

 **LX International**
2022 Sustainability Report

About This Report

Overview

LX International has annually published its sustainability report since 2014 to provide an honest account of its strategies, goals, and progress in the environmental, social, governance, and economic sectors. This report details the strategies, key achievements, and future directions regarding the top material issues selected through the materiality assessment from the perspectives of internal and external stakeholders. Especially, it gives a clear picture of its sustainable businesses in the section of 'Special Features,' while covering its activities to deliver environmental and social value in the section of 'ESG Activities and Achievements' in detail.

Reporting Principles

This report complies with the Core Option of Global Reporting Initiative Standards (GRI), an international reporting guideline. The financial data is reported on a consolidated basis in accordance with the Korean International Financial Reporting Standards (K-IFRS)

Reporting Scope and Boundaries

The main focus of this report is the headquarters' economic, environmental, and social progress and plans, and its governance structure. In case of overseas operating & investment corporations, some of progress is included. And the data in this report covers the achievements regarding sustainability management and relevant data from January 1, 2021 through December 31, 2021. Some key parts of operations in early 2022 are also included

in this report along with the recent three-year data of quantitative performances for year-over-year trend analysis.

Data Assurance

To ensure reliability of the reporting principles and data, the data in this report has been subject to third-party verification. The Third-Party Assurance Statement is available on page 77.

Inquiries

For more information or inquiries, please contact us using the details below.

LX International Safety and Environment Team

LX International, 58 Saemun-ro, Jongno-gu, Seoul
Homepage: www.lxinternational.com
E-mail: bcan@lxintl.co.kr

COVER STORY



Future in Business Solution

LX International, staying true to its vision, 'Future in Business Solution,' has built a new model of general trading company with multifaceted efforts to provide distinguished business models and solutions. 2021 was the inaugural year where we started expanding our business scope to the domains related to a variety of eco-friendly, new and renewable energy beyond core material supply and other global businesses, and accelerated our business structure transition along with the development of solutions that put sustainability first. The cover of this report clearly demonstrates our strong willingness to shape a sustainable future to an infinite degree in our own way.

Interactive PDF Reader's Guide

This 2022 Sustainability Report is published in the form of interactive PDF with the added functions of directing to relevant pages and associated web pages.

- Move to the first page
- Move to contents
- Move to the previous page
- Move to the associated web page
- Move to the relevant page
- Search



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

Homepage: www.lxinternational.com
E-mail: bcan@lxintl.co.kr

Contents

2

Special Features

- 21 Business Model 1. Sustainable Business
- 24 Business Model 2. New Growth Engine
- 27 Business Model 3. Challenging for Our Future Value

4

Appendix

- 68 Financial Performance
- 69 Materiality Assessment
- 73 Awards · Memberships · Certifications
- 75 GRI Index
- 77 Third-party Assurance Statement

1

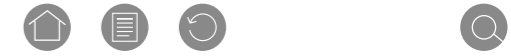
Overview

- 05 CEO Message
- 06 LX International Introduction

3

ESG Activities and Achievements

- 29 Environment and Safety
- 41 Social
- 57 Governance



OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

Overview

Achieving sustainable growth requires a company not only to create economic value but also to have a positive impact on its surroundings and communities.

LX International puts all ESG elements at its heart in business operations to vault into a general trading company that will lead and drive the trends and changes. Going forward, we will contemplate how we contribute to making our society sustainable and put it into action by creating economic and social value and ensuring transparency in business management based on our corporate culture that puts people and future front and center.

CEO Message **5**

LX International Introduction **6**

CEO Message



Esteemed stakeholders of LX International, I would like to extend my sincere gratitude for the unwavering support and trust that you have shown to us.

LX International has been making greater strides than ever following the change in its name last year. Amid the uncertainty marked by intensifying global inflation and disrupted supply chain, we have reinforced our business competitiveness through proactive responses to the changes while putting another focus on building a new growth engine.

Especially, we will push back the frontiers of our business scope to future promising areas in an active manner, including the eco-friendly sector and core materials for secondary battery. The efforts to diversify our business revenue streams, including new and renewable power generation and logistics real estate, will be unwaveringly made.

Building on a new growth engine, LX International will redouble its effort to create a culture of ESG management. We will be committed to become a company with the best practice in the market, taking more responsibilities for customers, partner companies, investors, local communities and employees.

To this end, we will never relent in our efforts to take on challenges to usher in a sustainable future, putting the preparation for such as one of our new core values. All-out efforts will be made to minimize the impact that unexpected circumstances, such as climate change or pandemic, may have on our business operations through seamless response.

Furthermore, we will step up our social contribution activities in association with the values of LX Group, 'future,' and 'people.' Detailed plans will be mapped out and our employees will be encouraged to join the activities.

Regarding the governance structure, we will strengthen the rationality and transparency in our decision making system while constantly boosting communication with a variety of stakeholders.

In the years to come, we will identify and deliver our own distinguished customer value so that we can take the initiative in responding to changes in the future.

I look forward to your constant interest and support on our future endeavors.

Thank you very much.

CEO of LX International **Yoon Chun Sung**



2022 Sustainability Report

OVERVIEW

CEO Message

LX International Introduction

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

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E-mail: bcan@lxintl.co.kr

LX International Introduction

Company Profile

Since its inception as 'Lucky Industry Corporation' in 1953, LX International has persistently reinvented itself and made progress. Through the journey from 'Bando Corporation,' 'Lucky Goldstar International Corp.,' 'LG International Corp.,' to LX International, we have laid the foundation for trade in Korea and gone hand in hand with the nation's economic development.

Now, we are gearing up to become a global trading company that provide a full suite of services across the entire value chain ranging from trading to business development, investment to financing & raw material supply to logistics. We are looking to further raise our brand reputation as well as to continue the innovation and growth based on over 50 business hubs around the globe.

