days, while feedback on suggestions is provided on a monthly basis. Over the three years since its launch, the platform has responded to more than 4,336 employee inquiries and supported 60 improvements in HR policies and processes. In addition to serving as a feedback channel, Connect HR supports the Employee Council, which helps plan and implement initiatives to improve organizational culture. Approximately 140 employee representatives participate across 14 council groups.

To regularly assess employee engagement and job satisfaction, we conduct quarterly Pulse Surveys for all employees in Korea. The survey is organized around four EVP themes—Growth, Work, Recognition, and Care—and the results are used to support improvements in organizational culture and employee programs. Based on employee feedback, we also provide a range of additional support programs that complement statutory social security benefits and help employees navigate different life stages and prepare for retirement.

Key Achievements of Connect HR in 2025

- Expanded infertility treatment leave and paternity leave
- Recognition of sick leave for miscarriage or stillbirth during early pregnancy (before 16 weeks)
- Increased childbirth support benefits
- Introduction of a personal pension program with monthly company contributions
- Removal of application limits for internal job postings
- Year-round access to online language learning programs

Performance

Workforce Composition

Workforce Composition		Unit	2023	2024	2025
Employees	Total	Person	19,218	18,543	17,211
By Region	Korea	Person	14,360	13,741	12,765
	China	Person	3,488	3,234	2,905
	Asia-Pacific (excl. China)	Person	513	485	514
	Europe	Person	479	466	448
	Americas	Person	378	617	579
By Gender	Male	Person	-	-	14,067
	Female	Person	-	-	3,144
By Age	Under 30	Person	-	-	1,743
	30 to 49	Person	-	-	12,352
	50 or Above	Person	-	-	3,116
By Employment Type	Permanent ¹⁾	Person	-	-	15,709
	Fixed-term	Person	-	-	1,502
By Work Type	Full-time Employees	Person	-	-	17,201
	Part-time Employees	Person	-	-	10
By Job Function	Production Employees	Person	-	-	6,785
	Office Employees	Person	-	-	10,426

* Starting in 2025, the scope of workforce composition reporting was expanded to cover the entire company. As a result, detailed breakdowns by gender, age, and employment type have been disclosed beginning in 2025.

* All data are based on the active workforce as of December 31 of each reporting year.

* The Company engages contracted and outsourced workers through agreements with suppliers. The number of workers in Korea is disclosed in the Business Report, while the number of overseas workers is not separately disclosed. In accordance with applicable laws and internal standards, safety, health, and operational requirements are applied not only to supplier personnel but also to the work performed by them. The size of the supplier workforce remains generally stable, although short-term fluctuations may occur depending on project activities.

1) Executives are included in the Permanent Employees category.

Diversity by Position

Employees by Position (Person)					
Category	Male	Female	Under 30	30 to 49	50 or Above
Total	14,067	3,144	1,743	12,352	3,116
Top Management	81	11	0	15	77
Middle Management	1,115	156	1	864	406
Junior Management	4,246	1,417	16	4,927	720
Non-management	8,625	1,560	1,726	6,546	1,913
Employees by Position (%)					
Category	Male	Female	Under 30	30 to 49	50 or Above
Total	82	18	10	72	18
Top Management ¹⁾	88	12	0	16	84
Middle Management ²⁾	88	12	0	68	32
Junior Management ³⁾	75	25	0	87	13
Non-management ⁴⁾	85	15	17	64	19

* Position categories are primarily based on Korea standards, and overseas employees are classified into corresponding categories considering their job duties and level of responsibility.

1) Top Management includes executive directors and registered directors at the level of Vice President or higher based on Korea standards.

2) Middle Management refers to employees holding positions of team leader or higher, excluding executives, based on Korea standards.

3) Junior Management refers to employees at the Senior Manager level who do not hold leadership positions, based on Korea standards.

4) Non-management refers to employees at the Associate level or below based on Korea standards.

Diversity by Job Function

Employees by Job Function		Unit	Male	Female	Female (%)
By Key Job Function	Revenue-Generating ¹⁾ Departments	Person	10,644	1,353	11%
	Management in Revenue-Generating Departments ²⁾	Person	2,893	457	14%
	R&D ³⁾ Departments	Person	2,081	881	30%

1) Revenue-Generating Departments refer to departments directly involved in providing products and services, such as production and sales.
2) Management refers to employees at the Manager or Senior Manager level and above, excluding executives, based on Korea standards, and includes Junior Management and Middle Management.
3) R&D Departments include research, development, and technology-related functions.

Diversity by Nationality

Employees by Nationality		Unit	Total Employees	Management	Management (%)
By Nationality	Total	Person	17,211	6,924	40.2%
	South Korea	Person	13,077	5,630	43.1%
	China	Person	2,797	930	33.2%
	United States	Person	417	99	23.7%
	Others ¹⁾	Person	920	265	28.8%

1) Others include employees from countries such as Vietnam, India, Japan, Canada, and Colombia.

Underrepresented Groups

Employment of Underrepresented Groups (Korea)		Unit	2023	2024	2025
Underrepresented Groups	Persons with Disabilities	Person	251	233	212
	National Veterans	Person	290	267	242

Gender Pay Gap

Gender Pay Gap (Korea)		Unit	2023	2024	2025
Female-to-Male Compensation Ratio ¹⁾	Non-management (Base Salary)	%	84	84	87
	Management (Base Salary)	%	95	95	95
	Management (Base Salary + Incentives)	%	95	95	95
	Executive (Base Salary)	%	91	90	90

1) The Female-to-Male Compensation Ratio was calculated by dividing the average compensation of female employees by that of male employees at the same job level. LG Chem does not discriminate based on gender, and differences may result from structural factors such as years of service.
* As of 2025, CEO compensation was KRW 1,887 million, while average employee compensation was KRW 107 million. CEO compensation was approximately 17.6 times the employee average. Median compensation data are not disclosed in accordance with internal policies.

Hiring and Turnover

New Hires

New Hires		Unit	2023	2024	2025
New Hires	Total	Person	1,025	711	613
By Gender	Male	Person	715	508	411
	Female	Person	310	203	202
By Age	Under 30	Person	572	348	265
	30 to 49	Person	382	286	286
	50 or Above	Person	71	77	62
By Employment Type	Permanent	Person	-	-	330
	Fixed-term	Person	-	-	283

* Data by overseas employment type has been collected since 2025, and data for previous years is not provided.

Employee Turnover

Employee Turnover (Korea)		Unit	2023	2024	2025
Voluntary Turnover	Total	Person	303	346	327
By Gender	Male	Person	225	283	274
	Female	Person	78	63	53
By Age	Under 30	Person	100	87	81
	30 to 49	Person	182	238	233
	50 or Above	Person	21	21	13

* Detailed voluntary turnover data are currently disclosed only for Korea, and the total figures presented above reflect Korea data only. In 2025, total voluntary turnover at overseas operations was 749 employees. Detailed breakdowns for overseas operations will be disclosed in the future.

Employee Experience

Employee Capability Development

Employee Capability Development (Korea)		Unit	2023	2024	2025
Training	Total Training Hours	Hour	385,124	220,588	304,511
	Number of Employees	Person	14,360	13,741	12,765
	Average Training Hours per Employee	Hour/Person	26.8	16.1	23.9
By Gender	Male Training Hours	Hour	300,215	179,221	249,448
	Number of Male Employees	Person	12,088	11,517	10,646
	Average Training Hours per Male Employee	Hour/Person	25	16	23
	Female Training Hours	Hour	72,796	41,367	55,063
	Number of Female Employees	Person	2,272	2,224	2,119
	Average Training Hours per Female Employee	Hour/Person	32	19	26
Mandatory Training	Total Training Hours	Hour	62,048	49,769	55,639
	Male	Hour	56,723	43,284	48,818
	Female	Hour	5,325	6,485	6,821
Training Cost	Total Cost	KRW 10K	2,219,761	1,061,434	757,146
	Average Training Cost per Employee	KRW 10K/Person	155	77	59

* All data are based on employees in Korea.
* Average Training Hours per Employee were calculated by dividing Total Training Hours by the Number of Employees for the respective year.
* Training Hours include job-related training, leadership development programs, and mandatory training.

Labor Rights and Collective Bargaining Agreements

Labor Rights and Collective Bargaining (Korea)		Unit	2023	2024	2025
Labor Union (Korea)	Employees Eligible to Join	Person	6,799	6,309	5,516
	Employees Participating in the Labor Union	Person	5,279	5,037	4,714
	Labor Union Participation Rate	%	78	79.8	85.5
Collective Bargaining Agreement (Korea)	Coverage Rate of Collective Bargaining Agreements	%	100	100	100

* All data are based on Korea. Among 17 overseas production subsidiaries, labor unions have been established at 8 subsidiaries, and collective bargaining agreement negotiations were underway at 1 subsidiary as of June 2026. No collective bargaining agreements had been concluded at overseas subsidiaries as of the reporting year.

Parental Leave

Return-to-Work and Retention (Korea)		Unit	Male	Female	Total
Return-to-Work and Retention Status after Parental Leave	Employees who left within 12 months of returning ¹⁾	Person	5	5	10
	Employees retained for 12 months or more after returning ¹⁾	Person	83	104	187
	12-month retention rate after return ²⁾	%	94	95	95
	Employees who resigned prior to scheduled return	Person	7	3	10
	Employees that returned from parental leave ³⁾	Person	131	136	267
	Return-to-work rate after Parental Leave ⁴⁾	%	95	98	96

1) Based on employees who returned to work in 2024 and reflecting their employment status 12 months after returning.

2) The retention rate is calculated as: (Employees retained for 12 months or more after returning ÷ Employees who returned to work in 2024) × 100.

3) Employees that returned from parental leave refers to employees who actually returned to work in 2025 after taking parental leave. This includes employees who returned upon completion of their leave as well as those who returned early and excludes employees who resigned before returning to work.

4) The return-to-work rate is calculated as: Employees Returning from Parental Leave in 2025 ÷ (Employees Returning from Parental Leave in 2025 + Employees Who Resigned Prior to Scheduled Return) × 100.

* Eligibility for parental leave is determined based on multiple criteria, including the age of dependent children (eight years old or younger, or enrolled in Grade 2 of elementary school or below) and whether parental leave was taken. Therefore, the number of eligible employees is not disclosed separately.



LG Chem recognizes local communities as key stakeholders that are directly affected by its business activities and acknowledges that these relationships can influence the stability and sustainability of its operations. We identify and manage community impacts through communication and management systems tailored to site-specific characteristics and local conditions. Through ongoing engagement, response activities, and social contribution programs, we build trust with local stakeholders and support sustainable business operations.

Governance

Operating Principles

LG Chem creates social value in the areas of environment, education, and community welfare through close engagement with local communities. Under its Green Connector vision, headquarters and major business sites, including Magok, Yeosu, and Cheongju, operate community programs tailored to local needs and evaluate their effectiveness through performance management. Green Connector is LG Chem’s social contribution vision, linking environmental value creation with community engagement to support sustainable growth with local communities. Each business site monitors program implementation based on local characteristics and program objectives, while major sites such as Yeosu and Magok manage community-related activities using both qualitative assessments and internal performance indicators.

[Green Connector Strategic Tasks](#) 

Approach

Impact Assessment

LG Chem recognizes that its relationships with local communities can influence the stability and sustainability of its business operations. We systematically assess community impacts arising from our business activities and implement appropriate prevention and management measures based on the results. Key stakeholders include residents, local organizations, and community groups near our business sites. Through regular impact assessments and monitoring that reflect site-specific characteristics and local conditions, we identify key issues and incorporate them into management decision-making and social contribution programs. We also maintain ongoing dialogue with communities through formal and informal communication channels, including online inquiries, local councils, stakeholder meetings, and partnerships with relevant organizations. Feedback from these channels is used to develop locally tailored responses and community programs.

Emergency Preparedness

LG Chem recognizes that environmental and safety incidents may affect local communities and maintains emergency preparedness and response systems to minimize potential impacts. Each business site has established internal guidelines and communication procedures to support timely response and stakeholder engagement in the event of an incident. Issues that may have a significant impact on communities are managed through the company-wide crisis management system, with response measures tailored to site-specific circumstances. Through these efforts, LG Chem seeks to minimize community impacts while maintaining trust with local stakeholders.

Performance

Social Contribution Activities

To strengthen the foundation for sustainable management through engagement with local communities, LG Chem operates social contribution and community partnership programs focused on the environment, education, welfare, and employment. Each business site establishes social contribution priorities based on local needs and key community issues, and implements programs tailored to local characteristics.

Seoul (HQ & Magok)

Community Context

The growth of LG Sciencepark and rapid residential development in the Magok area have created a diverse community with varying social and economic needs. As a result, demand for welfare services and support for vulnerable groups has increased. Rising numbers of dual-income households have also driven demand for after-school education and childcare services. In addition, growing needs have been identified for specialized educational support, including educational equity programs, special education, and psychological counseling.

Key Programs

LG Chem Headquarters continues to expand community programs that address local needs. As of 2025, the YouTube channel Daedamhae had reached 1.01 million cumulative views, while Green Class environmental education materials had been distributed to 130,000 children. In addition, seagrass restoration activities in the Daegyeongdo area of Yeosu expanded seagrass habitats by 13.66 ha between 2023 and 2025. Through these initiatives, LG Chem promotes community-focused programs in the areas of environment, education, and social enterprise development.

- **Green Education (Like Green):** Green Class environmental and career education programs and the Daedamhae YouTube channel
- **Green Ecology:** Marine and biodiversity conservation initiatives, including [seagrass habitat restoration](#) and operation of the [Bamseom Eco-Experience Center](#)
- **Green Economy (LG Social Campus):** Support programs for social enterprises in the climate and environmental sectors
- **Employee CSR Participation:** Employee-led social contribution activities, such as donation week and employee volunteer groups (88 participants across Headquarters, Magok, Cheongju, Yeosu, Daesan, and Naju)

The Magok site operates ongoing community programs in partnership with local welfare and educational institutions, with a focus on education and environmental awareness.

- **Community Welfare Support Program:** Customized support programs for local welfare organizations
- **Junior Engineering Class:** Science and engineering education and employee mentoring for children
- **Upcycling School:** Environmental awareness programs through the production and donation of upcycled products
- **Employee Volunteer Group:** ESG education and career mentoring using Green Class educational materials

Yeosu

Community Context

The Yeosu community is highly dependent on the petrochemical industry, making local stakeholders particularly sensitive to issues related to economic resilience, sustainable development, and employment stability. Concerns over global oversupply and increasing competition from Chinese producers have heightened interest in regional economic and employment conditions. In addition, community concerns regarding air pollution and odors associated with the Yeosu National Industrial Complex continue to increase due to their direct impact on residents' quality of life.

Key Programs

The Yeosu site has maintained community programs aligned with local needs for many years, with several initiatives operating for more than a decade. In recent years, new environmental and community welfare programs have been introduced to complement existing activities while strengthening local engagement.

- **Coffee Cycle:** Job creation for the elderly and providing resource circulation education for youth through coffee-ground upcycling
- **Seomseom Donghaeng Yeosu:** Electrical repair volunteer services and community support programs for island villages
- **Hope Green Box:** Distribution of Bio-SAP hygiene products to vulnerable adolescent girls
- **Fly, Hope Ball:** Water quality improvement activities using EM bacteria soil balls
- **Employee Volunteer Group:** ESG education and career mentoring using Green Class educational materials

Cheongju

Community Context

Located within the Cheongju General Industrial Complex, the Cheongju site has contributed to local employment and the development of the advanced materials industry. As an urban industrial site adjacent to residential areas, it is closely connected with a wide range of stakeholders, including employees, local residents, suppliers, and small business owners. As the industrial complex ages, community interest remains focused on infrastructure improvements, stable site operations, and expanded engagement with local communities.

Key Programs

The Cheongju site has supported vulnerable groups and future generations since the mid-2000s, focusing on environmental stewardship and youth development programs as part of its long-term commitment to local communities.

- **Green Environment:** Stream and river clean-up activities
- **Future Generation (Youth) Support Program:** Support for sponsored children, school uniform donations, and career mentoring
- **Community Support Program:** Assistance for vulnerable groups, including briquette and daily necessities support
- **Employee Volunteer Group:** ESG education and career mentoring using Green Class educational materials

Naju

Community Context

The Naju site has long contributed to the local economy; however, recent production line adjustments and workforce relocations have affected local employment and commercial activity. At the same time, expanding residential developments near the site have increased community expectations regarding safety, health, and environmental management. These developments highlight the importance of continued engagement and collaboration with local communities to support sustainable regional development.

Key Programs

The Naju site continues community programs focused on career development for youth and young adults, as well as support for young people preparing for independent living. In recent years, the site has expanded employee-led educational volunteering programs.

- **Career Information Sessions for Youth and College Students:** Career development programs for local youth and college students
- **Support for Youth Preparing for Independence:** Scholarships and essential supplies for young people leaving foster care
- **Employee Volunteer Group:** ESG education and career mentoring using Green Class educational materials

Social Enterprise Support

At Headquarters, LG Chem manages its social contribution programs using performance indicators aligned with its strategic priorities. For selected programs, social impacts are further assessed through evaluations conducted by external specialists. Key performance indicators include participation, beneficiaries, satisfaction levels, ESG awareness, environmental outcomes, business sustainability, and social value creation. Quantitative metrics such as participant numbers, educational outcomes, ecosystem restoration results, and the revenue, employment, and investment performance of social enterprises are also used where relevant.

LG Social Campus

LG Social Campus is LG Chem's flagship support program for social enterprises in the climate and environmental sectors, providing integrated financial support, accelerator services, and workspace support. As of 2025, the program had supported 23 enterprises. Several participating enterprises achieved significant growth in revenue, investment attraction, employment, and market expansion, with some reporting revenue growth of up to twenty-fold. Participants have also strengthened their competitiveness through greater collaboration opportunities, global certifications, and entry into overseas markets. LG Chem will continue supporting the growth of social enterprises and the development of the broader ecosystem.

Supported Enterprises

- **Total Supported Enterprises:** 23 (including workspace support)
- **Workspace Support:** 19 enterprises

Business Performance

- **Revenue Growth:** Up to 20x growth (from approximately KRW 300 million to over KRW 6 billion)
- **Investment Attraction:** Up to KRW 20 billion secured
- **Employment Growth:** Workforce expansion among participating enterprises (e.g., 11 → 17 employees)

Key Achievements

- **Business Growth:** Revenue and investment growth despite a challenging investment environment
- **Business Sustainability:** Job creation and strengthened business continuity
- **Market Opportunities:** Expanded collaboration and commercialization opportunities with large corporations

Social Contribution Performance

Social Contribution and Volunteering		Unit	2023	2024	2025
Social Contribution	Total	KRW 1M	16,884	20,236	6,410
By Type	Charitable Donations	KRW 1M	13,101	7,284	3,730
	Community Investments	KRW 1M	3,730	12,910	2,669
	Commercial Initiatives	KRW 1M	53	42	11
Employee Volunteering	Volunteer Hours	Hour	2,993	3,541	2,232



Responsible Governance

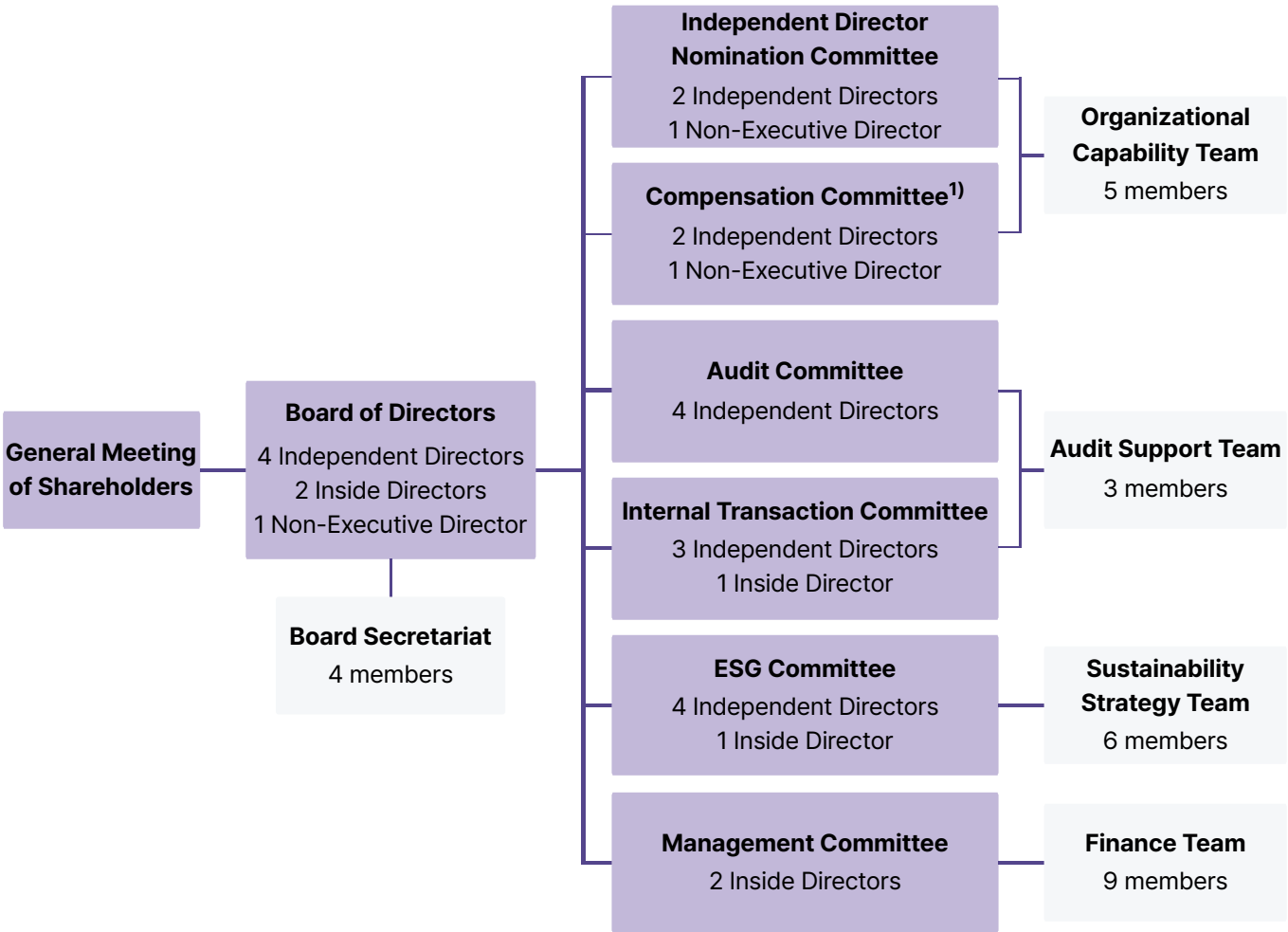
LG Chem ensures transparent and accountable decision-making through a governance framework centered on the Board of Directors. Composed of members with expertise, independence, and diversity, the Board oversees key business matters and sustainability issues, including climate change, supply chain management, human rights, and occupational health and safety, while supervising management decision-making and execution. Through its committees, the Board further strengthens oversight across the company and continuously monitors key risks and opportunities, including those related to climate change, to support sustainable growth and enhance long-term corporate value.

Governance

Board Structure

LG Chem practices responsible governance through a Board structure designed to enhance expertise, independence, and effectiveness. To further strengthen responsible governance, dedicated functions have been established within management to oversee and integrate sustainability strategies and initiatives, including climate action. The Board consists of four Independent Directors, two Inside Directors, and one Non-Executive Director. Through its Independent Director Nomination Committee, Audit Committee, Internal Transaction Committee, ESG Committee, Management Committee, and Compensation Committee, the Board reviews and oversees key management issues and risks. Based on the reviews conducted by its committees, the Board enhances the transparency and accountability of decision-making while supporting long-term value creation.

Board Organization Chart



Note: The Board of Directors, Board committees, and supporting organizations are presented as of May 30, 2026.

1) The Compensation Committee was established on November 27, 2025.

Committees of the Board

LG Chem defines key ESG issues, including climate change, supply chain management, human rights, and occupational health and safety, as core sustainability priorities and incorporates them into key management agendas. Through the ESG Committee under the Board of Directors, we review and oversee related strategies, targets, key risks and opportunities, and response measures. The ESG Committee deliberates on sustainability policies and mid- to long-term strategic priorities while supporting decision-making on material ESG matters. Management works closely with dedicated functions and business divisions to implement these initiatives. Through this governance framework, LG Chem effectively manages sustainability priorities and supports long-term competitiveness and sustainable growth.

Roles of Board Committees

Committee	Key Roles
Independent Director Nomination Committee	1. Establish, review, and enhance the principles for the nomination of Independent Directors 2. Recommend candidates for Independent Directors to the General Meeting of Shareholders 3. Manage the candidate pool and assess the qualifications of Independent Director candidates
Audit Committee	1. Oversee the duties and activities of Directors and management 2. Approve the appointment of the external auditor 3. Review other matters relating to audit responsibilities as stipulated in the Articles of Incorporation and internal regulations
Internal Transaction Committee	1. Review related-party transactions and transactions subject to regulations on private benefit transactions 2. Review internal transactions requiring Board approval under applicable laws and regulations
Management Committee	1. Review matters relating to the efficient operation of the Board and routine management matters 2. Deliberate on and approve matters delegated by the Board, as well as other routine management matters
ESG Committee	1. Establish ESG-related policies, strategies, and governance frameworks 2. Set mid- to long-term ESG goals and targets 3. Review key matters relating to compliance oversight, including compliance policies and the management of key compliance risks
Compensation Committee	1. Review matters relating to compensation for Directors and Executive Officers 2. Review other matters delegated by the Board or deemed material by the CEO

Board Composition

Board Independence

To ensure the independence of the Board of Directors, LG Chem maintains a majority of Independent Directors, with four of the seven Board members serving as Independent Directors. All four members of the Audit Committee are Independent Directors, and two of the three members of the Independent Director Nomination Committee are Independent Directors. When appointing Independent Directors, the Company conducts a comprehensive review of potential conflicts of interest, including recent executive employment history, transactions with the Company, advisory relationships, and family ties. We initially screen candidates against disqualification criteria based on publicly available information and further assess their qualifications through interviews and reference checks. Following appointment, we continuously monitor potential conflicts of interest through periodic surveys and reviews of transactions involving the Company and its affiliates conducted under the internal accounting control system. If a conflict of interest arises, the relevant Independent Director is restricted from voting on the related agenda item. In addition, LG Chem has established guidelines that comply with the requirements of applicable laws and regulations, including the Korean Commercial Act, to safeguard the independence of Independent Directors. These guidelines were implemented following approval by the ESG Committee.

As of February 2026, an Independent Director who satisfies the independence requirements serves as Board Chair, further strengthening Board independence. By separating the roles of CEO and Board Chair, the Board is better positioned to exercise its oversight responsibilities. During Board meetings and deliberations, the Independent Director serving as Board Chair seeks input from both Inside Directors and other Independent Directors, helping to ensure an effective system of checks and balances within Board operations. In addition, the Board Chair regularly convenes and chairs meetings attended exclusively by Independent Directors, enabling major matters to be reviewed from an independent perspective and additional review to be requested where necessary. Through these practices, LG Chem enhances the quality of Board deliberations and decision-making.

[Guidelines on Board Independence](#)

[Guidelines on Board Expertise and Diversity](#)

Board Composition

Category	Name	Gender (Age)	Position	Appointed Date ¹⁾	Area of Expertise	Key Experience
Independent Director	WhaSun Jho	Female (60)	Chair of the Board, Member of Audit Committee, Member of Internal Transaction Committee, Member of ESG Committee, Chair of Compensation Committee	2022.3.23	Politics, Economics, and Society	Professor, Department of Political Science and International Studies, Yonsei University
Independent Director	Hyunjoo Lee	Female (49)	Member of Audit Committee, Chair of ESG Committee, Member of Independent Director Nomination Committee	2022.3.23	Chemistry	Professor, Department of Chemical and Biomolecular Engineering, KAIST
Independent Director	Kyung-hoon Chun	Male (53)	Member of Audit Committee, Chair of Internal Transaction Committee, Member of ESG Committee, Chair of Independent Director Nomination Committee, Member of Compensation Committee	2023.3.28	Law	Professor, School of Law, Seoul National University
Independent Director	Young-han Lee	Male (53)	Chair of Audit Committee, Member of Internal Transaction Committee, Member of ESG Committee	2024.3.25	Accounting and Taxation	Professor, Department of Taxation, University of Seoul
Non-Executive Director	Bong Seok Kwon	Male (62)	Member of Independent Director Nomination Committee, Member of Compensation Committee	2022.3.23	General Corporate Management	CEO, LG Electronics
President & CEO	Dongchoon Kim	Male (58)	Chair of Management Committee, Member of ESG Committee	2026.3.31	General Corporate Management	Executive Vice President, Advanced Materials Company, LG Chem
Inside Director	Dong Seok Cha	Male (63)	Member of Management Committee, Member of Internal Transaction Committee	2020.3.20	General Corporate Management	CFO, Servone

Note: As of May 29, 2026.
1) For Directors who have been reappointed, the date of initial appointment is presented.

Board of Directors Information

Board Expertise

The Board consists of Inside Directors and a Non-Executive Director with extensive management experience, as well as Independent Directors with expertise across a range of fields. The Board includes two female Independent Directors, ensuring that diverse and balanced perspectives are reflected in Board deliberations. Women represent approximately 29% of the Board, and the average age of Directors is approximately 56.9 years. The average tenure of Board members is approximately 3.45 years. Independent Directors are selected from among experts in industry, management advisory, law, accounting, and taxation following nomination by the Independent Director Nomination Committee and assessments of their expertise and independence. Drawing on their diverse backgrounds, professional expertise, and independence, Independent Directors review Board agenda items and provide independent advice and recommendations. To strengthen the effectiveness of Independent Directors, LG Chem provides training programs on the roles and responsibilities of Directors. We also conduct seminars covering sustainability-related topics, including ESG regulatory developments, to support Directors in the performance of their duties.

Board Expertise

Category	WhaSun Jho	Hyunjoo Lee	Kyung-hoon Chun	Young-han Lee	Bong Seok Kwon	Dongchoon Kim	Dong Seok Cha
Corporate Management					●	●	●
Law			●				
Accounting and Taxation				●			
Politics, Economics, and Society	●						
Chemistry		●					

Approach

Board Activities

The Board of Directors is scheduled to meet at least once each quarter. Prior to each meeting, Board members receive advance briefings and participate in Q&A sessions on agenda items one to seven days before the meeting. When matters cannot be addressed at scheduled Board meetings, extraordinary meetings are convened as needed. In 2025, the Board held a total of 10 meetings and reviewed 46 agenda items, including 33 items for approval and 13 items for reporting. Director attendance was 100% during the year. To support effective governance and efficient Board operations, the Board has established six committees that enhance its expertise, independence, and effectiveness. In reviewing agenda items, the Board and its committees receive regular updates on the views and concerns of external stakeholders, including customers, investors, and the media, taking into account the significance and potential impact of each matter. These perspectives are considered as part of the Board's decision-making process.

[Board Committees Information](#)

2025 Board Meetings

Category	Meetings Held	Agenda Items	Attendance Rate (%)
Board of Directors	10	46 (33 approved, 13 reported)	100

2025 Board Committee Meetings

Committee	Meetings Held	Agenda Items
Independent Director Nomination Committee	2	3 (3 approved, 0 reported)
Audit Committee	5	19 (5 approved, 14 reported)
Internal Transaction Committee	5	12 (10 approved, 2 reported)
Management Committee	2	2 (2 approved, 0 reported)
ESG Committee	2	7 (2 approved, 5 reported)
Compensation Committee	1	1 (1 approved, 0 reported)

ESG Committee

LG Chem established the ESG Committee under the Board of Directors in 2021 to strengthen the development and implementation of its sustainability strategy. Composed primarily of Independent Directors, the Committee ensures both independence and expertise. The Committee meets at least once every six months and convenes ad hoc meetings when material issues arise to review key risks and material matters. Material matters, including those related to compliance management and climate action, are reviewed by relevant departments before being reported to the Committee, which reviews the matters and provides guidance as appropriate. The Committee also sets the overall direction for sustainability management, including climate action, responsible sourcing, and human rights, and deliberates on and approves major policies and mid- to long-term strategies. In addition, material issues related to business operations, regulatory compliance, and stakeholder concerns are reported through regular and ad hoc reporting channels, enabling the Committee to discuss appropriate response and management measures.

In 2025, the Committee approved the establishment of Board Guidelines to strengthen independence, balance, and diversity in Board decision-making. It also reviewed progress on carbon-neutrality and environment, health and safety initiatives in response to changes in government policy, while discussing key ESG topics, including the development of eco-friendly feedstocks, fuels, and related technologies. In addition, the Committee regularly reviews material issues related to potential or actual adverse impacts on stakeholders, including compliance risk management systems and key risk management activities.