LX International has contributed to the competitiveness of our customers by delivering values that live up to their expectation. We will shape a future of business solution through the identification and provision of differentiated customer value.

| | |
|------------------------------|--|
| Company Name | LX International |
| Date of Establishment | November 1953 |
| CEO | Yoon Chun Sung |
| No. of Employees | 456 (as of December 2021) |
| HQ Location | LX International, 58 Saemunan-ro, Jongno-gu, Seoul |



OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

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E-mail: bcan@lxintl.co.kr

Subsidiary – LX Pantos

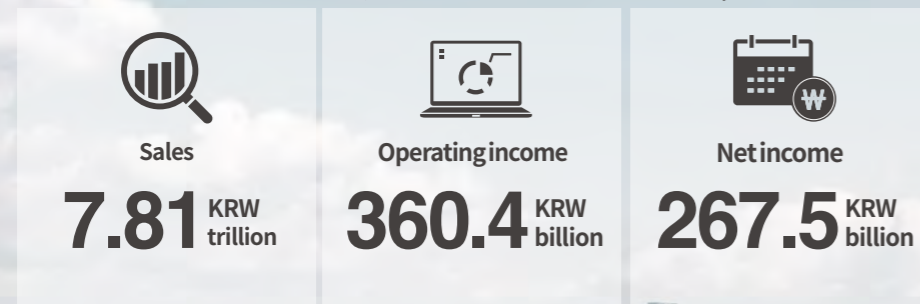
Since the foundation as ‘Bumhan Huengsan Corporation’ in 1977, we went through ‘Pantos Logistics,’ ‘Pantos,’ and finally became ‘LX Pantos,’ a total logistics company, in July 2021. On this journey, we have persistently challenged ourselves for customer value. Based on 360 networks around the globe, we offer a full suite of dependable logistic services to approximately 13,000 domestic and overseas clients across a variety of industries including electronics, construction and distribution, thereby cementing our position as a global logistics company.

LX Pantos aims to position itself as a leading smart logistics company through intensive investment in logistics IT systems down the road. For the sake of customer trust and satisfaction, LX Pantos will be committed to innovating itself, seeking for sustained growth as a distinguished comprehensive logistics service provider.

| | |
|------------------------------|---|
| Company Name | LX Pantos |
| Date of Establishment | February 1977 |
| CEO | Choi Won Hyok |
| No. of Employees | 2,011 (as of December 2021) |
| HQ Location | LX Patons, 58 Saemunan-ro, Jongno-gu, Seoul |

2021 Financial Performance

(Based on the consolidated financial statement for the year ended December 31, 2021)



LX International

2022 Sustainability Report

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos**
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

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 E-mail: bcant@lxintl.co.kr

Key Businesses

LX International has organizationally connected its diverse projects while taking on new businesses to construct a stable business portfolio. Our focus is also on tapping into new business domains as well as broadening the scope of our eco-friendly business in line with ESG trends so that we can usher into a sustainable future.

Resource Business

LX International operates the coal business in Indonesia, China, Australia, and others. Taking advantage of our capabilities built through extensive experiences of mine development and operation, we have expanded our business into the development of future promising mineral resources, such as nickel, a core material for secondary battery. We are also a reliable supplier of crude palm oil (CPO) to Indonesia and other global markets, owning three palm oil plantations.

Performance highlights

Annual palm oil production

150,000 tons



Area of palm oil plantation

21,500 ha



Coal production

9 million tons



Resource Business



- Nickel mine acquisition in progress
- Increasing FFB yields, one a for its plantation (**20,800ha** in 2020 → **21,500ha**) following the normalization of new plantations (TBSM, GUM), laying the foundation to **Scale-up** for maximized profitability during the high-yielding season.
- Embarking on carbon credit trading business utilizing palm effluent in 2021: breaking ground for a biogas plant within our plantations and signing three MOUs with external plantations as part of the efforts to set the stage for the expansion of new and eco-friendly businesses.

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.


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Trading Business


In association with the resource business, we also serve as a trader of nickel, coal and palm oil. When it comes to industrial and metal materials, we have solidified our foundation through multifaceted efforts, such as identification of new growth engines in the green materials sector to prepare for the transition to a net-zero society, equity investment and securing of product rights aimed at building a stable supply chain. Our efforts also include pushing back the frontiers of our business to product distribution, diagnosis solution establishment and investment in and around Indonesia. In terms of the IT trading business, we make sure that we deliver unique customer value through the provision of an integrated SCM solution (VMI*) for customers, which enables customers to optimize their cost structure.


Performance highlights


IT trading business sales in 2021
(LCD panel trading and VMI businesses)

KRW **5.9** trillion 

Palm oil trading volume in 2021
360,000 tons 

Nickel trading volume expanded 

Sales from methanol and relevant items
Trading expanded 

Steel Processing centers
- Steel processing distribution business for automakers enlarged 

* Vendor Management Inventory (VMI): a supply chain management technique in which a supplier is responsible for inventory management and product supply at an opportune time based on the inventory and manufacturing plans of a customer

Trading Business



2022 Sustainability Report

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses**
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

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New growth Business

To be more agile in responding to the rapidly changing market driven by growing demand for ESG management, accelerated digitalization in the ICT industry, and the 4th industrial revolution, LX International has strived to identify business opportunities in order to secure a new growth engine, establishing a group for new growth business. Furthermore, we have actively joined hands in domestic and overseas eco-friendly business, carried out projects related to resource circulation and carbon emissions mitigation, and created business models for the next generation businesses. In addition, the acceleration of the development and investment in logistics real estate are also one of our primary focuses to solidify the foundation for new business growth and discover future promising businesses.

New growth Business



Performance highlights

Hydroelectric power generation (41MW) in Hasang, Indonesia

303 GWh/year



Cheongpyeong Dam (140MW, 280GWh/year)
Paldang Dam (120MW, 341GWh/year)

Greenhouse gas (GHG) emissions reduced through the hydroelectric power generation in Indonesia

Approximately

220,000 ton CO₂-eq/year



Signed the United Nations Framework Convention on Climate Change (UNFCCC) and issued the accumulated 230,000 tons of CO₂-eq following being certified



OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

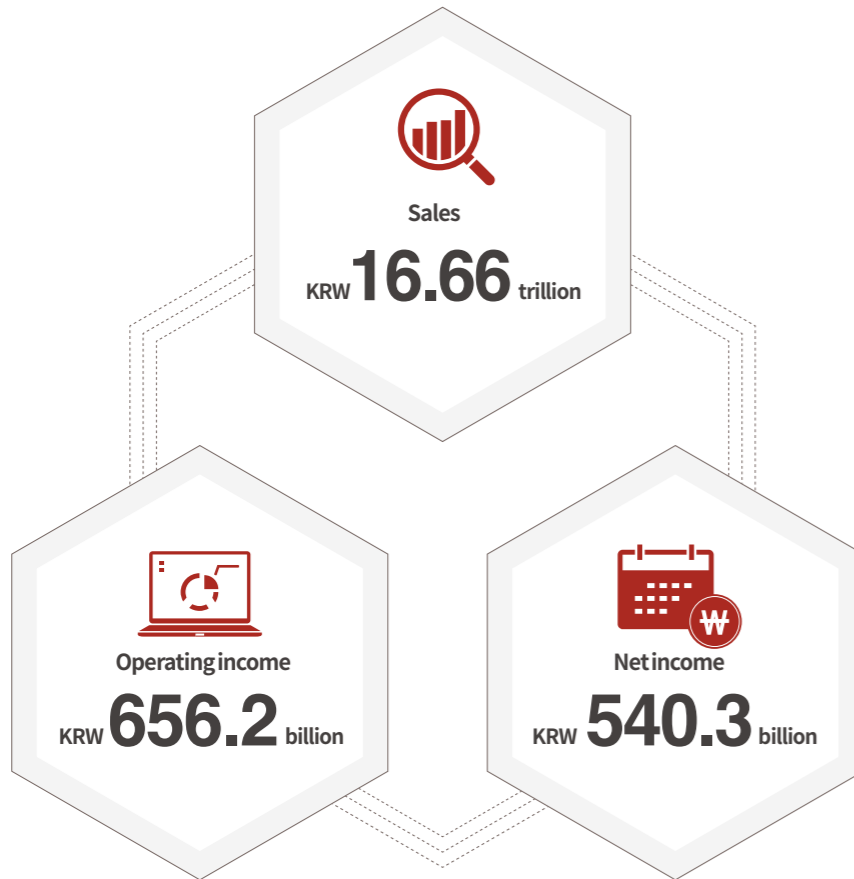
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Our Key Achievements in 2021

2021 Financial Performance

(Based on the consolidated financial statement for the year ended December 31, 2021)



Key Activities and Achievements 2021-2022

| | |
|--|--|
| <p>New business purposes added (March 2021)</p> <ul style="list-style-type: none"> Waste collection / transportation business, waste disposal facility installation / operation business, etc. | <p>The Largest shareholder and company name changed following the launch of LX Group (May ~ June 2021)</p> <ul style="list-style-type: none"> Largest shareholder: LG Corp. → LX Holdings Corp. Company name: LG International → LX International |
| <p>MOU signed on the development of eco-friendly logistics center in Busan (November 2021)</p> | <p>Decisions made to invest in Ecovance as part of the plan for new business investment in the eco-friendly sector (November 2021)</p> |
| <p>First half of 2022</p> <ul style="list-style-type: none"> Decisions made to establish a subsidiary, Eco & Logis Busan Corp for eco-friendly logistics center establishment (February 2022) Decisions made to acquire Hankuk Glass Industries Inc.* with the aim of business portfolio diversification (March 2022) Decisions made to acquire Poseung Green Power* to advance into the biomass power generation business (April 2022) <p>* Details are subject to change depending on project progress</p> | |



LX International

2022 Sustainability Report

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021**
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

Homepage: www.lxinternational.com
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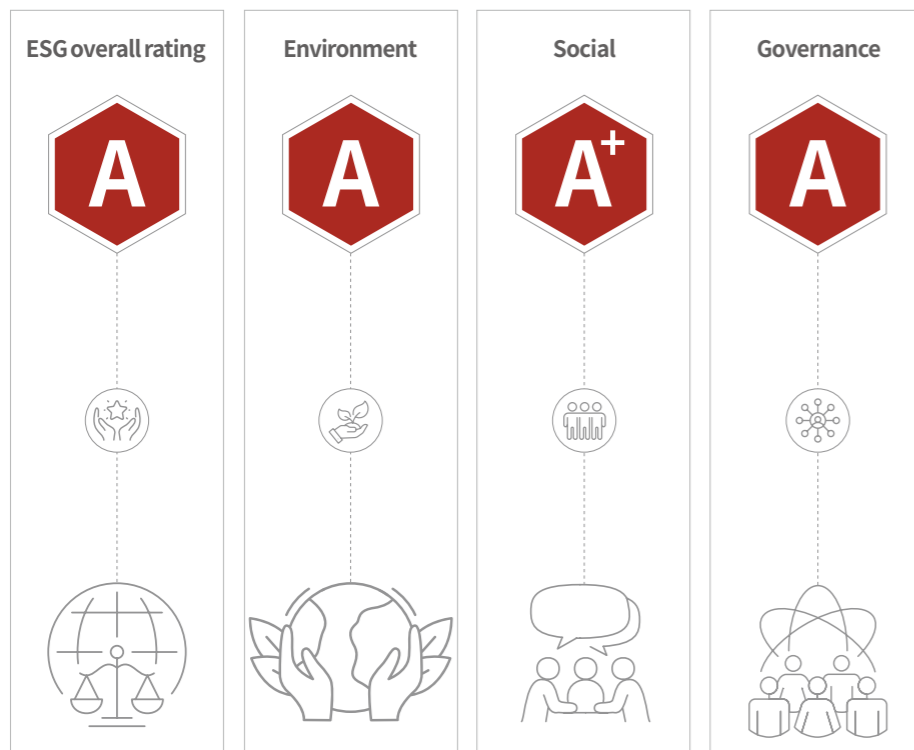
Our Key Achievements in 2021

ESG Performance

Achieved 'A' in KCGS evaluation for 2 consecutive years

In recognition of our efforts for ESG management, LX International was once again rated 'A' in the overall ESG evaluation conducted by the Korea Corporate Governance Service (KCGS) following the 'A' rating in 2020. Specifically, our transition to green portfolio and transparent & sound governance have resulted in A ratings in the environment and governance sectors while we received an 'A+' rating' in the social sector for fulfilling our social responsibilities. As ESG evaluation is growing in importance for corporate value, LX International will spare no effort to be more sustainable as well as to deliver raised long-term value to stakeholders.

KCGS Evaluation Ratings in 2021



(Source: Korea Corporate Governance Service)

ESG Management Best Practice – Palm Plantation CDM Business

Last November, we were invited to the 'CSR 2021 Seoul Forum' to give an introduction of our palm oil clean development mechanism (CDM) business run in Indonesia. Selected as the best practice in the carbon neutrality sector, we shared the cases of sustainable oil palm plantation and our progress in this regard under the theme of 'strategies for GHG emissions mitigation.' Moreover, we presented our target for carbon credits trading along with our vision for GHG emissions reduction. In the years to come, we will attend venues where we can communicate and share not only our economic performance but also our multi-pronged efforts and progress to achieve full-fledged social and environmental sustainability, thereby stepping up our ESG management.