2025 ESG Committee Meetings

Meeting	Date	Attendance	Agenda	Resolution
1st Meeting of 2025	2025.4.28	5/5	Appointment of the ESG Committee Chair Appointment of the ESG Committee Chair and designation of an acting chair in the event of a vacancy	Approved
			Report on the Development of Eco-Friendly Feedstocks and Fuels Market and technology trends, future plans, and the status of major government-funded projects related to low-carbon feedstocks and fuels	Reported
			Report on the Compliance Risk Management Framework Overview of the management framework and improvement plans related to environment, health and safety (serious accident prevention obligations) and labor management (legal issues related to subcontracting)	Reported
2nd Meeting of 2025	2025.11.27	5/5	Establishment of LG Chem Board Guidelines Establishment of the Guidelines on Board Expertise and Diversity and Guidelines on Board Independence to support rational and balanced decision-making by the Board and strengthen board independence	Approved
			Report on Carbon-Neutrality Initiatives in Response to New Government Policies Review of the 2030 Carbon-Neutral Growth target and preparations for the fourth phase of the Emissions Trading Scheme	Reported
			Report on Environment, Health, and Safety Initiatives in Response to New Government Policies Report on measures to prevent and eliminate serious industrial accidents	Reported
			Report on Compliance Risk Management Activities Report on regulatory trends and risk management activities related to fair trade, including price-fixing and unlawful information exchange	Reported

Performance

Evaluation and Compensation

As the highest decision-making body of LG Chem, the Board of Directors deliberates on and approves major business matters, including sustainability-related issues, and oversees management performance of assigned responsibilities. Through its committees, the Board supports decision-making across key areas of management. The Board also regularly reviews reports on the operation and effectiveness of risk management and response processes, including key implementation outcomes. By overseeing management activities that reflect stakeholder expectations and key sustainability issues, the Board continuously monitors significant risks and opportunities, including those related to climate change.

In accordance with Article 388 of the Korean Commercial Act, Director remuneration is provided in accordance with internal regulations and within the aggregate remuneration limit approved by the General Meeting of Shareholders. Remuneration for Inside Directors consists of base salary, position-based compensation, and performance-based incentives linked to business and individual performance. Compensation levels are determined based on a range of factors, including inflation, business conditions, scope of responsibilities, management complexity, and productivity. To enhance the independence and objectivity of the remuneration decision-making process, LG Chem established the Compensation Committee under the Board of Directors in November 2025. The Committee performs a preliminary review and advisory role with respect to remuneration policies and standards for Directors and Executive Officers. Remuneration for Independent Directors is determined with reference to market practices among peer companies. Independent Directors are regularly evaluated based on Board attendance and performance in fulfilling key committee responsibilities. The evaluation considers whether Directors have provided practical and actionable recommendations that contribute meaningfully to Company decision-making across areas such as corporate strategy, financial and investment decision-making, risk management and internal control, governance and Board operations, industry expertise, and ESG and stakeholder-related matters. Contributions to internal control and financial risk management in the capacity of Audit Committee members are also considered as an important evaluation factor.

To ensure fairness and objectivity, the evaluation incorporates input from Inside Directors, the Board Secretariat, and the Human Resources function. Evaluation results are used to support decisions regarding the reappointment of Independent Directors and improvements to Board operations. However, to preserve Director independence, evaluation results are not reflected in remuneration for Independent Directors.

Director Remuneration Status 



Compliance Management

LG Chem has established a Board-centered compliance control system and operates an enterprise-wide compliance management framework to support sustainable growth and promote a strong culture of compliance. We strengthen the effectiveness of our compliance activities through oversight by the ESG Committee and the Compliance Council, the establishment and monitoring of organization-specific compliance objectives, compliance audits, and reporting channels. Through these efforts, LG Chem seeks to proactively respond to evolving business conditions and regulatory requirements while fostering a culture of compliance across the organization.

Governance

Compliance Framework

Compliance Control System

LG Chem operates a compliance control system to fulfill its corporate responsibilities and minimize compliance risks. The Compliance Officer and the Compliance Team identify and assess compliance risks that may arise across business operations, periodically monitor risk management activities, and oversee improvement measures. The results are regularly reported to the Board of Directors. In addition, to objectively and quantitatively evaluate the effectiveness of the compliance control system, LG Chem applies detailed evaluation criteria based on the Evaluation of Corporate Compliance Programs (ECCP) framework developed by the U.S. Department of Justice (DOJ).

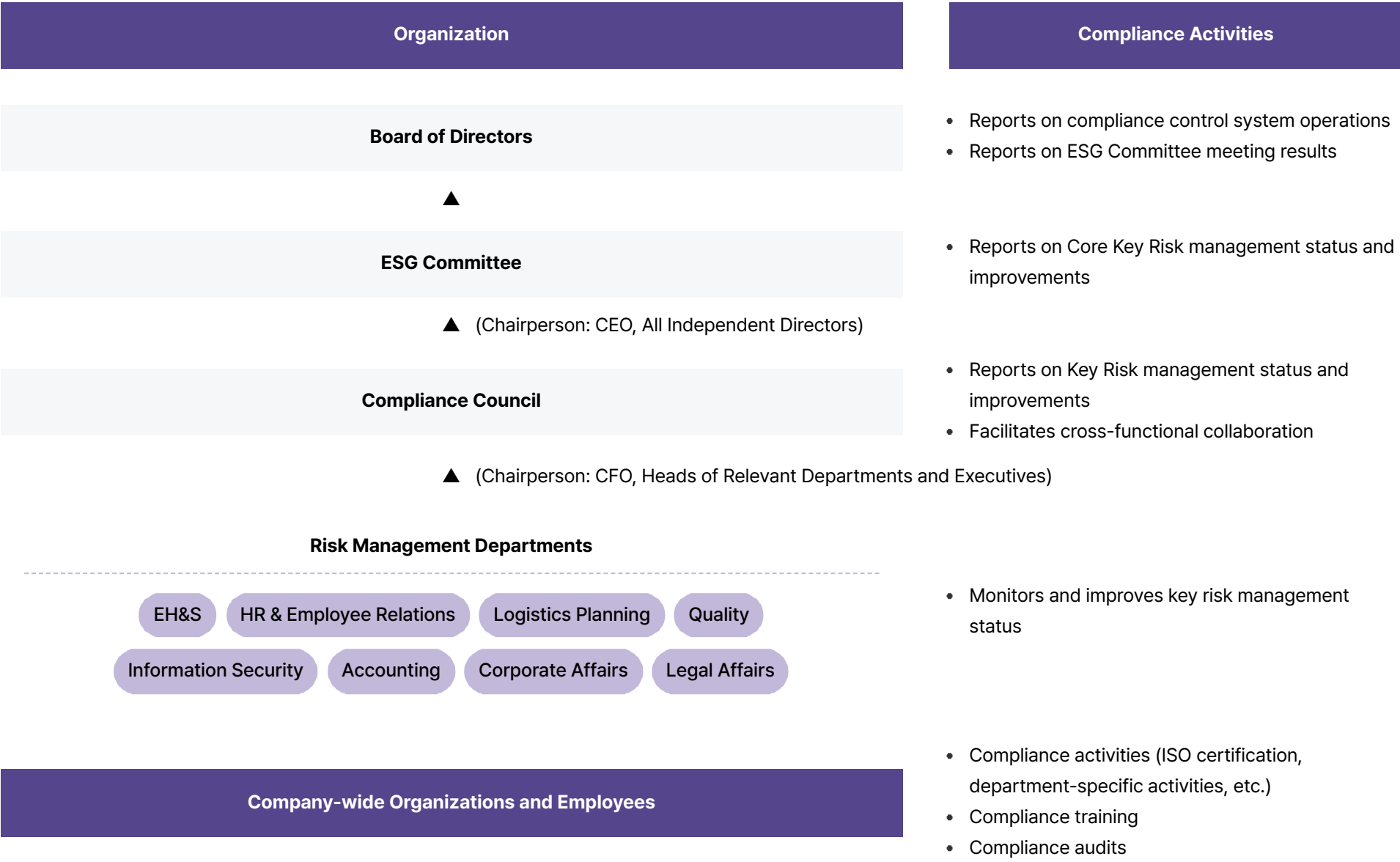
Board Oversight of Compliance

As Director compliance oversight responsibilities continue to gain importance, LG Chem has strengthened its Board-centered compliance control system and compliance oversight functions. The [ESG Committee](#), which comprises the CEO and all Independent Directors, reviews compliance-related agenda items and reports material matters to the Board of Directors. In April 2024, the ESG Committee reviewed the compliance risk management framework, including management status and improvement plans, and reported the results to the Board of Directors. In November 2024, the Committee reviewed management status and future review plans for six Core Key Risks covering environment, health and safety, human resources and labor, quality, information security, fair trade, and corruption. The Committee also reviewed the management status and implementation results of improvement plans related to public official corruption risks and national core technology leakage risks. In April 2025, the Committee reviewed management status and improvement plans related to violations of serious accident prevention obligations in the environment, health and safety area and legal issues related to subcontracting in the human resources and labor area. In November 2025, the Committee reviewed management status and improvement plans related to price-fixing and unlawful information exchange in the fair trade area.

Operation of the Compliance Council

LG Chem convenes the Compliance Council at least twice a year to facilitate cross-functional collaboration and effectively manage legal and compliance risks. In 2025, the Council met three times. The Compliance Council consists of the CFO, the Compliance Officer, and executives from key risk management functions, including EH&S, HR & Employee Relations, Logistics Planning, Quality, Information Security, Accounting, Corporate Affairs, and Legal Affairs. To support practical discussions and monitor implementation progress, LG Chem also operates a Compliance Working Group comprising representatives from all risk management functions. Among the 30 Key Risks managed through the Compliance Council, six risks considered critical to corporate sustainability are designated as Core Key Risks and are subject to enhanced oversight by the Board of Directors and the ESG Committee.

Compliance Control System



Policies and Standards

To provide clear direction and standards for compliance management, LG Chem establishes and maintains various policies and standards that reflect executive management commitment to compliance. The LG Chem Code of Conduct, which outlines the LG Chem Global Compliance Policy, LG Chem Global Anti-Corruption Policy, and core compliance principles, is publicly available to both internal and external stakeholders through LG Chem [website](#) and internal standards portal. Through these policies and standards, LG Chem applies consistent compliance management standards across the organization.

- [LG Chem Global Compliance Policy](#)
- [LG Chem Code of Conduct](#)
- [LG Chem Global Anti-Corruption Policy](#)

Approach

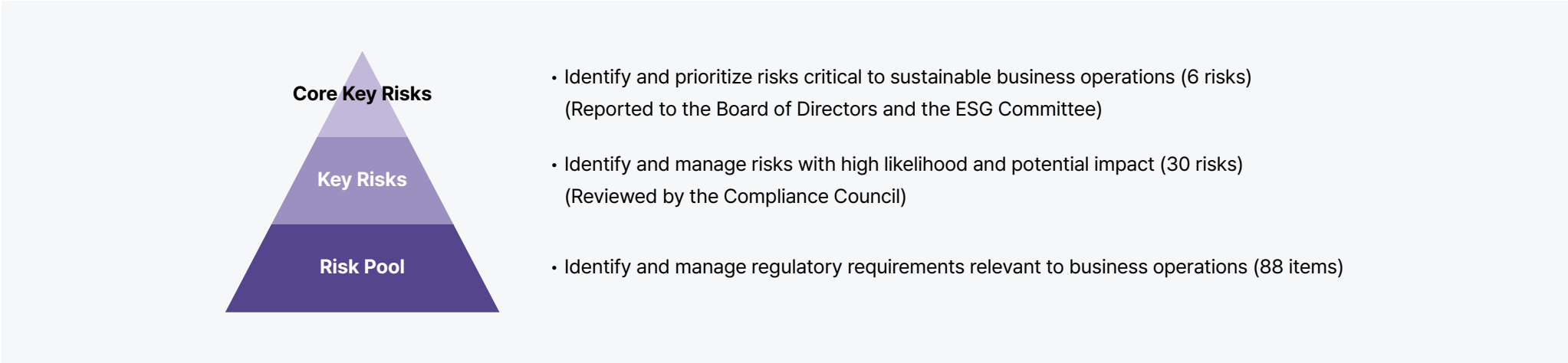
Regulatory Monitoring

To respond promptly to global regulations relevant to its business operations, LG Chem utilizes RPA (Robotic Process Automation) to continuously collect and monitor information from regulatory authorities, legislative and regulatory developments, and media reports in Korea and overseas. The monitoring results are incorporated into SWOT analysis and used to continuously enhance the compliance risk management framework. In addition, key updates and requirements are communicated to executives and employees through guidelines and training programs, while task forces are established as needed to address emerging issues and regulatory developments.

Compliance Risk Management

To support effective compliance risk management, LG Chem identifies risks relevant to its business operations, maintains them within a risk pool, and selects Key Risks for focused management through periodic assessments. For the 30 Key Risks across environment, health and safety, human resources and labor, trade regulations, quality, information security, accounting and tax, fair trade, corruption, and intellectual property, the departments responsible for each risk area establish and implement management plans, while the Compliance Team continuously monitors risk management status through the compliance IT system. In addition, LG Chem gathers feedback from employees and stakeholders through internal compliance reporting channels. Through this process, LG Chem maintains a continuous compliance risk management cycle encompassing risk identification, risk assessment, the development and implementation of management plans, and ongoing monitoring.

Overview of Risk Management System



Key Risk Monitoring



Operation of Compliance Reporting Channels

To strengthen its compliance management framework, LG Group established a dedicated compliance reporting channel within the Jeong-do Management reporting platform in November 2025. Accordingly, reports related to misconduct, corruption, and compliance violations are centrally managed through this channel. To encourage reporting by executives, employees, and stakeholders, LG Chem operates a 24-hour reporting channel that allows anonymous submissions. We strictly adhere to the principle of Informant Protection and maintain a structured process for receiving reports, verifying facts, conducting investigations, and implementing corrective and improvement measures. Through this process, LG Chem seeks to gather feedback from executives, employees, and stakeholders and continuously enhance its compliance management capabilities and practices.

[LG Ethics and Compliance Reporting Portal](#)

Overseas Compliance Management

To manage legal and compliance risks in line with local business and regulatory environments, LG Chem has designated local legal experts as Compliance Officers for each Business Service Center (BSC) region, including China, Asia, the Americas, and Europe. LG Chem has established a regional compliance management framework led by these local Compliance Officers. Benchmarking the compliance management approach adopted at Headquarters, each region identifies and maintains a compliance risk pool, periodically monitors risk management status, and develops and implements improvement actions through a continuous management cycle. The Americas and Europe regions also operate regional Compliance Councils benchmarked after the Headquarters Compliance Council, which were introduced in October 2022 and March 2023, respectively.

In 2025, LG Chem launched the Overseas Compliance Management Enhancement Project to expand the compliance control framework across overseas operations. As part of the project, we identified risks, reviewed management status, and developed improvement measures for 12 subsidiaries and six branch offices in the China and Asia regions. In October 2025, we also enhanced risk management roles and responsibilities and introduced the China Regional Compliance Council as a regular communication channel. In 2026, the project continues across the Americas and Europe regions.

Compliance Objectives

LG Chem establishes and manages compliance objectives at both the corporate and organizational levels, taking into account the results of SWOT analysis as well as stakeholder needs and expectations. The company-wide compliance objective is to promote compliance and anti-corruption practices across the organization. To support this objective, organization-level risk management activities have been implemented since 2024. In June 2025, organizations across the company identified Key Risks and established management objectives. In October 2025, progress against these objectives was reviewed, and the results were analyzed and incorporated into the 2026 compliance activity plan.

ESG factors are also reflected in individual performance evaluations. Individual KPIs consist of business objectives (80%) and adherence to core values (20%). The core values are Customer Focus, Agility, Collaboration, Passion, and Sustainability. Performance against core values is evaluated based on a broad range of factors, including customer-focused innovation, responsiveness to market and environmental changes, collaboration and proactive execution, prioritizing safety in daily operations, and compliance with environmental, health and safety laws and regulations. These factors reflect responsible business practices toward society and the environment.

Compliance Audits

LG Chem conducts compliance audits on selected topics each year, taking into account emerging risks and regulatory developments. To ensure an effective review process, audits are conducted in collaboration with the departments responsible for each risk area. Any gaps or improvement opportunities identified through compliance audits are addressed through short- and long-term improvement plans. Where necessary, task forces are established to support timely implementation of corrective actions.

Headquarters Compliance Audits

Year	Topics
2023	Review of subcontracting agreement management practices (disguised subcontracting, worker dispatch)
	Review of personal information management practices (clinical trials and HR operations)
2024	Review of compliance with the Serious Accidents Punishment Act
	Review of procurement-related risks (responsible supply chain, corruption, information security, technical data from subcontractors, etc.)
	Review of economic and trade sanctions management processes in import and export operations
	Review of insider trading and the use of material non-public information
2025	Review of trade secret management systems and practices
	Review of personal information management systems and practices (departments handling personal information)

Compliance Training

The LG Chem Compliance Guidelines set out the core principles that all employees are expected to follow. To promote awareness and understanding of these principles, monthly educational materials are developed and distributed company-wide through compliance newsletters and screensavers. In addition, the Compliance Team and the departments responsible for each risk area establish and maintain policies, regulations, and guidelines for individual compliance topics.

LG Chem provides a range of compliance training programs for employees. Annual mandatory training is conducted on key topics, including fair trade, anti-corruption, trade regulations, responsible supply chain management, environment, health and safety, and information security. Additional role-based training is also provided based on employee responsibilities and job functions. For overseas employees, LG Chem delivers compliance training tailored to local legal requirements and business environments, covering topics such as AI compliance, diversity, equity, inclusion, and fairness. New hires and employees assigned to overseas postings are required to complete dedicated compliance training programs before commencing their roles or overseas assignments.

2025 Key Mandatory Training Courses

Category	Course	Target Audience
Common Training	Prevention of Sexual Harassment and Workplace Bullying	All Employees in Korea
	Compliance Training	
	EH&S Training	
	Information Security Training	
	Fair Trade Training	
	Ethics Training	
	Disability Awareness Training	
	Personal Information Protection Training	
Job-specific Training	Hazardous Chemical Handling Training	Employees working at sites handling hazardous chemicals
	Drug Safety Training	Employees of the Life Sciences Business Division
	Advanced Fair Trade Training: Subcontracting	Procurement, SCM, R&D, and Quality functions
	Advanced Fair Trade Training: Agency	Sales and Marketing functions
	Import/Export Compliance	Sales, Marketing, Procurement, and Planning
	Protection of National Core Technologies	Employees handling national core technologies

Note: Assessments based on the training content are conducted to verify training effectiveness.

Anti-Corruption Program

LG Chem does not tolerate any form of corruption or bribery. To demonstrate executive management commitment to anti-corruption, LG Chem established the LG Chem Global Anti-Corruption Policy in July 2023 and published it on LG Chem website and internal standards portal. To uphold the principles of integrity and ethical conduct, corruption risk has been designated as both a Key Risk and a Core Key Risk and is managed directly by the Compliance Team. LG Chem manages corruption risks that may arise in the course of business activities as well as risks associated with business counterparties. Through these efforts, LG Chem seeks to prevent corruption risks across its operations and value chain.

Anti-Corruption Program for Executives and Employees

All executives and employees of LG Chem participate in an annual anti-corruption pledge and complete mandatory anti-corruption training. In addition, all departments identify corruption risks relevant to business activities, establish management objectives, and implement preventive measures. To support compliance with domestic and international anti-corruption laws and regulations, LG Chem has established the Regulations on Prevention and Avoidance of Corrupt Practices (December 2021) and the Practical Guidelines for Anti-Corruption (2022). To help executives and employees better understand Company anti-corruption policies and programs, LG Chem has also developed and distributed the Anti-Corruption Management Manual (2024), the Anti-Corruption Guide for Media Relations (2024), and the Anti-Corruption Guide for Public Officials (2025).

Anti-Corruption Program for Business Partners and Suppliers

LG Chem encourages business partners and suppliers to support and commit to its anti-corruption policy and provides anti-corruption guidance materials in Korean, English, and Chinese. LG Chem also operates an IT-enabled anti-corruption review process for individual contracts. Corruption risks associated with contracts are identified and assessed, and due diligence and monitoring activities are conducted where elevated corruption risks are identified.

[Prohibition and Prevention of Corruption Regulation](#)

[Anti-Corruption Guide for Business Partners](#)

Performance

LG Chem conducts an annual compliance and anti-corruption awareness survey for employees in Korea. Through the survey, LG Chem monitors organizational culture, gathers employee feedback on compliance and anti-corruption policies, and incorporates the results into policy development and improvement efforts. These activities support the continued advancement of LG Chem compliance culture. To assess the effectiveness of compliance and anti-corruption programs, LG Chem monitors a range of indicators, including participation in organization-level risk management activities, completion rates for Company-wide training programs, effectiveness assessment results for Key Risk management plans, employee pledge completion rates, and maintenance of ISO certifications.

Compliance Certification

As part of executive management commitment to compliance, LG Chem obtained ISO 37001 (Anti-Bribery Management System) and ISO 37301 (Compliance Management System) certifications across all domestic business sites in September 2023 and has maintained these certifications through annual renewals. These certifications demonstrate that LG Chem compliance and anti-corruption policies, as well as its risk management framework, are aligned with internationally recognized standards and support the operation of a globally competitive compliance program.

LG Chem prepares annual management review reports for ISO 37001 and ISO 37301 and submits them to executive management. These reports include internal and external issues identified through SWOT analysis, stakeholder expectations and requirements, risk assessment results and additional management measures, actions taken in response to previous improvement requests, corrective actions for non-compliance, improvement outcomes from compliance audits and reporting investigations, internal audit results, organizational objectives and metrics, and future improvement plans.

Business Ethics

LG Chem embraces Jeong-do Management, grounded in the LG Way, as a core principle of corporate operations. To embed ethical values throughout business activities and decision-making processes, LG Chem has established a Business Ethics framework and continuously strengthens related policies, systems, and programs. Led by a dedicated organization reporting directly to the CEO, LG Chem works to prevent ethical risks and foster a transparent corporate culture through employee training, ethics pledges, and reporting channels. Through these efforts, LG Chem is strengthening the foundation for sustainable growth based on stakeholder trust.

Governance

LG Way Philosophy

The LG Way is the distinctive management philosophy of LG, with Jeong-do Management serving as the behavioral mode for achieving customer value creation and practicing people-oriented management. LG Chem supports the practical application of the LG Way across the organization through training, communications, and institutional support, ensuring that it is embedded in daily business activities rather than remaining a statement of intent. To reinforce these principles, LG Chem collects the Jeong-do Management Practice Pledge from all executives and employees each year and encourages active participation in Jeong-do Management.



Organization and Policies

Ethics Governance Structure

LG Chem has established the Internal Audit Department under the direct oversight of the CEO to embed Jeong-do Management throughout the organization. The Ethics Office within the Internal Audit Department establishes company-wide Jeong-do Management policies and frameworks, provides Jeong-do Management training for employees, and conducts investigations related to reports and allegations of misconduct. The Internal Audit Teams conduct internal assessments to evaluate compliance with ethical standards and work to prevent potential ethical violations. As a global company, LG Chem has also established Internal Audit Teams at major overseas operations that work in close coordination with the Headquarters organization. These teams develop and implement frameworks for Jeong-do Management policies, systems, and standards that reflect local legal requirements and cultural considerations. They also monitor business activities to help ensure alignment with Jeong-do Management principles.

LG Code of Ethics

LG Chem establishes standards of conduct and decision-making principles for all employees based on the LG Code of Ethics established by LG. The LG Code of Ethics consists of the Code of Ethics, which sets out fundamental principles, and the Practice Guidelines, which provide detailed guidance for implementation. The Code of Ethics is reviewed and updated as needed to reflect changes in laws and regulations, evolving societal expectations, and emerging business environments while reinforcing the standards of conduct expected of employees. In 2026, the Code of Ethics was revised and distributed to all employees. Through the practice guidelines for the Code of Ethics, employees understand their roles and responsibilities and carry out their duties in accordance with relevant regulations and standards.

Overview of the LG Code of Ethics

- 1. **Responsibilities and Obligations to Customers** (Respect for Customers, Creating Value, Providing Value)
- 2. **Fair Competition** (Pursuit of Free Competition, Compliance with Laws and Regulations)
- 3. **Fair Transactions** (Equal Opportunity, Fair Transaction Procedures, Pursuit of Mutual Development)
- 4. **Basic Ethics of Employees** (Basic Ethics, Completion of Duty, Self Development, Fairness in Performance, Avoidance of Conflict with Company Interests)
- 5. **Responsibilities to Employees** (Respect for Human Dignity, Fair Treatment, Promoting Creativity)
- 6. **Responsibilities to Society and the Country** (Rational Business Development, Protection of Shareholder Interests, Contribution to Social Development, Environmental Protection)

[LG Code of Ethics](#)

Approach

Ethics Audits

LG Chem conducts ethics audits to strengthen business competitiveness and assess operational effectiveness across business functions. Regular audits cover all areas of business activities, including procurement, sales, production, and logistics. Through these audits, LG Chem identifies potential risks and ethical violations, analyzes root causes, and develops improvement actions. The implementation of these actions is monitored through ongoing follow-up reviews. Through this process, LG Chem strengthens its operational framework and supports sustainable business performance.

Reporting of Gifts and Benefits

LG Chem strictly prohibits executives and employees from accepting money, gifts, entertainment, or other benefits from stakeholders. The acceptance of congratulatory or condolence money and other personal gifts is also prohibited. If money, gifts, or other congratulatory or condolence offerings are unavoidably received, they must be reported to the Ethics Office through the reporting system and returned to the provider. Where return is not possible, the items are either donated directly to social welfare organizations or submitted to the Ethics Office for an internal auction. Proceeds generated from these auctions are donated to social welfare organizations.

Ethics Reporting Channels

To promote transparency and ethical business conduct, LG Chem provides reporting channels through which stakeholders can report misconduct, corruption, and compliance violations, including manipulation of documents and records, embezzlement and misappropriation of assets, and conflicts of interest. Reports may be submitted through the internal Jeong-do Management Portal or the Jeong-do Management reporting platform operated by LG Corp. These channels are available to all stakeholders associated with LG Chem, including employees, suppliers, and local community members. Reports may be submitted through various channels, including email, telephone, and fax, with services available in Chinese and English.

Upon receipt of a report, an investigation is conducted in accordance with documented procedures, and findings are assessed based on objective evidence. Upon completion of the investigation, disciplinary actions or recognition measures are implemented through established procedures, and corrective actions are taken where deficiencies in systems or business processes are identified. Reporting activities and investigation outcomes are reported to the Audit Committee, and disciplinary outcomes are regularly shared through the Jeong-do Management Portal, which is accessible to all employees.

Examples of Reportable Misconduct and Corruption



Manipulation of documents and records



Acceptance of gifts or other improper benefits



Improper equity participation in suppliers



Embezzlement and misappropriation of assets



Unfair trade practices



Leakage of confidential information



Sexual harassment and other misconduct

[LG Ethics and Compliance Reporting Portal](#)

Principle of Informant Protection

LG Chem has established informant protection guidelines to prevent any disadvantage to informants. The identity of informants, as well as any information that may reveal their identity, is not disclosed without their consent, and reporting channels are managed through secure protection measures. LG Chem prohibits any form of disadvantage or retaliation resulting from reporting. The Ethics Office monitors whether any disadvantage has occurred to informants for a certain period following the completion of an investigation and implements necessary protection and support measures where needed. If retaliation is confirmed, appropriate corrective and protective actions are taken in accordance with relevant regulations. Through these efforts, LG Chem fosters an environment in which informants can report concerns with confidence.

Reporting Contact Information	
Address	LG Chem Ethics Office, 18F, East Tower, LG Twin Towers, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul, Republic of Korea
Tel	1522-9941
Fax	02-3773-6269
E-mail	ethicsoffice@lgchem.com

Ethical Management Portal

LG Chem shares the LG Code of Ethics, behavioral principles, and other Jeong-do Management-related information through the Jeong-do Management Portal. The portal is continuously updated and enhanced to help employees easily access the latest information and guidance on Jeong-do Management. The portal is available in Korean, English, and Chinese for employees across all global operations. Employees can seek guidance on ethical issues and dilemmas encountered in the course of their work, and LG Chem provides detailed advice and support in response.

Performance

Training and Awareness

To proactively prevent misconduct, corruption, and other violations of Jeong-do Management, LG Chem provides ethics training to all employees. In 2025, 99.6% of employees completed the training. In addition, role-based training is provided for different employee groups, including new hires, managers, and newly appointed leaders. Employees at overseas operations receive tailored training using materials developed in local languages, and training programs are also available for external suppliers. LG Chem regularly shares CEO messages on Jeong-do Management with employees and business partners, highlights exemplary practices related to compliance with the Code of Ethics and Jeong-do Management, and communicates cases of misconduct to reinforce a culture of Jeong-do Management across the organization.

Ethics Training Performance

Category	Unit	2023	2024	2025
Participants in Ethics Training ¹⁾	Person	15,068	14,163	12,212

1) Includes content related to Jeong-do Management and the LG Code of Ethics.

Supplier Ethics Pledge

LG Chem collects the Jeong-do Management Practice Pledge not only from employees but also from suppliers with whom it maintains ongoing business relationships. Through this pledge, LG Chem shares its ethical standards with suppliers and promotes fair business practices. By fostering a shared commitment to Jeong-do Management, LG Chem seeks to strengthen trust and build stable, long-term partnerships with its suppliers.

2025 Supplier Ethics Pledge Signing Status

Category	Unit	Eligible Suppliers ¹⁾	Suppliers Signing the Pledge	Ratio
Suppliers Signing the Jeong-do Management Practice Pledge	Company	7,120	7,120	100%

1) Includes all suppliers with access to the LG Chem procurement system and excludes one-time suppliers.



Crisis Management

LG Chem recognizes that various risks and crises can affect business stability and long-term sustainability in an increasingly uncertain business environment. Accordingly, we operate an enterprise-wide crisis management system to identify, assess, and manage risks. Based on integrated crisis management governance, we proactively identify and assess major risks and continuously enhance our crisis management framework to support timely decision-making and effective response in the event of a crisis. Crisis management is closely linked to the company-wide risk management system and encompasses both routine risk management activities and crisis response activities. Through post-crisis reviews and lessons learned, we strengthen organizational resilience and support a stable and sustainable business foundation over the long term.

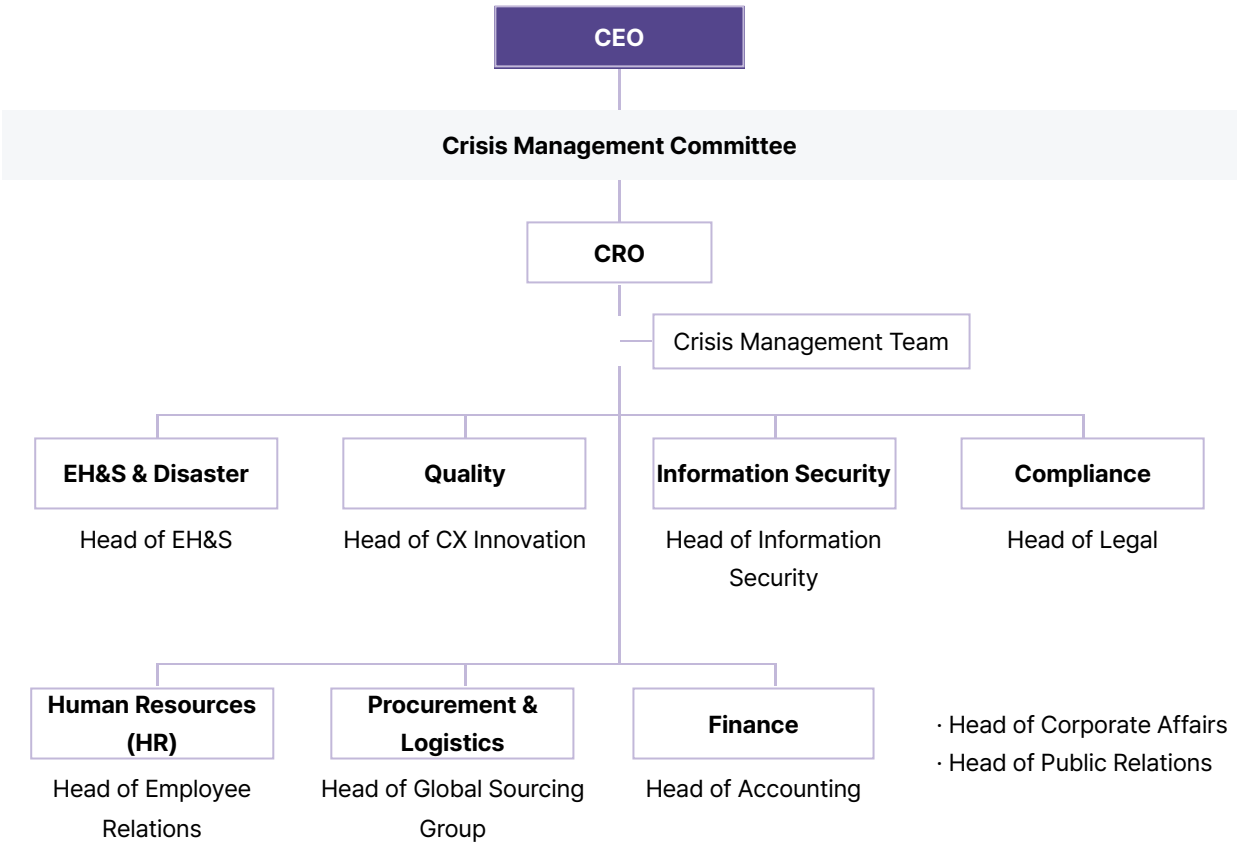
Governance and Management

LG Chem appointed a Chief Risk Officer (CRO) in May 2021 and established a dedicated enterprise-wide crisis management organization. As of 2025, the Crisis Management Committee meets three times a year to operate an integrated company-wide crisis management system and strengthen governance for prompt and consistent decision-making on major crisis management issues.