Presentation at the CSR 2021 Seoul Forum

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021**
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

Homepage: www.lxinternational.com
E-mail: bcan@lxintl.co.kr

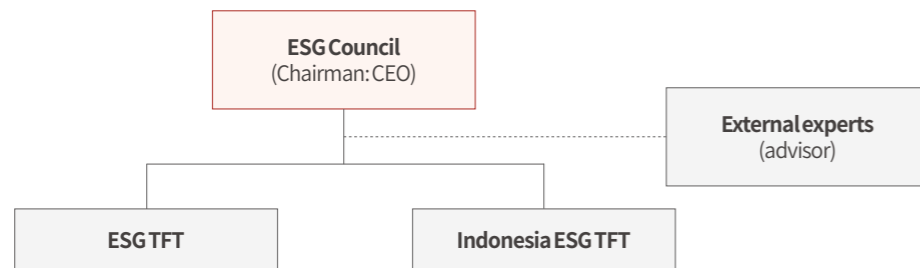
Our Key Achievements in 2021

ESG Governance Establishment

ESG Council

Our journey towards full-fledged ESG management kicked off with the launch of ESG Council in July 2021. The ESG Council is an internal committee that makes decisions on ESG-related issues at the company level. With the CEO appointed as the chairman, the committee is comprised of six members including business groups' heads, the CFO and Biz Management Strategy Department. ESG TFT in both the headquarters and Indonesia have been put under the Council to execute ESG affairs and support the Council. When an ESG-related issue occurs, the TFT reviews the issue and brings it up on agenda, followed by the deliberation and decision made by the ESG Council.

ESG Organizational Chart

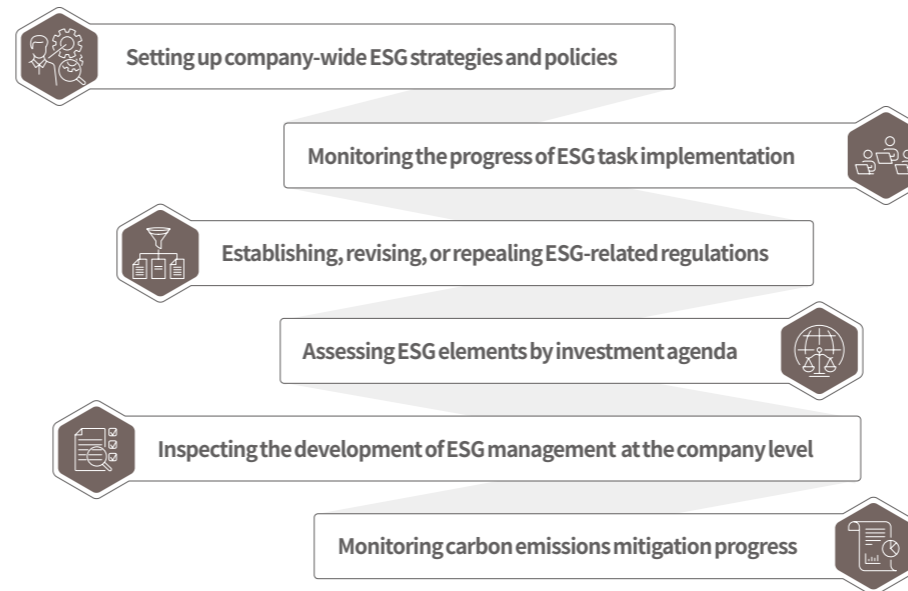


ESG TFT

Under the ESG Council, the ESG TFT consists of eight working-level employees. The TFT assumes the role of discussing ESG-related ongoing activities and new tasks. It convenes a regular meeting on a weekly basis to integrate and manage the projects conducted by separate organizations, thereby raising the operational efficiency and creating greater synergy.

The TFT is also responsible for supporting the ESG Council operation. The scope of its duties include notification of the Council's meetings, preparation of agenda items, and managements of meeting minutes and follow-ups. Going forward, LX International will define our direction for ESG management and select detailed tasks to be done to step up our ESG management in an active manner.

Key Agenda Items Deliberated by ESG Council in 2021



OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

Homepage: www.lxinternational.com
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Vision

Vision
LX International's
mid- to long- term future

Mission
Business Domain
Key tasks and business domain

Principle
LX International's
behavioral principle

Future in Business Solution

• **Future** : Future is a clear manifestation of our future characterized by sustained growth and innovation, and iron will towards the creation of a general trading company model unique to LX International by taking advantage of our capabilities and experiences and being one step ahead of others through forward-looking thinking

• **Business Solution** : Business solutions refer to the business models and solutions capable of resolving our customers' pain points, and at the same time, providing distinct customer values

We provide key resources indispensable to humanity

• **Key resources** : Food and energy resources that are essential to humans despite the remarkable advancement of the world

We develop new business platforms and solutions

• **New business platforms and solutions:** New business models in infrastructure, resource · materials sectors required for national and regional economic development.

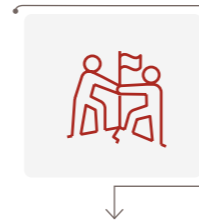
We help our customers sharpen their competitiveness

• **Sharpen customers' competitiveness:** Contribution to the maximized economic value of customers across the whole stage from raw materials · parts sourcing to supply chain management



We are always with customers

- One step ahead of others in discovering customers' pain points
- Coming up with alternatives and solutions to create value beyond customer expectation



We never relent in taking on a difficult and new task

- Creating new business domains and models
- Encouraging and embracing failure but not accepting repeated failure without learning lessons



We build capacity to become a competitive talent

- Being sensitive to the fast-evolving environment and standing out with outstanding capabilities
- Achieving a virtuous cycle where individual growth leads to company advancement, which, in turn, underpins individual development



We break down organizational barriers

- Putting customer value and convenience first in every decision making
- Boosting sound and productive criticism that contributes to the growth of the Company and businesses
- Embedding a culture of mutual respect and collaboration