The Crisis Management Committee consists of eight subcommittees: EH&S & Disaster, Quality, Information Security, Compliance, Human Resources (HR), Procurement & Logistics, Finance, and Corporate Affairs/Public Relations. The Committee comprises the heads of each subcommittee, together with the Head of Corporate Affairs and the Head of Public Relations, to oversee functional risk management and crisis response. The Committee analyzes potential risks that may affect business operations and promotes preventive management activities based on potential impact and likelihood. In addition, major company-wide risks are reassessed annually, and response strategies are adjusted according to changes in risk levels.

In the event of a material issue, LG Chem seeks to ensure rapid communication and effective crisis response. To support this, the Company operates an immediate reporting system involving site managers, relevant department heads, and executive management in accordance with a predefined call tree based on crisis severity levels (A: Severe, B: Alert, C: Caution, D: Attention). In addition, the company-wide Emergency Response Committee, chaired by the CEO, CRO, or CSEO, establishes company-wide response policies and makes key decisions in a timely manner. The principles, policies, responsibilities, authorities, and processes governing crisis management during both normal operations and crisis situations are defined in and administered through the Company-wide Crisis Management Regulation.

Crisis Management Organization



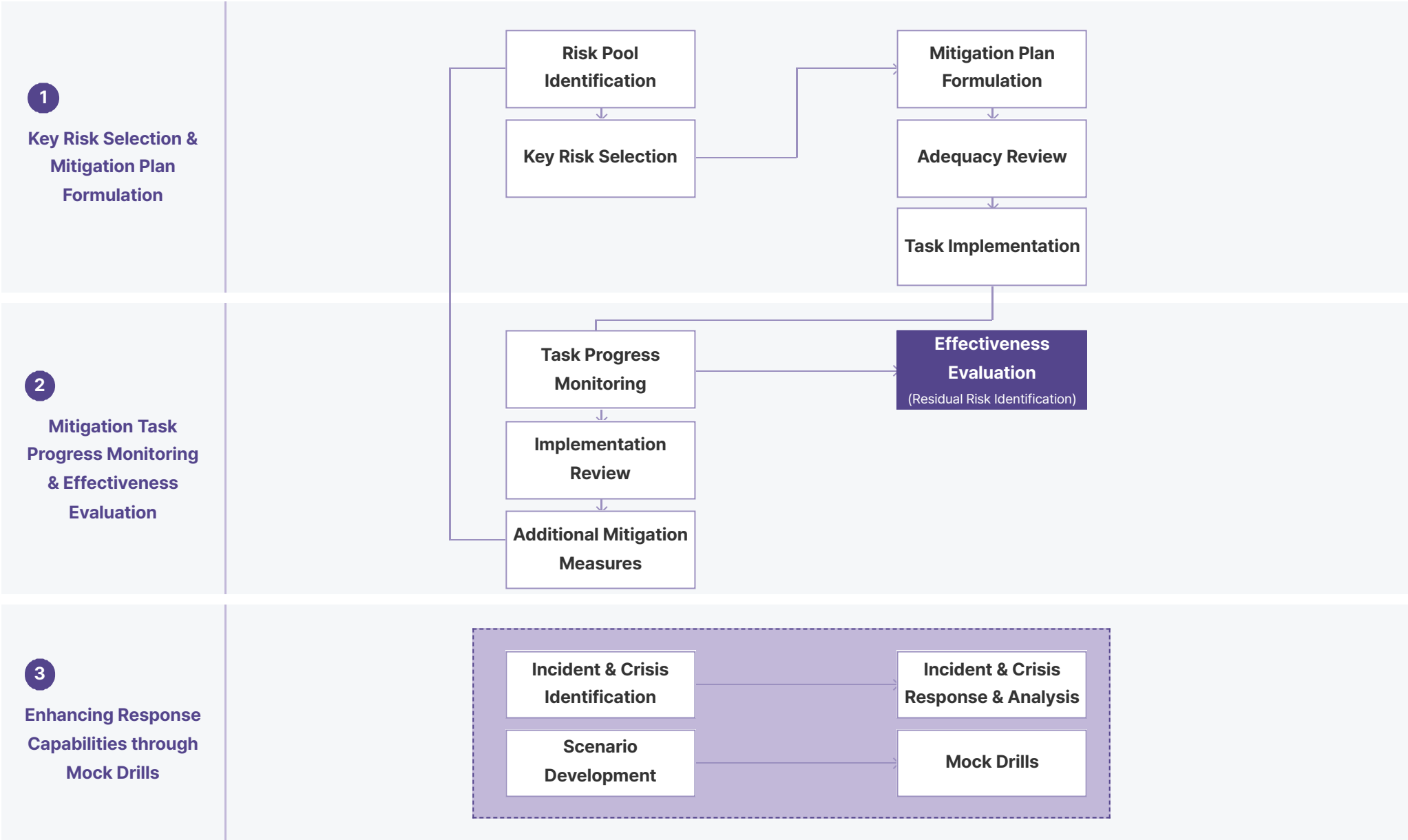
Risk Response and Management

LG Chem proactively identifies and assesses key risks, prioritizes them based on impact and likelihood, and manages corresponding response actions. For significant risks, the Company establishes mitigation measures, monitors implementation progress, and identifies additional response actions through assessments of residual risk effectiveness. Through this process, LG Chem operates a continuous risk management cycle encompassing risk identification, response, monitoring, and improvement. In addition, to ensure business continuity, major business sites and business divisions establish and implement site-specific Business Continuity Plans (BCPs), conducting regular reviews and improvement activities to minimize disruptions to critical business operations during crisis situations.

Furthermore, through the Crisis Management Information System (CMIS), LG Chem centrally manages the status and response history of major incidents and accidents across domestic and overseas operations. The Company continuously incorporates lessons learned and emerging risks identified from major incidents into its crisis management framework and strengthens preventive measures and recurrence prevention activities, including the distribution of risk management guidelines. The company-wide crisis management process is applied consistently across major risk areas, including information security and raw material supply risks. In particular, these risks are managed with consideration of their potential to escalate into company-wide crises, such as production disruptions or information leakage, resulting from external factors including cyberattacks and supply chain instability.

In the event of a major incident or accident, response measures are adjusted through rapid communication and company-wide decision-making based on predefined crisis severity criteria. The Company also plans to further enhance incident closure criteria and follow-up management procedures. Through these efforts, LG Chem systematically monitors root cause analysis and the implementation of recurrence prevention measures while continuously strengthening company-wide response capabilities for similar risks. By incorporating lessons learned from crisis response activities, LG Chem continuously enhances its crisis response and recovery capabilities rather than relying on one-time responses.

Risk Management Process



Resilience and Preparedness

LG Chem strengthens its proactive response capabilities for major risks through its company-wide crisis management system and continuously enhances its communication and response mechanisms for crisis situations. Through company-wide and business-specific crisis response simulations and scenario reviews, we strengthen the effectiveness of our response framework for major crisis scenarios, including disasters, accidents, and cyber threats. We also enhance business continuity and organizational resilience through regular emergency response exercises and reviews of crisis management processes. Based on these efforts, LG Chem continues to strengthen its company-wide crisis management capabilities and organizational resilience, reinforcing a stable and sustainable foundation for business operations even in highly uncertain environments.

Digital and Cybersecurity

LG Chem recognizes the protection of information assets, production systems, R&D data, and customer information as a core management priority amid accelerating digital transformation and the growing complexity of the global business environment. Accordingly, based on an enterprise-wide information security and cybersecurity framework, we manage cyber threats and information security risks while pursuing security strategies that promote stability and trust as digital technologies become more widely adopted. Furthermore, we are strengthening the foundation for sustainable digital competitiveness by expanding the scope of information security beyond traditional IT-centric protection to include data, operational technology (OT), and AI applications.

Governance and Oversight

As digital transformation accelerates, LG Chem operates a company-wide information security and cybersecurity system to protect information assets, production systems, R&D data, and customer information. A dedicated information security organization oversees the system and continuously monitors and responds to major information security issues and cyber risks. The information security management system is based on information security policies, technical protection measures, and executive and employee awareness-raising activities that reflect the CEO's strong commitment to information security. Major information security issues are also managed in connection with the company-wide risk management system. In addition, we operate information security certification programs for major business sites in Korea and overseas and continuously enhance the protection of information assets. As digital transformation and AI adoption continue to expand, LG Chem is broadening the scope of information security management to include data protection, OT security, and AI-related risk management.

Information Security Policy

- 1. Information security is a core management principle
- 2. Information security is a foundation for driving AX transformation
- 3. Establishing a sustainable security framework
- 4. Fostering a security culture based on participation and accountability
- 5. Strict compliance with applicable laws, regulations, and internal policies

Strategy and Activities

LG Chem conducts information security certification programs, access control management, security audits, employee training, and awareness-raising activities to prevent information security risks. We continuously assess the security levels of major information assets and systems and strengthen our prevention, detection, and response capabilities to address cyber threats. In particular, to systematically manage security risks arising from accelerated AI Transformation (AX), increased data utilization, and changes in the global business environment, we have refined our information security strategy. Building on the fundamental role of security controls, we are expanding our security framework to support the safe and effective use of information. The security organization focuses on minimizing security risks and ensuring compliance while supporting stable business operations. We maintain security discipline through clearly defined standards and principles and strengthen communication with employees regarding changes in security policies and internal and external security issues. In addition, we operate customized security training and awareness programs tailored to job roles and risk levels and continuously improve standards and procedures by analyzing requests for exceptions to security policies. In responding to cyber incidents, we continue to enhance our response system on the assumption that security incidents may occur. While strengthening preventive capabilities through the expanded deployment of next-generation security solutions and anomaly detection technologies, we operate a resilience-based response system designed to minimize damage and support rapid recovery. We also continuously advance our cybersecurity architecture and regularly assess the effectiveness of security control policies.

Performance and Reporting

LG Chem continuously strengthens the protection of its information assets through its global information security framework and advances its cybersecurity capabilities in response to changes in the digital environment. The information security organization operates under the oversight of top management and manages an integrated information security governance framework encompassing headquarters, business sites, global subsidiaries, and suppliers based on global information security regulations and guidelines. Through consultative bodies, including the Information Security Committee, key security risks and improvement initiatives are shared with management to ensure that security strategies are reflected in business decision-making. In 2025, we maintained information security certification programs at major business sites and conducted information security training and simulation exercises for employees. In addition, we strengthened our information security posture by enhancing cyber threat response systems and conducting security inspections of major systems. Furthermore, we systematically manage compliance with domestic and international laws, regulations, and customer requirements related to personal information protection, national core technologies, and information security disclosure requirements while strengthening compliance capabilities aligned with the global business environment. In response to the expanding use of AI, we established and implemented AX governance, including generative AI guidelines and internal control standards. By establishing a risk management framework aligned with the growing use of digital technologies, we continue to maintain stakeholder trust in information protection, cybersecurity, and AI utilization.

Information Security and Cybersecurity		Unit	2023	2024	2025
ISO 27001	Certified Business Sites	Site	16	15	16
Information Security	Awareness-Raising Activities	Number	12	12	13
	Per Capita Training Hours	Minutes	10	6	20

Customer and Quality

LG Chem has established a company-wide customer and quality management framework to address customer needs and ensure product quality. Built on Customer Pain Point Management (CPPM), customer claim management, and quality management systems, this framework covers the entire process from identifying customer requirements to implementing improvement actions. Through this approach, we address issues arising at customer touchpoints in a timely manner and incorporate insights from those interactions into our quality management efforts.

Governance and Management

LG Chem has established a company-wide customer and quality management framework to enhance customer satisfaction and strengthen confidence in product quality. This framework encompasses customer engagement, quality assurance, product responsibility, and quality improvement, enabling customer needs and expectations to be reflected throughout the product and service lifecycle. Our quality organization is responsible for setting quality standards, addressing customer requirements, and driving preventive and corrective actions on quality-related issues. Major quality issues and customer complaints are addressed through cross-functional collaboration among relevant departments. In addition, feedback and requirements gathered through customer touchpoints are incorporated into quality improvement and product responsibility initiatives. Recognizing customer satisfaction and product quality as key drivers of long-term competitiveness, LG Chem continuously monitors and enhances the quality of the overall customer experience.

Customer and Quality Management

LG Chem manages customer needs and concerns through an integrated approach built on customer satisfaction surveys, Customer Pain Point Management (CPPM), and customer complaint management. CPPM is a company-wide framework that captures, analyzes, and translates customer pain points into actionable improvement initiatives. Depending on their significance, identified issues are either addressed immediately or incorporated into improvement projects, with progress monitored through customer feedback and internal reporting. Feedback gathered across various customer touchpoints is also incorporated into quality improvements, service enhancements, and efforts to strengthen product competitiveness.

In 2025, we assessed the experiences and expectations of key customers through customer satisfaction surveys and identified improvement opportunities related to areas such as delivery reliability and raw material quality. We also maintain quality management systems, including ISO 9001, to prevent potential quality risks throughout the product lifecycle. By reviewing quality standards and customer requirements across product design, manufacturing, delivery, and customer use, we work to identify and mitigate quality risks at an early stage. Customer complaints are managed through an 8D-based problem-solving process that includes root cause analysis, corrective actions, and measures to prevent recurrence. We share resolution outcomes with customers and incorporate the findings into ongoing improvement efforts to ensure a consistent and connected management approach. In addition, we continually conduct root cause analyses, implement corrective measures, and verify their effectiveness to prevent recurring issues. Major quality issues are managed in coordination with our internal quality crisis management system, enabling timely customer response and consistent product quality.

Performance and Improvement

LG Chem continues to strengthen its ability to understand and address customer needs through customer satisfaction surveys and CPPM-driven improvement initiatives. In 2025, we managed approximately 16,000 customer pain points and continued to enhance quality performance and customer responsiveness by implementing improvement actions identified through customer satisfaction surveys. These efforts help reduce the recurrence of major quality issues and minimize customer inconvenience. We also continuously monitor the quality of our products and manufacturing processes through our quality management system. By incorporating customer feedback and requirements into ongoing improvement initiatives, we continue to enhance customer satisfaction, quality competitiveness, and product responsibility management.

Customer Satisfaction Survey		Unit	2023	2024	2025
Survey	Coverage ¹⁾	%	100	-	100
	Score	Score	84	-	80

1) Percentage of LG Chem business divisions that conducted customer satisfaction surveys.

Tax Strategy

LG Chem is committed to complying with applicable tax laws and fulfilling its tax obligations in good faith. We maintain internal controls to manage tax-related uncertainties and risks and transparently disclose material tax information through public disclosures.

Governance and Oversight

Tax policies and tax risks are regularly reported to management according to their significance. Where uncertainties arise regarding the interpretation of tax laws or material tax issues emerge, decisions are made following management review. Through this process, LG Chem maintains internal controls and management oversight over tax-related decision-making.

Tax Policy

- We fulfill our tax filing and payment obligations in accordance with applicable laws and regulations in each jurisdiction where we operate.
- We maintain transparent relationships with tax authorities and fulfill our obligations to provide information requested by tax authorities.
- We establish and implement reasonable transfer pricing policies for transactions with overseas affiliates in compliance with applicable tax laws and the OECD Transfer Pricing Guidelines.
- We maintain an efficient tax management framework, including calculating jurisdiction-specific effective tax rates and identifying responsible taxpayers following the introduction of the global minimum tax.
- We prohibit the transfer of income to tax havens for the purpose of tax avoidance.
- To ensure transparent tax disclosure, we publicly disclose relevant tax information each year through audit reports and electronic disclosure systems.