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

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LX International Business Portfolio



| Strategic directions | ● Existing business | ● Business of strategic focus | ● Promising business |
|---|--|---|--|
| Mid-term action plan | Securing operational excellence to ramp up its roles as stable cash cow | Proactively making investments to lay the foundation for business and building required capacity | Identifying new businesses that contribute to the growth of the Group and investment agenda, and promoting inorganic growth |
| | <div style="display: flex; align-items: center;"> <div> <p>Coal</p> <ul style="list-style-type: none"> Maximizing the value of mine assets and accelerating divestment </div> </div> | <div style="display: flex; align-items: center;"> <div> <p>Nickel</p> <ul style="list-style-type: none"> Taking over small- and medium-sized mines to set the stage for business Building operational capacity at an early stage Participating in the project in association with a smelting factory with local large-scale partners <ul style="list-style-type: none"> nurturing this as one of key revenue streams with scale and competitiveness </div> </div> | <div style="display: flex; align-items: center;"> <div> <p>Materials</p> <ul style="list-style-type: none"> Laying the foundation for eco-friendly plastic trade business Finding business opportunities in the electric vehicle parts and materials sector </div> </div> |
| | <div style="display: flex; align-items: center;"> <div> <p>Palm</p> <ul style="list-style-type: none"> Completing our owned plantation development to generate profits in a stable manner Taking over new plantations, broadening the scope of distribution items, entering into the biodiesel sector, thereby seeking further growth </div> </div> | <div style="display: flex; align-items: center;"> <div> <p>Renewable energy generation</p> <ul style="list-style-type: none"> More investing in the sectors of biomass and hydroelectric generation assets <ul style="list-style-type: none"> cultivating the businesses in these sectors as one of stable income sources and establishing ourselves as a private renewable energy power generation company </div> </div> | <div style="display: flex; align-items: center;"> <div> <p>Logistics</p> <ul style="list-style-type: none"> Starting the operation of the comprehensive logistics hub (Busan) Developing real estate and building required capabilities </div> </div> |
| <div style="display: flex; align-items: center;"> <div> <p>Trading</p> <ul style="list-style-type: none"> Scaling up the trading amount of resources to step up our growth Enhancing operational efficiency from the perspectives of IT trading profitability and capital efficiency </div> </div> | <div style="display: flex; align-items: center;"> <div> <p>New growth business</p> <ul style="list-style-type: none"> Finding investment opportunities that can lead to the Group's synergy and raised business competitiveness Securing technologies and sharpening capabilities to invest in venture companies </div> </div> | | |

LX International

2022 Sustainability Report

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio**
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

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Global Networks

● Headquarters+trading corporation
 ● Branch Office
 ● Liaison Office



| Asia | | |
|-----------|-------------|-----------|
| Seoul | Hong Kong | Singapore |
| Tokyo | Shanghai | Beijing |
| Erdos | Taipei | Shenzhen |
| Guangzhou | Ho Chi Minh | Jakarta |
| Bangkok | New Delhi | Yang Gon |
| Hanoi | Qingdao | Lanzhou |

| Europe · CIS | |
|--------------|----------|
| Frankfurt | Moscow |
| Vladivostok | Ashgabat |
| Yakutsk | Istanbul |

| Middle East · Africa | |
|----------------------|--------|
| Dubai | Muscat |

| Americas | |
|-------------|--------------|
| Los Angeles | Buenos Aires |

Key Investment Project

| Coal | Palm Oil | Steel | Petroleum/Gas | Power Plant | Plant |
|---|--|--|---|---|--|
| <ul style="list-style-type: none"> ① Indonesia GAM ② China WANTUGOU ③ Australia ENSHAM | <ul style="list-style-type: none"> ① Indonesia PAM ② Indonesia TBSM ③ Indonesia GUM | <ul style="list-style-type: none"> ① China Steel Flower Electric Machinery(Tianjin) Co. Ltd ② Vietnam Haiphong Steel Flower Electrical & Machinery Company Limited | <ul style="list-style-type: none"> ① Kazakhstan ADA ② Qatar LNG ③ Vietnam 11-2 | <ul style="list-style-type: none"> ① Oman Musandam Power Company SAOC ② China Gansu Wuwei Cogeneration Power Plant ③ Indonesia Hasang Hydro Electric Power Plant | <ul style="list-style-type: none"> ① China Inner Mongolia BBSD Chemical Co., Ltd. |

LX International 2022 Sustainability Report

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks**
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

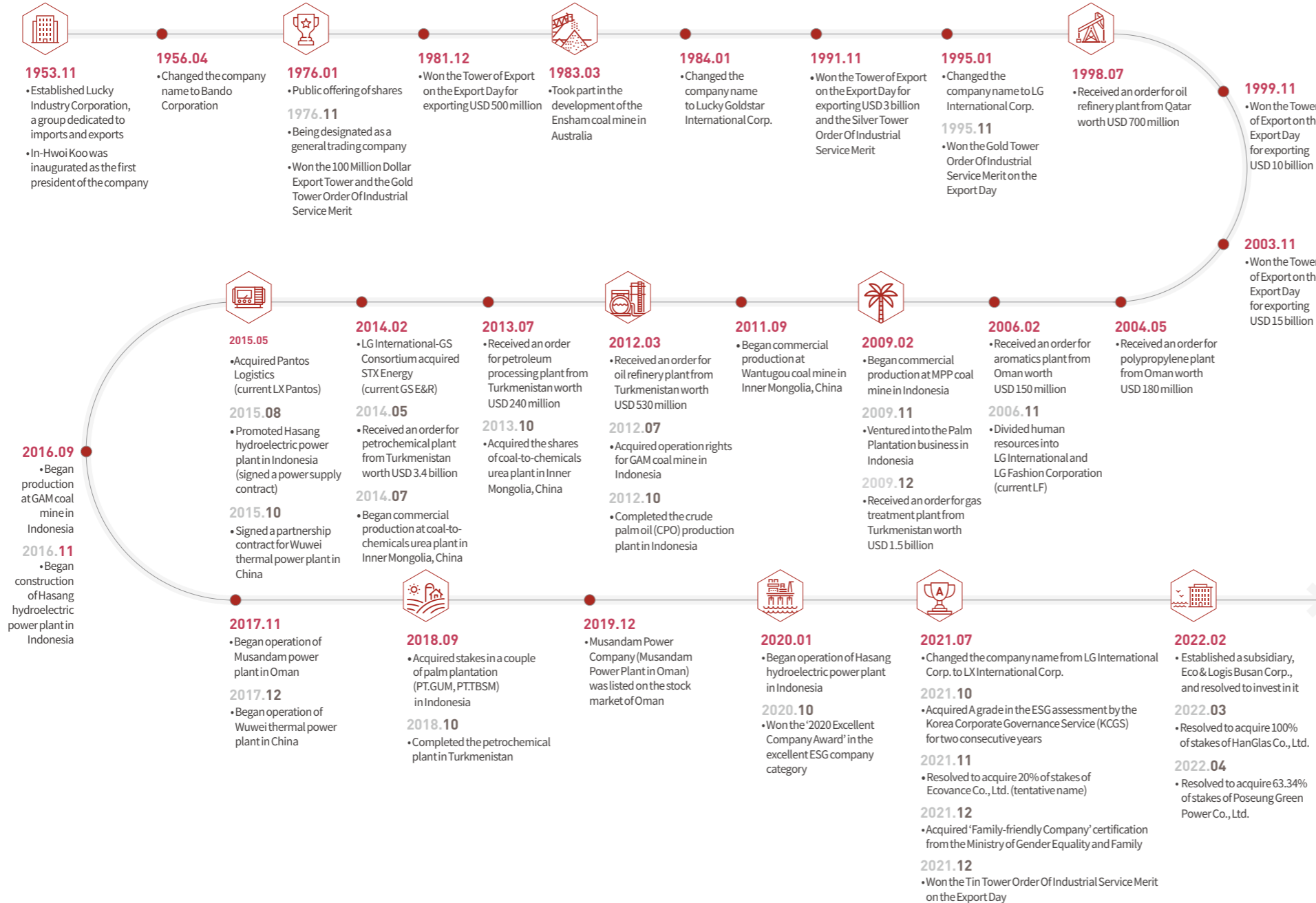
APPENDIX

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Homepage: www.lxinternational.com
E-mail: bcan@lxintl.co.kr



History



LX International

2022 Sustainability Report

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary – LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

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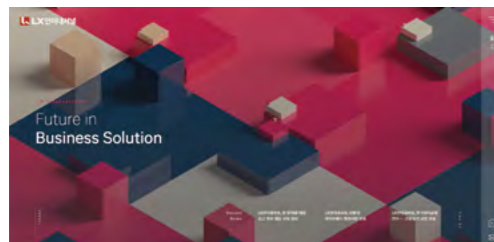


Stakeholder Engagement and Communication

LX International classifies key stakeholders into groups to manage them. Our management activities and related issues are shared with stakeholders through communication channels for each group. We share our significant environmental, social, governance, and economic achievements, while looking for long-term directions together with stakeholders. The opinions of various stakeholders identified through communication channels are actively gathered and reflected in our management activities.

Our Stakeholders

| Stakeholder | Communication Channel | Major Interests |
|--|---|---|
|  Customers | <ul style="list-style-type: none"> LX International's official homepage Sustainability Report | <ul style="list-style-type: none"> Environmental and social impact of products and services Fulfilling social responsibility |
|  Shareholders - Investors | <ul style="list-style-type: none"> General shareholders' meeting Business report | <ul style="list-style-type: none"> Continuously creating economic performance Risk management |
|  Domestic and overseas partner companies | <ul style="list-style-type: none"> Business briefing Regular evaluation Workshop | <ul style="list-style-type: none"> Response to issues related to ESG management and ESG governance Implementing ethical and compliance management |
|  Employees | <ul style="list-style-type: none"> Corporate bulletin board Meeting Survey targeting employees | <ul style="list-style-type: none"> Employees' health management Capacity building and welfare benefits Response to environmental management and climate change |
|  Employees at overseas business sites | <ul style="list-style-type: none"> Corporate bulletin board Meeting Workshop, etc. | <ul style="list-style-type: none"> Safety and health at business sites Welfare benefits for workers on the field |
|  Community - Government | <ul style="list-style-type: none"> LX International's official homepage Local residents public hearing | <ul style="list-style-type: none"> Anti-corruption and legal compliance Win-win growth with local communities |



LX International's Homepage Renewal

Last August, LX International's homepage, redesigned to reflect the new company name changed in 2021, won the main prize in the category of 'Brand & Communication' at the 'Red Dot Design Award,' one of the world's three major design awards. Applying the user-oriented and unique user experience (UX) on the basis of a survey targeting stakeholders, the homepage is expected to serve as a platform to facilitate close communication with various stakeholders.



2022 Sustainability Report

OVERVIEW

CEO Message

LX International Introduction

- Company Profile
- Subsidiary - LX Pantos
- Key Businesses
- Our Key Achievements in 2021
- Vision
- LX International Business Portfolio
- Global Networks
- History
- Stakeholder Engagement and Communication

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

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Special Features

Link to a Sustainable Future

Amid the rapidly changing society and environment, LX International has constantly pursued sustainability and growth. We will expand into future-oriented and value-added businesses that consider not only corporate growth but also the sustainability of our environment and society while reducing the dependence on the coal industry, which has driven the growth of LX International so far. To this end, we strive to transit into an operating system considering sustainability within our existing businesses and, at the same time, boldly challenge ourselves to make inroads into the eco-friendly new material industry. Our aim is to raise stability and sustainability by applying new business models tailored to each business, thereby promoting another sustainable future business based on new growth engines.

| | |
|--|----|
| Business Model 1. Sustainable Business | 21 |
|--|----|

| | |
|-------------------------------------|----|
| Business Model 2. New Growth Engine | 24 |
|-------------------------------------|----|

| | |
|--|----|
| Business Model 3. Challenging for Our Future Value | 27 |
|--|----|

Business Models for a Sustainable Future

For future sustainability, LX International reorganized its business portfolio, seeking ways to create performance in relevant business areas. Our three core businesses set out a sustainable business model on the foundation of each capability and existing assets while reviewing the investment in sectors that can serve as new business engines. For the sake of sustainable growth of the company, we prioritize promising and valuable fields when identifying new businesses and the areas to invest in.



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Business Model 1. Sustainable Business

LX International is creating stable profits on the basis of the experience and capabilities it has accumulated through resource development and trading. In particular, palm plantations have brought us continued economic achievements through maximized productivity and expanded trading. We also set out and implement diverse measures to minimize the negative environmental impact of the business.