Tax Policy and Risk Management

LG Chem recognizes the financial and reputational impacts that may arise from non-compliance with tax laws, changes in the international tax environment, and transfer pricing disputes as key business risks. Accordingly, compliance with applicable tax laws and the fulfillment of tax obligations in good faith form the foundation of our approach to tax risk management. We fulfill our tax filing and payment obligations in accordance with relevant laws and regulations in all jurisdictions where we operate and maintain transparent relationships with tax authorities. For international transactions with related parties, we establish and implement reasonable transfer pricing policies in line with the OECD Transfer Pricing Guidelines. In response to changes in the international tax environment, including the introduction of the global minimum tax, we maintain a tax management framework that incorporates jurisdiction-specific effective tax rates and tax structures. We also prohibit the transfer of income to tax havens for tax avoidance purposes and refrain from using tax structures that lack commercial substance or legitimate business purposes, thereby mitigating tax-related regulatory and reputational risks. LG Chem views tax compliance as a fundamental responsibility of corporate citizenship and sustainable business operations. Through our commitment to paying taxes in good faith, we contribute to the fiscal foundations of the jurisdictions in which we operate.

Tax Performance

LG Chem enhances stakeholder trust by transparently disclosing key tax information through audit reports and electronic disclosure systems. We also fulfill our tax filing and payment obligations across the jurisdictions in which we operate and proactively manage tax risks to mitigate potential financial and reputational impacts.

Tax Reporting		Unit	2023	2024	2025
Income Tax Expense ¹⁾	Total	KRW 1M	432,501	52,754	15,998
	Korea	KRW 1M	5,387	-175,190	311,783
	Asia	KRW 1M	424,168	332,078	346,694
	Europe	KRW 1M	66,978	-82,163	-147,488
	Americas	KRW 1M	20,589	-40,866	-32,709
	Other	KRW 1M	642	1,236	386
	Consolidated Adjustments	KRW 1M	-85,264	17,659	-462,668
Income Taxes Paid (Cash Basis)		KRW 1M	1,348,461	659,998	759,736

1) Income tax expense is presented on a consolidated financial statement basis. The 2024 data has been restated based on the 2025 reporting basis.

Environmental Data

ENVIRONMENT

GHG Emissions

Scope 1 and 2 Emissions		Unit	2023	2024	2025
Scope 1 and 2 Emissions	Global	tCO ₂ e	9,079,127	9,335,444	8,889,779
	Korea	tCO ₂ e	8,072,359	8,314,440	7,764,396
	Excl. Korea	tCO ₂ e	1,006,768	1,021,004	1,125,383
	Emission Intensity	tCO ₂ e / KRW 1M	0.4413	0.4181	0.4125
Scope 1 Emissions	Global	tCO ₂ e	5,188,120	5,659,154	5,142,284
	Korea	tCO ₂ e	5,031,867	5,498,078	4,993,558
	Excl. Korea	tCO ₂ e	156,253	161,076	148,726
	Emission Intensity	tCO ₂ e / KRW 1M	0.2522	0.2534	0.2386
Scope 2 Emissions	Global	tCO ₂ e	3,891,007	3,676,290	3,747,495
	Korea (Market-based)	tCO ₂ e	3,040,492	2,816,362	2,770,838
	Korea (Location-based)	tCO ₂ e	3,119,902	2,881,610	2,813,566
	Excl. Korea (Market-based)	tCO ₂ e	850,515	859,928	976,657
	Excl. Korea (Location-based)	tCO ₂ e	1,315,612	1,266,577	1,108,646
	Emission Intensity	tCO ₂ e / KRW 1M	0.1891	0.1646	0.1739

CO₂ emissions from biomass combustion are classified as biogenic emissions and disclosed separately from Scope 1 emissions. As of the reporting year, biogenic emissions totaled 10.5 tCO₂, primarily resulting from the limited use of biofuels in certain utility processes.

- 1) Korea Scope 1 and Scope 2 emissions for 2024 were partially revised based on the verification results of the Ministry of Environment's greenhouse gas inventory.
- 2) Korea Scope 1 and Scope 2 emissions for 2025 were calculated based on the greenhouse gas inventory submitted to the Ministry of Environment and may be revised following the verification process.
- 3) Emission Intensity = Global GHG Emissions ÷ (Revenue excluding LG Energy Solution and Common and others)
- 4) Scope 2 emissions are disclosed using both the market-based and location-based methods.
- 5) Global Scope 2 emissions are calculated based on market-based Scope 2 emissions.
- 6) Market-based Scope 2 emissions are calculated by deducting reductions resulting from the purchase of RECs and Green Premiums from location-based Scope 2 emissions.

Scope 3 Emissions		Unit	2023	2024	2025
Scope 3 Emissions	Korea Total	tCO ₂ e	11,471,953	19,260,472	18,335,055
	Cat.1 Purchased Goods and Services	tCO ₂ e	10,215,107	14,143,583	12,936,175
	Cat.2 Capital Goods	tCO ₂ e	245,912	162,883	86,911
	Cat.3 Fuel- and Energy-Related Activities	tCO ₂ e	399,605	339,324	315,392
	Cat.4 Upstream Transportation and Distribution	tCO ₂ e	611,329	515,318	737,246
	Cat.5 Waste Generated in Operations	tCO ₂ e	-	131,531	143,816
	Cat.6 Business Travel	tCO ₂ e	-	4,330	4,117
	Cat.7 Employee Commuting	tCO ₂ e	-	10,307	9,275
	Cat.9 Downstream Transportation and Distribution	tCO ₂ e	-	677,368	692,226
	Cat.11 Use of Sold Products	tCO ₂ e	-	596,749	779,696
	Cat.12 End-of-Life Treatment of Sold Products	tCO ₂ e	-	2,435,063	2,445,823
	Cat.15 Investments	tCO ₂ e	-	244,016	184,378

1) In 2024, a Scope 3 calculation methodology for Korea business sites was established, and third-party verification was completed for the resulting emissions. In 2023, certain categories (5, 6, 7, 9, 11, 12, and 15) were excluded from the calculation boundary due to the absence of established methodologies. These categories have been included in the calculation since 2024.

2) For the calculation of Category 1 emissions in 2025, the methodology was partially revised to exclude swap transaction volumes to better reflect the substance of transactions and enhance calculation consistency. This revision has been applied since the 2025 calculation.

3) For the calculation of Category 4 and Category 9 emissions in 2025, ocean freight transport distances were determined using the EcoTransIT Emission Calculator (New Version). This revision has been applied since the 2025 calculation.

4) For the calculation of Category 15 emissions in 2025, certain investee companies were excluded from the calculation boundary following the full divestment of LG Chem's equity interests in those companies. This revision has been applied since the 2025 calculation.

 [【 Scope 3 Calculation Standards and Application 】](#)

Energy Consumption

Energy Consumption		Unit	2023 ¹⁾	2024 ¹⁾	2025
Total Energy Consumption ²⁾	Global	TJ	136,504	146,591	137,157
	Korea	TJ	124,513	134,254	126,764
	Excl. Korea	TJ	11,991	12,337	10,393
	Energy Intensity ³⁾	TJ / KRW 1M	0.0066	0.0066	0.0064
Fuel Consumption	Global	TJ	96,456	109,669	103,237
	Korea	TJ	93,692	106,595	99,834
	Excl. Korea	TJ	2,764	3,074	3,403
External Steam Consumption	Global	TJ	12,830	11,134	11,568
	Korea	TJ	11,600	9,980	10,432
	Excl. Korea	TJ	1,230	1,154	1,136
Non-Renewable Electricity Consumption ⁴⁾⁵⁾	Global	TJ	24,506	23,074	21,374
	Korea	TJ	19,043	17,461	16,270
	Excl. Korea	TJ	5,463	5,613	5,104
Renewable Energy Consumption ⁴⁾⁶⁾	Global	TJ	3,156	3,007	1,085
	Korea	TJ	622	511	335
	Excl. Korea	TJ	2,534	2,496	750
Self-Generated ⁷⁾	Global	MW	4.8	4.8	4.8
Energy Sold	Global	TJ	0	0	0

1) Due to changes in the calculation criteria for Total Energy Consumption, the data for 2023 and 2024 have been updated.

2) Total Energy Consumption is calculated by summing Fuel Consumption, External Steam Consumption, Non-Renewable Electricity Consumption, and REC-based externally procured renewable electricity. Green Premium purchases and self-generated and self-consumed electricity are excluded.

3) Energy Intensity = Global Total Energy Consumption ÷ (Revenue excluding LG Energy Solution and Common and others)

4) Electricity consumption (MWh) is converted to a calorific value basis (TJ) for internal calculation (1 MWh = 3,600 MJ) and reflected in Total Energy Consumption.

5) Non-Renewable Electricity Consumption is calculated by subtracting Renewable Energy Consumption (REC and Green Premium) from total electricity consumption.

6) Renewable Energy Consumption is calculated based on externally procured renewable electricity, including RECs and Green Premium purchases.

7) The company owns solar power generation facilities for self-consumption totaling 4.8 MW (Korea: 1.9 MW; Excl. Korea: 2.9 MW). The figures disclosed represent installed capacity. Actual power generation is managed separately by each business site.

Circular Economy

Reused and Recycled Materials ¹⁾		Unit	2023	2024	2025
Input Ratio ²⁾	PC	%	4.50	5.30	8.20
	ABS	%	0.19	0.31	0.40
	PO	%	0.18	0.09	0.09
	PVC	%	0.0010	0.0144	0.0351
	Plasticizers	%	0.0019	0.0036	0.0220

1) Reused and recycled materials include Post-Consumer Recycled (PCR) and Post-Industrial Recycled (PIR) materials.

2) Input ratio represents recycled material content based on total sales volume for each product category.

Air Emissions

Air Emissions		Unit	2023	2024	2025
Air Emissions	Dust	Metric tons	176	162	120
	Emission Intensity ¹⁾	kg / KRW 1M	0.0086	0.0073	0.0056
	NOx (Nitrogen Oxides)	Metric tons	3,150	3,100	3,041
	Emission Intensity	kg / KRW 1M	0.1531	0.1388	0.1411
	SOx (Sulfur Oxides)	Metric tons	119	152	136
	Emission Intensity	kg / KRW 1M	0.0058	0.0068	0.0063
	VOCs (Volatile Organic Compounds)	Metric tons	151	134	118
	Emission Intensity	kg / KRW 1M	0.0073	0.0060	0.0055
	HAPs (Hazardous Air Pollutants)	Metric tons	105	95	98
	Emission Intensity	kg / KRW 1M	0.0051	0.0043	0.0045

1) Emission Intensity = Air Emissions ÷ (Revenue excluding LG Energy Solution and Common and others)

Water Pollutants

Water Pollutant Discharge		Unit	2023	2024	2025
Water Pollutant Discharge	COD (Chemical Oxygen Demand) ¹⁾	Metric tons	244	284	140
	Discharge Intensity ²⁾	kg / KRW 1M	0.0119	0.0127	0.0065
	TOC (Total Organic Carbon)	Metric tons	381	460	289
	Discharge Intensity	kg / KRW 1M	0.0185	0.0206	0.0134
	SS (Suspended Solids)	Metric tons	228	190	171
	Discharge Intensity	kg / KRW 1M	0.0111	0.0085	0.0079
	T-N (Total Nitrogen)	Metric tons	211	219	221
	Discharge Intensity	kg / KRW 1M	0.0103	0.0098	0.0103
	T-P (Total Phosphorus)	Metric tons	41	19	25
	Discharge Intensity	kg / KRW 1M	0.0020	0.0009	0.0011

1) In accordance with the Water Environment Conservation Act, the gradual transition of organic matter indicators from COD to TOC has been reflected.

2) Discharge Intensity = Water Pollutant Discharge ÷ (Revenue excluding LG Energy Solution and Common and others).

Water Resources

Water Withdrawal, Discharge, and Consumption		Unit ¹⁾	2023	2024	2025
Water Withdrawal	Total	ML	73,423	72,391	65,237
	Surface water ²⁾	ML	14	32	83
	Groundwater	ML	465	411	371
	Seawater	ML	0	0	0
	Municipal water ³⁾	ML	72,944	71,948	64,783
	Others ⁴⁾	ML	0	0	0
	Withdrawal Intensity ⁵⁾	ML/KRW 1M	0.0036	0.0032	0.0030
	Withdrawal in Water Stress Areas ⁶⁾	ML	50,603	48,778	47,436
Water Discharge	Total	ML	22,544	21,918	21,290
	Surface water	ML	759	2,376	1,796
	Groundwater	ML	0	0	0
	Seawater	ML	9,649	7,865	9,310
	Third-party Treatment	ML	12,136	11,677	10,184
	Discharge Intensity	ML/KRW 1M	0.0011	0.0010	0.0010
	Discharge in Water Stress Areas	ML	14,357	13,334	13,354
Water Consumption	Total	ML	50,879	50,473	43,947
	Consumption Intensity	ML/KRW 1M	0.0025	0.0023	0.0020
	Consumption in Water Stress Areas	ML	36,247	35,445	34,082
Water Reuse Rate ⁷⁾		%	2.72	3.48	7.90

1) The disclosure unit has been changed from m³ to ML (megaliters).

2) Surface water includes rainwater withdrawal and storage. The 2023 and 2024 figures have been restated to reflect rainwater withdrawal and storage that were previously included in other water sources.

3) Municipal water includes industrial water and purchased off-site reclaimed wastewater. The 2023 figure has been restated to reflect purchased reclaimed wastewater that was previously included in other water sources. The 2024 total water withdrawal has also been revised to reflect volumes that had not been previously reported.

4) The Others category includes produced water and similar sources. No such volume was generated during the reporting period.

5) Intensity = Water Withdrawal, Discharge, or Consumption ÷ (Revenue excluding LG Energy Solution and Common and others).

6) Areas with Water Stress are defined as locations rated High or above under the WRI Aqueduct Water Risk Atlas V4.0. In Korea, these include Yeosu, Cheongju, Ochang, Osong, Daejeon, and Iksan. Outside Korea, the Tianjin and Wuxi sites in China are included. Compared with the previous year's disclosure, Yeosu, Cheongju, Ochang, Osong, and Daejeon were added, while Magok was excluded. There were no changes to sites outside Korea.

7) Water Reuse Rate includes internal reuse and the use of reclaimed wastewater purchased from external sources. The 2023 and 2024 figures have been restated to reflect corrections to classification errors identified since the previous disclosure.

* Industrial water storage facilities are used for routine process operations. LG Chem does not maintain separate water storage facilities with significant water-related impacts.

Waste and Recycling

Waste Generation and Recycling		Unit	2023	2024	2025
Waste Generated	Total	Metric tons	248,035	242,684	192,385
	Waste Intensity ¹⁾	Metric tons/KRW 1M	0.0121	0.0109	0.0089
Nonhazardous Waste Generated	Total	Metric tons	125,042	103,013	85,648
	Recycling ²⁾	Metric tons	97,692	80,665	68,894
	Incineration (w/ heat recovery)	Metric tons	13,779	11,577	7,998
	Incineration	Metric tons	4,433	2,444	1,544
	Landfill	Metric tons	9,138	8,327	7,212
	Others	Metric tons	0	0	0
Hazardous Waste Generated	Total	Metric tons	122,993	139,671	106,737
	Recycling ²⁾	Metric tons	57,458	83,641	54,972
	Incineration (w/ heat recovery)	Metric tons	52,210	48,000	42,807
	Incineration	Metric tons	11,930	7,371	8,076
	Landfill	Metric tons	1,395	659	882
	Others	Metric tons	0	0	0
Waste Recycling Rate	incl. Incineration (w/heat recovery)	%	89	92	91
	excl. Incineration (w/heat recovery)	%	63	68	64

1) Waste Intensity = Waste Generated ÷ (Revenue excluding LG Energy Solution and Common and others)

2) Waste recycling and final disposal are managed off-site by third parties. As on-site treatment is not applicable, the data are disclosed without separate classification.

* As of 2025, five sites—Yeosu (Hwachi), Cheongju (Separator), Guangzhou, Tianjin, and Chongqing—maintain ZWTL certification.

Chemicals

Hazardous Substances in Products ¹⁾	Unit	2023 ²⁾	2024 ²⁾	2025 ²⁾
Revenue share of products containing CMR ³⁾ substances	%	40.52	38.38	27.76
Revenue share of products containing PBT ⁴⁾ substances	%	0.03	0.02	0.03
Revenue share of products containing vPvB ⁵⁾ substances	%	0.03	0.02	0.03
Revenue share of products containing EDC ⁶⁾ substances	%	6.27	6.70	6.91
Total hazardous substance product revenue share	%	41.00	38.99	28.61

1) Percentage of annual revenue generated from products containing the respective hazardous substances.

2) 2023–2025 data were recalculated using the latest regulated substance list effective as of 2026.

3) CMR (Carcinogenic, Mutagenic and Reprotoxic substances): CMR Category 1 and 2 substances.

4) PBT (Persistent, Bioaccumulative and Toxic substances).

5) vPvB (Very Persistent and Very Bioaccumulative substances).

6) EDC (Endocrine Disrupting Chemicals).



SOCIAL

Safety and Health

Occupational and Process Safety ¹⁾		Unit	2023	2024	2025
Employees	Fatalities	Case	0	0	0
	Fatality Rate ²⁾	Rate	0	0	0
	Lost Time Incidents	Case	31	23	20
	LTIR ²⁾	Rate	0.1602	0.1229	0.1123
	Recordable Incidents	Case	131	97	85
	TRIR ²⁾	Rate	0.6769	0.5185	0.4774
	Total Hours Worked	Hour	38,703,375	37,417,656	35,610,975
Subcontractors	Fatalities	Case	0	0	1
	Fatality Rate	Rate	0	0	0.0100
	Lost Time Incidents	Case	21	21	18
	LTIR	Rate	0.1804	0.1899	0.1793
	Recordable Incidents	Case	63	69	60
	TRIR	Rate	0.5412	0.6240	0.5977
	Total Hours Worked	Hour	23,281,596	22,116,904	20,075,613
Process Safety Events ³⁾	Process Safety Events	Case	0	0	1
	Process Safety Event Rate	Rate	0	0	0.0056
Transportation Incidents ⁴⁾	Road	Case	0	0	0
	Rail	Case	0	0	0
	Ship	Case	0	0	0

1) Previous disclosures focused on incident rates. Following the inclusion of incident case data, working-hour calculation criteria were reviewed, resulting in revisions to certain incident rates previously disclosed.

2) Fatality and incident rates were calculated as (Number of incidents ÷ Total hours worked) × 200,000.

3) Process safety events were determined based on an internal incident index, which considers injuries, fires, spills and leaks, and financial losses.

4) Transportation incidents are collected and managed in accordance with SASB (Sustainability Accounting Standards Board) standards. No incidents meeting the reporting criteria were identified during the reporting year.

* No high-consequence injuries requiring more than six months of recovery were identified in 2025.

* Occupational illnesses and infectious diseases are managed separately under internal standards. No related cases were identified in 2025.

Employees

Workforce Composition		Unit	2023	2024	2025
Employees	Total	Person	19,218	18,543	17,211
By Region	Korea	Person	14,360	13,741	12,765
	China	Person	3,488	3,234	2,905
	Asia-Pacific (excl. China)	Person	513	485	514
	Europe	Person	479	466	448
	Americas	Person	378	617	579
By Gender	Male	Person	-	-	14,067
	Female	Person	-	-	3,144
By Age	Under 30	Person	-	-	1,743
	30 to 49	Person	-	-	12,352
	50 or Above	Person	-	-	3,116
By Employment Type	Permanent ¹⁾	Person	-	-	15,709
	Fixed-term	Person	-	-	1,502
By Work Type	Full-time Employees	Person	-	-	17,201
	Part-time Employees	Person	-	-	10
By Job Function	Production Employees	Person	-	-	6,785
	Office Employees	Person	-	-	10,426

* Starting in 2025, the scope of workforce composition reporting was expanded to cover the entire company. As a result, detailed breakdowns by gender, age, and employment type have been disclosed beginning in 2025.

* All data are based on the active workforce as of December 31 of each reporting year.

* The Company engages contracted and outsourced workers through agreements with suppliers. The number of workers in Korea is disclosed in the Business Report, while the number of overseas workers is not separately disclosed. In accordance with applicable laws and internal standards, safety, health, and operational requirements are applied not only to supplier personnel but also to the work performed by them. The size of the supplier workforce remains generally stable, although short-term fluctuations may occur depending on project activities.

1) Executives are included in the Permanent Employees category.

Employment of Underrepresented Groups (Korea)		Unit	2023	2024	2025
Underrepresented Groups	Persons with Disabilities	Person	251	233	212
	National Veterans	Person	290	267	242
Gender Pay Gap (Korea)		Unit	2023	2024	2025
Female-to-Male Compensation Ratio ¹⁾	Non-management (Base Salary)	%	84	84	87
	Management (Base Salary)	%	95	95	95
	Management (Base Salary + Incentives)	%	95	95	95
	Executive (Base Salary)	%	91	90	90

1) The Female-to-Male Compensation Ratio was calculated by dividing the average compensation of female employees by that of male employees at the same job level. LG Chem does not discriminate based on gender, and differences may result from structural factors such as years of service.

* As of 2025, CEO compensation was KRW 1,887 million, while average employee compensation was KRW 107 million. CEO compensation was approximately 17.6 times the employee average. Median compensation data are not disclosed in accordance with internal policies.

Hiring and Turnover

New Hires		Unit	2023	2024	2025
New Hires	Total	Person	1025	711	613
By Gender	Male	Person	715	508	411
	Female	Person	310	203	202
By Age	Under 30	Person	572	348	265
	30 to 49	Person	382	286	286
	50 or Above	Person	71	77	62
By Employment Type	Permanent	Person	-	-	330
	Fixed-term	Person	-	-	283

* Data by overseas employment type has been collected since 2025, and data for previous years is not provided.

Employee Turnover (Korea)		Unit	2023	2024	2025
Voluntary Turnover	Total	Person	303	346	327
By Gender	Male	Person	225	283	274
	Female	Person	78	63	53
By Age	Under 30	Person	100	87	81
	30 to 49	Person	182	238	233
	50 or Above	Person	21	21	13

* Detailed voluntary turnover data are currently disclosed only for Korea, and the total figures presented above reflect Korea data only. In 2025, total voluntary turnover at overseas operations was 749 employees. Detailed breakdowns for overseas operations will be disclosed in the future.

Capability Development

Employee Capability Development (Korea)		Unit	2023	2024	2025
Training	Total Training Hours	Hour	385,124	220,588	304,511
	Number of Employees	Person	14,360	13,741	12,765
	Average Training Hours per Employee	Hour/Person	26.8	16.1	23.9
By Gender	Male Training Hours	Hour	300,215	179,221	249,448
	Number of Male Employees	Person	12,088	11,517	10,646
	Average Training Hours per Male Employee	Hour/Person	25	16	23
	Female Training Hours	Hour	72,796	41,367	55,063
	Number of Female Employees	Person	2,272	2,224	2,119
	Average Training Hours per Female Employee	Hour/Person	32	19	26
Mandatory Training	Total Training Hours	Hour	62,048	49,769	55,639
	Male	Hour	56,723	43,284	48,818
	Female	Hour	5,325	6,485	6,821
Training Cost	Total Cost	KRW 10K	2,219,761	1,061,434	757,146
	Average Training Cost per Employee	KRW 10K/Person	155	77	59

* All data are based on employees in Korea.
* Average Training Hours per Employee were calculated by dividing Total Training Hours by the Number of Employees for the respective year.
* Training Hours include job-related training, leadership development programs, and mandatory training.

Collective Bargaining

Labor Rights and Collective Bargaining (Korea)		Unit	2023	2024	2025
Labor Union (Korea)	Employees Eligible to Join	Person	6,799	6,309	5,516
	Employees Participating in the Labor Union	Person	5,279	5,037	4,714
	Labor Union Participation Rate	%	78	79.8	85.5
Collective Bargaining Agreement (Korea)	Coverage Rate of Collective Bargaining Agreements	%	100	100	100

* All data are based on Korea. Among 17 overseas production subsidiaries, labor unions have been established at 8 subsidiaries, and collective bargaining agreement negotiations were underway at 1 subsidiary as of June 2026. No collective bargaining agreements had been concluded at overseas subsidiaries as of the reporting year.

Parental Leave

Return from Parental Leave (Korea)		Unit	2023	2024	2025
Return from Parental Leave	Employees due to return to work after parental leave	Person	90	201	269
	Male	Person	41	89	133
	Female	Person	49	112	136
	Employees that returned from parental leave ¹⁾	Person	83	185	267
	Male	Person	38	83	131
	Female	Person	45	102	136

1) Employees that returned from parental leave refer to employees who actually returned to work in 2025 after taking parental leave. This includes employees who returned upon completion of their leave as well as those who returned early and excludes employees who resigned before returning to work.
* The 2023 and 2024 figures for employees that returned from parental leave have been corrected to eliminate double counting.

Supply Chain

Supplier ESG Assessments ¹⁾		Unit	2023	2024	2025
ESG Self-Assessment ²⁾	No. of suppliers	Company	1,168	1,026	964
	Completed suppliers	Company	1,000	955	923
	No. of core suppliers ³⁾	Company	118	152	129
	Completed core suppliers	Company	97	139	124
ESG On-Site Audit	No. of high-risk suppliers ⁴⁾	Company	160	151	147
	Completed high-risk suppliers	Company	31	38	25
	No. of high-risk core suppliers	Company	7	15	12
	Completed high-risk core suppliers	Company	1	3	3
Corrective Actions for On-Site Audits	Total number of findings	Case	554	1,134	508
	Number of improvements	Case	99	604	382

1) Suppliers refer to domestic and overseas suppliers with annual purchases of KRW 100 million or more and at least three purchase orders issued per year.
2) ESG self-assessments refer to online or written assessments conducted to evaluate supplier ESG risk levels.
3) Core suppliers refer to suppliers representing the top 90% of total sourcing spend and include companies of all sizes.
4) High-risk suppliers refer to suppliers with material non-conformities or those classified as High Risk through ESG self-assessments.

Social Contribution

Social Contribution and Volunteering		Unit	2023	2024	2025
Social Contribution	Total	KRW 1M	16,884	20,236	6,410
By Type	Charitable Donations	KRW 1M	13,101	7,284	3,730
	Community Investments	KRW 1M	3,730	12,910	2,669
	Commercial Initiatives	KRW 1M	53	42	11
Employee Volunteering	Volunteer Hours	Hour	2,993	3,541	2,322

Governance Data

GOVERNANCE

Ethics and Fair Trade

Ethics and Anti-Corruption		Unit	2023	2024	2025
Corruption and Bribery	Number of investigations	Case	13	5	4
	Number of actions taken	Case	3	2	1
Ethics Training ¹⁾	Number of participants	Person	15,068	14,163	12,212

1) Includes details on Jeong-do Management, Code of Ethics, etc.

Fair Trade		Unit	2023	2024	2025
Unfair Trade Practices	Number of legal investigations	Case	0	0	0
	Number of legal actions	Case	0	0	0
Fair Trade Training ¹⁾	Number of participants	Person	15,298	16,094	16,262

1) Includes subcontracting, agency collusion, and compliance-related content.

Information Security

Information Security and Cybersecurity		Unit	2023	2024	2025
ISO 27001	Certified Business Sites	Site	16	15	16
Information Security	Awareness-Raising Activities	Number	12	12	13
	Per Capita Training Hours	Minutes	10	6	20

Policy Participation

Corporate Affairs and Policy Participation		Unit	2023	2024	2025
Corporate Affairs and Policy Participation	Contributions to Trade Associations ¹⁾	KRW 1M	3,076	3,701	2,120
	Contributions to Political Campaigns ²⁾	KRW 1M	0	0	0

1) The top five organizations receiving contributions in 2025 are as follows:
- Korea Chamber of Commerce and Industry: 830,000 (KRW thousand)
- World Economic Forum (WEF): 521,823 (KRW thousand)
- Korea Enterprises Federation: 328,889 (KRW thousand)
- World Business Council for Sustainable Development (WBCSD): 231,336 (KRW thousand)
- Korea Vinyl Environmental Council (KOVEC): 208,000 (KRW thousand)
2) Under the Political Funds Act of Korea, corporate contributions to political organizations are strictly prohibited.

Economic Performance

Revenues		Unit	2023	2024	2025
Revenues ¹⁾	Total	KRW 1M	55,043,713	48,699,754	45,932,167
	Petrochemicals	KRW 1M	17,228,591	18,638,014	17,568,310
	Advanced Materials	KRW 1M	2,215,930	2,422,378	2,638,526
	Life Sciences	KRW 1M	1,128,075	1,269,051	1,345,422
	LG Energy Solution	KRW 1M	33,667,228	25,609,482	23,661,313
	Common and others	KRW 1M	803,889	760,829	718,596
Revenue excluding LG Energy Solution and Common and others ²⁾		KRW 1M	20,572,596	22,329,443	21,552,258

1) Revenues are based on the 2025 consolidated financial statements.

2) Revenue excluding LG Energy Solution and Common and others is calculated by subtracting the revenues of LG Energy Solution and Common and others from total revenues. This figure is used to calculate environmental performance intensity metrics. Common and others includes the revenues of FarmHannong Co., Ltd. Please refer to the notes to the consolidated financial statements for details.



Glossary

Abbreviation	Definition	Abbreviation	Definition
ABS	Acrylonitrile Butadiene Styrene	KPI	Key Performance Indicator
ASA	Acrylonitrile Styrene Acrylate	K-ETS	Korea Emissions Trading Scheme
AX	Artificial Intelligence Transformation	LCA	Life Cycle Assessment
BAU	Business As Usual	LEAP	Locate, Evaluate, Assess, Prepare
BCB	Bio-Circular Balanced	LOPA	Layer of Protection Analysis
BCP	Business Continuity Plan	LOTO	Lockout Tagout
CAHRA	Conflict-Affected and High-Risk Areas	LTIR	Lost Time Injury Rate
CAM	Cathode Active Material	MAC	Marginal Abatement Cost
CAP	Corrective Action Plan	MOC	Management of Change
CAMP	Carbon footprint Analysis and Management Platform	MSCI	MSCI Inc. (formerly Morgan Stanley Capital International)
CBAM	Carbon Border Adjustment Mechanism	NCC	Naphtha Cracking Center
CCU	Carbon Capture and Utilization	NDC	Nationally Determined Contribution
CDP	CDP (formerly Carbon Disclosure Project)	NGMS	National GHGs Management System
CMIS	Crisis Management Information System	NOx	Nitrogen Oxides
CMR	Carcinogenic, Mutagenic and Reprotoxic	OBP	Ocean Bound Plastic
CPPM	Customer Pain Point Management	OECD	Organisation for Economic Co-operation and Development
CR	Critically Endangered	OT	Operational Technology
CSDDD	Corporate Sustainability Due Diligence Directive	PBT	Persistent, Bioaccumulative and Toxic
CSRD	Corporate Sustainability Reporting Directive	PCF	Product Carbon Footprint
CTO	Chief Technology Officer	PCAM	Precursor Cathode Active Material
DD	Due Diligence	PCR	Post-Consumer Recycled
DJSI	Dow Jones Sustainability Indices	PE	Polyethylene
DRM	Dry Reforming of Methane	PFAS	Per- and polyfluoroalkyl substances
DX	Digital Transformation	PHA	Process Hazard Analysis
EAL	Expected Annual Loss	PIR	Post-Industrial Recycled
EDC	Endocrine Disrupting Chemicals	PML	Probable Maximum Loss
EIA	Environmental Impact Assessment	PO	Polyolefin
ELV	End of Life Vehicles	PPA	Power Purchase Agreement
EMS	Environmental Management System	PSER	Process Safety Event Rate
EN	Endangered	PVC	Polyvinyl Chloride
ENCORE	Exploring Natural Capital Opportunities, Risks and Exposure	RBA	Responsible Business Alliance
EnMS	Energy Management System	REC	Renewable Energy Certificate
EnPI	Energy Performance Indicator	RE100	Renewable Energy 100
EP	Engineering Plastic	RMAP	Responsible Minerals Assurance Process
ESG	Environmental, Social, Governance	RMI	Responsible Minerals Initiative

Abbreviation		Definition	
ESRS	European Sustainability Reporting Standards	RTO	Regenerative Thermal Oxidizer
ESS	Energy Storage System	SAF	Sustainable Aviation Fuel
EV	Electric Vehicle	SAP	Super Absorbent Polymer
EVP	Employee Value Proposition	SASB	Sustainability Accounting Standards Board
GBIF	Global Biodiversity Information Facility	SAQ	Self-Assessment Questionnaire
GHG	Greenhouse Gas	SBE	Safety Bid Evaluation
GHG Protocol	Greenhouse Gas Protocol	SBTi	Science Based Targets initiative
GRI	Global Reporting Initiative	Scope 1	Direct greenhouse gas emissions
GRS	Global Recycled Standard	Scope 2	Indirect emissions from purchased energy
HAPs	Hazardous Air Pollutants	Scope 3	Other indirect value chain emissions
HAZOP	Hazard and Operability Study	SDS	Safety Data Sheet
HVO	Hydrotreated Vegetable Oil	SOx	Sulfur Oxides
ICP	Internal Carbon Pricing	SSP	Shared Socioeconomic Pathways
ILO	International Labour Organization	SSBR	Solution Styrene-Butadiene Rubber
IPCC	Intergovernmental Panel on Climate Change	TCFD	Task Force on Climate-related Financial Disclosures
IRA	Inflation Reduction Act	TMS	Tele Monitoring System
ISAE	International Standard on Assurance Engagements	TNFD	Taskforce on Nature-related Financial Disclosures
ISCC	International Sustainability & Carbon Certification	TOC	Total Organic Carbon
ISO	International Organization for Standardization	TRIR	Total Recordable Incident Rate
ISSB	International Sustainability Standards Board	VOCs	Volatile Organic Compounds
IUCN	International Union for Conservation of Nature	WDPA	World Database on Protected Areas
KBA	Key Biodiversity Area	WRI	World Resources Institute
KCGS	Korea Institute of Corporate Governance and Sustainability	ZWTL	Zero Waste to Landfill



GRI INDEX

Statement on Reporting	LG Chem has reported its ESG performance and data for the period from January 1, 2025, to December 31, 2025, in accordance with the GRI Standards.
GRI Standard Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No applicable sector standards.