Sustainability of Palm Oil Plantation

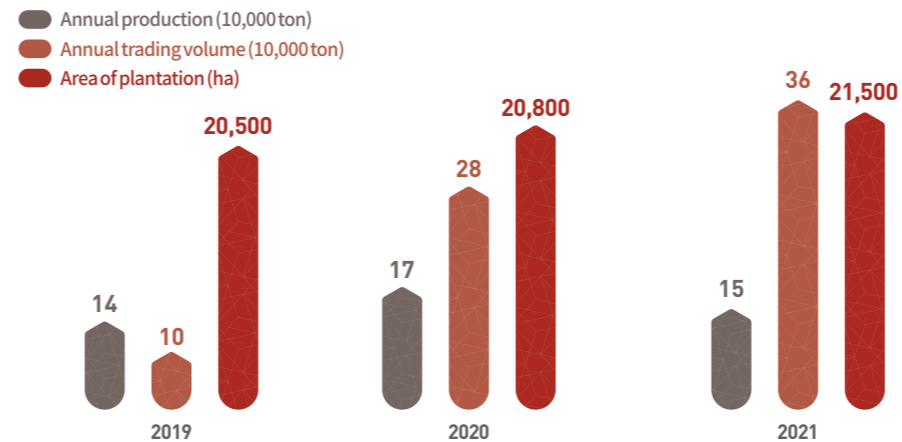
Palm oil, a vegetable oil extracted from palm fruits, is widely used in the food industry, mainly in Southeast Asia, and is also utilized as a raw material for biodiesel, which is an eco-friendly alternative fuel. The demand for palm oil is continuously growing despite the fact that its production is limited. Against this backdrop, we plan to expand the palm plantation and palm oil trading in the mid- to long-term.

Since the acquisition of PAM in Indonesia in 2009, LX International has brought about various achievements through the palm oil business. Currently, the planting area is 21,500ha, and the trading volume of palm oil is about 0.6 million tons. Our business is to generate revenues by supplying palm oil produced on our plantation and purchased from other companies to refineries in Indonesia.

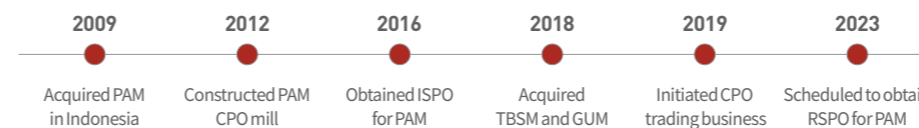


TBSM CPO mill

Crude Palm Oil (CPO) Performance



Palm Business History

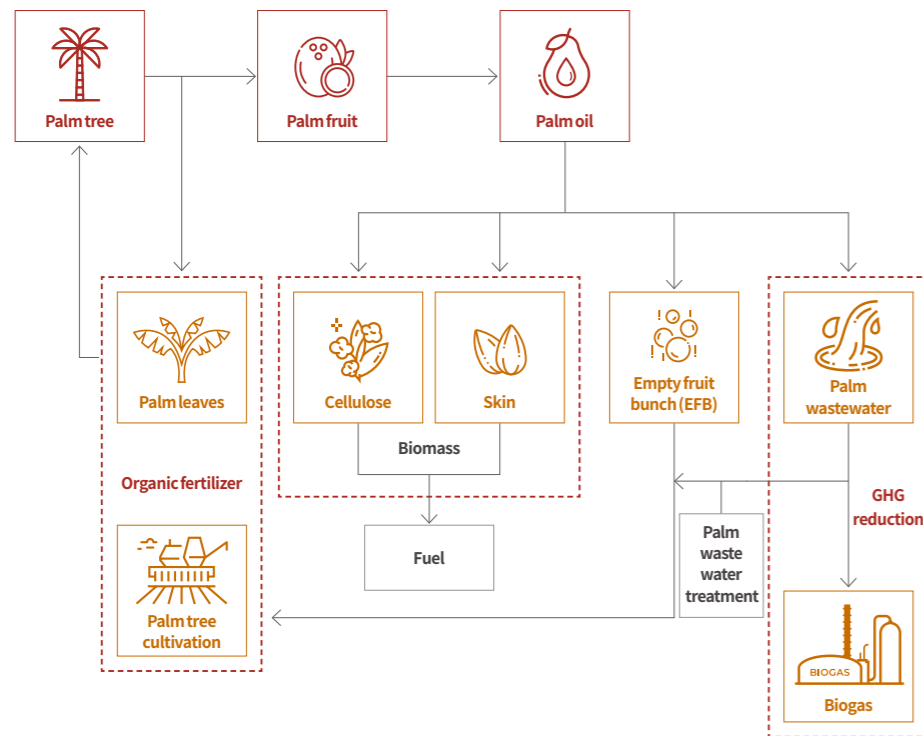


Business Model 1. Sustainable Business

Eco-friendly Operation System to Build Sustainable Farms

LX International operates palm plantations in an eco-friendly manner in pursuit of 'Zero Waste.' Four types of by-products are generated in the process of manufacturing palm oil. We utilize each by-product where necessary, forming a resource circulation structure.

Resource Circulation Structure of Palm Plantation



Obtaining International-level Eco-friendly Certificates

Aiming to maintain sustainable palm oil production, the level of environmental safety management in all three palm plantations is strictly managed. We strive to comply with international environmental certification standards and obtain relevant certificates. As part of the efforts, we constantly reinforce our organization and infrastructure.

RSPO, a non-profit consultative body composed of international NGOs, including the World Wide Fund for Nature (WWF), the Malaysian Palm Oil Council (MPOC), and Unilever, issues international eco-friendly certifications. It conducts a rigorous screening to see if the business meets 8 principles and 43 standards, including environmental protection and human rights. PT.PAM, the first palm plantation LX International acquired, will take the final evaluation step with RSPO and is scheduled to acquire the certification in 2023.

In the case of the newly acquired PT.TBSM and PT.GUM, we are raising the level of environmental safety management to the level of PT.PAM by swiftly normalizing farms that had been neglected for the past two years. As a result, both TBSM and GUM obtained ISPO, an eco-friendly certification issued by the Indonesian government, in the first half of 2022.