GRI 2 General Disclosures 2021

Category	GRI No.	Disclosure Title	Reporting Location
Organization and Reporting Practices	2-1	Organizational details	General Status , Business Report-I.
	2-2	Entities included in the organization's sustainability reporting	Business Report-XII-4. , Website
	2-3	Reporting period, frequency and contact point	Reporting Overview
	2-4	Restatements of information	Scope 1 and 2 Emissions , Employee and Process Safety
	2-5	External assurance	Independent Assurance Statement
Activities and Workers	2-6	Activities, value chain and other business relationships	Business Areas , Business Report-II.-1.
	2-7	Employees	Workforce Composition
	2-8	Workers who are not employees	Business Report-VIII.-1. , Workforce Composition
Governance	2-9	Governance structure and composition	Board of Directors , Board Expertise
	2-10	Nomination and selection of the highest governance body	Board Composition , Corporate Governance Report Key Principle 4
	2-11	Chair of the highest governance body	Board Composition
	2-12	Role of the highest governance body in overseeing the management of impacts	Board Operations , Corporate Governance Report Key Principle 3
	2-13	Delegation of responsibility for managing impacts	ESG Committee , Board Operations
	2-14	Role of the highest governance body in sustainability reporting	ESG Committee
	2-15	Conflicts of interest	Board Composition , Audit Committee Regulation , Corporate Governance Report Key Principle 5
	2-16	Communication of critical concerns	Management , Board Operations , Reporting Channels
	2-17	Collective knowledge of the highest governance body	Board Composition , Corporate Governance Report Key Principle 4
	2-18	Evaluation of the performance of the highest governance body	Board Performance Evaluation and Compensation
	2-19	Remuneration policies	Board Performance Evaluation and Compensation , Business Report-VIII.-2.
	2-20	Process to determine remuneration	Board Performance Evaluation and Compensation
	2-21	Annual total compensation ratio	Gender Pay Gap , Business Report-VIII.-2.

Category	GRI No.	Disclosure Title	Reporting Location
Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	CEO Message
	2-23	Policy commitments	Sustainability Strategy , Environmental Stewardship Policy , Health and Safety Policy , Responsible Supply Chain Policy , Compliance Policy , Code of Ethics and Jeong-do Management Practice Pledge
	2-24	Embedding policy commitments	Sustainability Strategy , Environmental Stewardship Policy , Health and Safety Policy , Responsible Supply Chain Policy , Compliance Policy , Code of Ethics and Jeong-do Management Practice Pledge
	2-25	Processes to remediate negative impacts	Human Rights and Labor Risk Management , System Improvement Reflecting Our People Feedback , Supplier Grievance Redress , Compliance Reporting Channel Operations , Jeong-do Management Reporting Channel , Website
	2-26	Mechanisms for seeking advice and raising concerns	Improvements Based on Employee Feedback , Supplier Grievance Mechanism , Compliance Reporting Channel Operations , Jeong-do Management Reporting Channel
	2-27	Compliance with laws and regulations	Environmental Stewardship Policy , Compliance Control System , Ethical & Fair Trade , Business Report XI.-3 . Note) Sanctions imposed by major authorities are fully disclosed. For other administrative and regulatory authorities, monetary sanctions of KRW 1 million or more are disclosed in accordance with the Company's materiality thresholds.
	2-28	Membership associations	Associations and Global Initiatives
Stakeholder Engagement	2-29	Approach to stakeholder engagement	Key Material Issues , Website
	2-30	Collective bargaining agreements	Collective Bargaining

GRI 3 Material Topics 2021

Category	GRI No.	Disclosure Title	Reporting Location
GRI 3: Material Topics 2021	3-1	Processes to determine material topics	Assessment Process
	3-2	List of material topics	Material Topics

Material Topic 1: Climate Action and Energy Transition

Category	GRI No.	Disclosure Title	Reporting Location
GRI 3: Material Topics 2021	3-3	Management of material topics	Climate Action
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	Climate Risk and Opportunity Assessment
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy Consumption
	302-3	Energy intensity	Energy Consumption
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Scope 1 & 2 Emissions GHG & Energy Management GHG Reduction Strategy
	305-2	Energy indirect (Scope 2) GHG emissions	Scope 1 & 2 Emissions GHG & Energy Management GHG Reduction Strategy
	305-3	Other indirect (Scope 3) GHG emissions	Scope 3 Emissions Scope 3 Emissions Management
	305-4	GHG emissions intensity	GHG Emissions

Material Topic 2: Responsible Supply Chain and Responsible Minerals

Category	GRI No.	Disclosure Title	Reporting Location
GRI 3: Material Topics 2021	3-3	Management of material topics	Supplier Management
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	ESG Requirements in Purchase Agreements Regular Supplier ESG Assessments Supplier Assessment
	308-2	Negative environmental impacts in the supply chain and actions taken	Risk Management and Corrective Actions Based on Evaluation Results Risk Management Based on OECD Due Diligence Guidelines
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Supply Chain Mapping and CAHRA Identification Human Rights and Labor Risk Management
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Supply Chain Mapping and CAHRA Identification Human Rights and Labor Risk Management
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Self-Risk Identification and Monitoring ESG Compliance Requirements Based on Purchase Agreements Regular ESG Ratings of Suppliers
	414-2	Negative social impacts in the supply chain and actions taken	2025 ESG Ratings Results Risk Management and Corrective Actions Based on Evaluation Results Risk Management Based on OECD Due Diligence Guidelines

Material Topic 3: Environmental Pollution and Chemical Stewardship

Category	GRI No.	Disclosure Title	Reporting Location
GRI 3: Material Topics 2021	3-3	Management of material topics	Environmental Stewardship
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	Water Pollutants
	303-4	Water discharge	Amount of Water pollutant emission
GRI 305: Emissions 2016	305-7	NOx, SOx, and other significant air emissions	Amount of Air pollutant emission
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Waste Management
	306-2	Management of significant waste-related impacts	Waste Management
	306-3	Waste generated	Waste Generation
	306-4	Waste diverted from disposal	Waste Generation
	306-5	Waste directed to disposal (Landfill, incineration, etc.)	Waste Generation

Material Topic 4: Occupational and Process Safety Management

Category	GRI No.	Disclosure Title	Reporting Location
GRI 3: Material Topics 2021	3-3	Management of material topics	Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Process Safety Management
	403-2	Hazard identification, risk assessment, and incident investigation	Accident Prevention Program
	403-3	Occupational health services	Occupational Health & Safety
	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety Roles and Accountability
	403-5	Worker training on occupational health and safety	EH&S Academy and Health Training
	403-6	Promotion of worker health	Occupational Health & Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Accident Prevention Program
	403-9	Work-related injuries	Occupational and Process Safety
	403-10	Work-related ill health	Occupational Health & Safety

Material Topic 5: Human Resources and Organizational Culture

Category	GRI No.	Disclosure Title	Reporting Location
GRI 3: Material Topics 2021	3-3	Management of material topics	Our People
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Hiring and Turnover
	401-3	Parental leave	Parental Leave
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Composition of the Board of Directors, Workforce Composition, Diversity by Position
	405-2	Ratio of basic salary and remuneration of women to men	Gender Pay Gap
GRI 404: Training and Education 2016	404-1	Average training hours per employee	Employee Capability Development
	404-2	Programs for upgrading employee skills and transition assistance programs	Systematic Career Development
	404-3	Percentage of employees receiving regular performance and career development reviews	Performance Evaluation and Compensation

Material Topic 6: Circular Economy and Sustainable Products

Category	GRI No.	Disclosure Title	Reporting Location
GRI 3: Material Topics 2021	3-3	Management of material topics	Circular Economy
GRI 301: Materials 2016	301-2	Recycled input materials used	Reused and Recycled Materials



SASB INDEX

SASB Index

Topic	Code	Metric	Response and Page
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage of emissions covered under emissions-limiting regulations	5,142,284 tCO ₂ e, 97% (Domestic Scope 1 emissions relative to total global Scope 1 emissions)
	RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	GHG Reduction Strategy
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NO _x , (2) SO _x , (3) VOCs, (4) HAPs	(1) 3,041 tons (2) 136 tons (3) 118 tons (4) 98 tons
Energy Management	RT-CH-130a.1	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable energy (4) Total self-generated energy	(1) 136,287 TJ (Terajoule) (2) Korea 13%, Excl. Korea 61% (3) Korea 2%, Excl. Korea 13% (4) 4.8 MW ¹⁾
Water Management	RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Regions with water stress	(1) 47,436 ML, 72.7% (2) 34,082 ML, 77.6%
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	-
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Water scarcity is intensifying due to droughts caused by climate change. Based on close cooperation with local governments related to water resources, we manage water withdrawal and consumption across all business sites, including those in water-stress regions, and strive to optimize water use by expanding water recycling.
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated, percentage Recycling	(1) 106,737 tons (2) 91% (including incineration with energy recovery) / 64% (excluding incineration with energy recovery)
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	Stakeholder Engagement Communities Impact Assessment and Communication Channels
Workforce Health & Safety	RT-CH-320a.1	(1) Total Recordable Incident Rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	(a) (1) 0.4774 (2) 0 (b) (1) 0.5977 (2) 0.0100
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term health risks	Workplace Health and Safety

Topic	Code	Metric	Response and Page
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	0.67% (Based on performance of the Petrochemicals, Advanced Materials, and Life Sciences businesses ²⁾)
	RT-CH-410b.1	(1) Percentage of products that contain GHS Category 1 and 2 Health and Environmental Hazards, (2) percentage of such products that have undergone a hazard assessment	(1) 54.29% (2) 41.50%
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Chemicals Management
	RT-CH-410c.1	Percentage of revenue from products that contain Genetically Modified Organisms (GMOs)	N/A
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions on regulatory proposals and/or government policies addressing environmental and social factors affecting the industry	
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Incidents Total Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	Process Safety Events (PSE): 1 Process Safety Event Rate (PSER): 0.0056
	RT-CH-540a.2	Number of transport incidents	0 cases

1) As of 2025, we own solar power generation facilities for self-consumption with a total installed capacity of 4.8 MW (Korea: 1.9 MW; Excl. Korea: 2.9 MW). The figures disclosed represent installed capacity. Actual power generation is managed separately.

2) Until the previous reporting period, revenue from resource-efficient products was calculated based on the revenue of business divisions conducting related activities. Beginning in 2025, the methodology was refined to include only products that directly contribute to improving resource efficiency during the use phase. Accordingly, the scope was redefined at the product level, resulting in a more conservative and precise calculation of revenue. Revenue was calculated based on the consolidated performance of the Petrochemicals, Advanced Materials, and Life Sciences businesses, excluding LG Energy Solution and the Common and others segment.

Assurance Statement



LRQA Independent Assurance Statement

Relating to LG Chem, Ltd.’s Sustainability Report for the calendar year 2025

This Assurance Statement has been prepared for LG Chem, Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA was commissioned by LG Chem, Ltd. (LG Chem) to provide independent assurance on its ‘LG Chem Sustainability Report 2025’ (“the report”) against LG Chem’s data management procedure and GRI Standards 2021¹⁾ to a limited level of assurance and materiality of professional judgement using ISAE 3000 and ISAE 3410. Our assurance engagement covered LG Chem’s operations and activities at domestic and overseas sites²⁾ from 1 January 2025 to 31 December 2025, and specifically the following requirements:

- Confirming that the report is in accordance with GRI Standards 2021
- Evaluating the accuracy and reliability of ESG performance data and information in the ESG DATA > ENVIRONMENT, SOCIAL, and GOVERNANCE sections of the report

1) <https://www.globalreporting.org>

2) Our engagement excluded the verification of direct and energy indirect GHG emissions, as well as the energy consumption at overseas sites.

Our assurance engagement excluded the data and information of LG Chem’s suppliers, contractors and any third parties mentioned in the report.

LRQA’s responsibility is only to LG Chem. LRQA disclaims any liability or responsibility to others as explained in the end footnote. LG Chem’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of LG Chem.

LRQA’s Opinion

Based on LRQA’s approach, nothing has come to our attention that would cause us to believe that LG Chem has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA’s approach

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Auditing LG Chem’s data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Checking whether direct (Scope 1) and indirect (Scope 2) GHG emissions, and energy consumption in domestic sites are consistent with the results verified by another third-party assurance provider.
- Verifying other indirect GHG emissions (Scope 3) under a separate agreement with LRQA and confirming that the verification results have been appropriately reflected.
- Checking whether financial data were transposed correctly from the financial statements.
- Reviewing additional evidence made available by LG Chem at its head office in Seoul.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is LG Chem’s certification body for ISO 9001, ISO 14001, ISO 37001 and ISO 37301. We also provide LG Chem with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for LG Chem and as such does not compromise our independence or impartiality.

Tae-Kyoung Kim
LRQA Lead Verifier
On behalf of LRQA
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00000269
Date: 25 June 2026

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Relating to LG Chem, Ltd.’s GHG emissions inventory for the calendar year 2025

This Assurance Statement has been prepared for LG Chem, Ltd. in accordance with our contract.

Terms of engagement

LRQA was commissioned by LG Chem, Ltd. (LG Chem) to provide independent assurance on its GHG emissions inventory for the calendar year 2025 (hereafter referred to as “the report”) against the assurance criteria below to a limited level of assurance and materiality of 5% using ISO 14064-3:2019, ‘Specification with guidance for verification and validation of greenhouse gas statements’.

Our assurance engagement covered LG Chem’s domestic operations and activities, and specifically the following requirements:

- Evaluating conformance with GHG Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard¹⁾
- Evaluating the accuracy and reliability of data and information for other indirect GHG emissions (Scope 3).

The main activities of LG Chem include manufacturing of petrochemical products and raw materials, battery materials, and pharmaceuticals, and the GHG emissions have been consolidated using an operational control approach.

LRQA's responsibility is only to LG Chem. LRQA disclaims any liability or responsibility to others as explained in the end footnote. LG Chem's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of LG Chem.

1) <https://www.ghgprotocol.org>

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that LG Chem has not, in all material respects:

- Met the requirements above; and
- Disclosed accurate and reliable data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of 5%.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Interviewing key people of the organization responsible for managing GHG emissions data and records;
- Reviewing whether the parameters used for calculating GHG emissions were referenced from recognized sources;
- Verifying historical GHG emissions data and records at an aggregated level for the calendar year 2025; and
- Visiting LG Chem's head office in Seoul and reviewing additional evidence made available by LG Chem.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is LG Chem's certification body for ISO 9001, ISO 14001, ISO 37001 and ISO 37301. We also provide LG Chem with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for LG Chem and as such does not compromise our independence or impartiality.

Tae-Kyoung Kim
LRQA Lead Verifier
On behalf of LRQA
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00001951
Dated: 20 June 2026

Table 1. Summary of LG Chem, Scope 3 GHG Emissions 2025

Scope of GHG emissions	TonnesCO ₂ e
Other Indirect GHG Emissions (Scope 3)	18,335,055
Purchased goods and services – Raw and auxiliary materials purchased at domestic sites	12,936,175
Capital goods – Tangible assets acquired at domestic sites	86,911
Fuel- and energy-related activities – Upstream emissions from fuel, electricity, and steam purchased at domestic sites	315,392
Upstream transportation and distribution – Transportation of raw and auxiliary materials purchased at domestic sites	737,246
Waste generated in operations – Waste treatment resulting from operations at domestic sites	143,816
Business travel – Domestic and international business trips by employees at domestic sites	4,117
Employee commuting – Commuting by employees at domestic sites	9,275
Downstream transportation and distribution – Export of products manufactured at domestic sites	692,226
Use of sold products – Use of fuel products	779,696
End-of-life treatment of sold products – End-of-life treatment of non-fuel products	2,445,823
Investments – Investee companies in which LG Chem holds equity shares	184,378

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