ISPO certification

Business Model 1. Sustainable Business

Minimizing Our Environmental Impact

Protection of Land and Forest in Local Communities

We make efforts to resolve environmental issues in Indonesia, in which the palm plantations are operated. We have invested a large-scale budget into a joint project with a local university to improve the level of peatland management, such as inspecting peatland within the area permitted for business operation and building drainage ditches and embankments. The result of the peatland study is regularly reported to the Ministry of Environment and Forestry of the Indonesian central government, aiming to preemptively respond to the stringent management and monitoring of the Indonesian local government.

In addition, we research and manage regions with high conservation value (HCV) and high carbon stock (HCS) for preserving the forest ecosystem in the vicinity of the farms. HCV and HCS regions refer to ecologically critical areas with abundant carbon and biodiversity that should not be damaged by deforestation. Keeping in mind that economic activities should not make a negative impact on biodiversity, we have designated certain areas within the place where we hold a business license as HCV areas.



Biogas plants in PAM and TBSM (currently under construction)

Construction of Biomass Plants for CO₂ Reduction

LX International is building biogas plants to reduce carbon dioxide emissions generated during farm operations. Palm wastewater discharged in the course of palm oil production consists of organic matter. In the process of purifying palm wastewater through multi-stage treatment, about 70,000 tons of carbon dioxide are generated annually.

By introducing a methane gas capture facility to the biogas plant built on the plantation sites, we plan to regenerate the captured methane gas into electricity through a biogas generator. Through these efforts, we aim to contribute to carbon neutrality by reducing the amount of carbon dioxide emitted annually by about 85%. Our plan is to enter the emission credit market in full scale by getting a reduced amount of carbon dioxide recognized as carbon credits by the UN.

Contributing to GHG Emissions Mitigation

By taking part in the clean development mechanism (CDM) business, we plan to apply our GHG mitigation systems to other plantations. We will contribute to transitioning and spreading eco-friendly plantation systems by cutting overall GHG emissions arising from farms and expanding biogas power generation. We have already owned the foundation to secure carbon credits, including water power generation facilities besides palm plantations, and we will gradually increase the carbon credits secured in various fields.

Plans for Securing Carbon Credits

(Unit: thousand tons of CO₂)

| Category | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|------------------------------|------|------|------|------|-------|-------|-------|
| Carbon credits issued by UN* | 6 | 210 | 225 | 300 | 300 | 300 | 300 |
| Total | 6 | 216 | 441 | 741 | 1,041 | 1,341 | 1,641 |

* Based on the estimated carbon credits to be issued under the business plan of UN (the actual number of issuance is subject to change according to monitoring period, UN policies, etc.)



Business Model 2. New Growth Engine

Identifying Eco-friendly New materials and New Renewable Energy

On the foundation of LX International's existing business capabilities, we aim to achieve sustainable growth through strategic advancement into new businesses and preemptive investments. To this end, we plan to secure a sustainable business foundation mainly focusing on the expansion of new materials and renewable power generation areas. At this juncture, when the transition to a carbon-free society is strongly required, LX International is making considerable endeavors and preparing to enter into eco-friendly new materials and renewable power fields. In line with the energy transition policy, we continue our efforts to discover eco-friendly resource businesses that can replace coal.

Promoting Nickel Business as Green Resources

Particularly nickel, a key mineral for electric vehicle batteries, is becoming more significant among eco-friendly resources. Nickel is used not only in batteries but also in fuel cells, solar panel supports, and offshore structures, being considered a critical mineral for renewable energy generation and eco-friendly vehicles. It is projected that nickel consumption will overtake supply from 2023 owing to the global economic recovery and the expansion of new EV battery businesses, making it more essential to secure nickel in a continuous and stable manner.

Although nickel reserves are found in a number of countries, Indonesia is ranked as the top in the world in terms of both reserves and production of nickel as of 2020. LX International set the nickel business as one of our key strategic projects, in which we can apply our experience and capabilities of coal mine development and operation in Indonesia in consideration of future values. Aiming at 6 million tons of ore production for 2026, we have nurtured a full-fledged nickel business since this year, leveraging our development and operation know-how in the coal business, which led the internal and external growth of LX International in the past.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

Business Model 1. Sustainable Business

Business Model 2. New Growth Engine

Business Model 3. Challenging for Our Future Value

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

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Business Model 2. New Growth Engine

Cooperation for Stable Nickel Resource Development

LX International has partnerships with companies in various fields to secure the foundation for overseas resource businesses. We are currently looking for nickel mines in Indonesia suitable for investment and operation. At the same time, we provide operational solutions to local nickel mining firms that lack the operational capabilities, building capacity in the nickel business.

LG Consortium for Battery Business in Indonesia – Participating in 'Grand Package Project'

LX International has joined a cooperative project to secure nickel minerals in Indonesia. Through the 'Grand Package Project,' we are discussing ways to build a battery value chain together with leading domestic battery and resource companies and the Indonesian government. Last April, we signed an investment agreement with a domestic company, Indonesia's state-owned nickel mine company Antam, and battery investment company IBC for committing to mutual collaboration in the overall battery industry in the future.

The agreement will serve as a platform to establish a value chain and invest in the battery business, from mineral mining to cell production. We plan to actively participate in the mineral mining stage out of the value chain. We have established a joint venture with an Indonesian state-owned mining company and set up a cooperative system to secure operational capabilities in large-scale nickel mines.



Expansion and Transition of Asset Value for Enhanced Sustainability

LX International is aware of the impact of the coal business on the global environment. That is why we are looking for ways to lower our economic dependence on the industry and minimize negative environmental impact despite the fact that it being our primary business.

We have been striving to raise existing coal mines' productivity and operational efficiency. Consequently, our existing mines alone have improved profitability despite the circumstances where global resource prices continue to rise. We are pushing forward the business transition by putting the human and material resources and efforts into nickel mine development in the future. With an objective of carrying out sustainable business through full-scale investment in eco-friendly businesses, we will expand the scope of asset value and promote ESG management.



Business Model 2. New Growth Engine

Laying the Groundwork for Green Business

Building Infrastructure for Eco-friendly Business - Poseung Green Power Plant

Biomass refers to plants that synthesize the energy in sunlight into organic matter and living organisms that use such plants as food. Due to the characteristic that biomass generates almost no GHG in the process of being conversion, it is regarded as great eco-friendly energy. The proportion of biomass power generation is also growing in Korea.

We decided to acquire 'Poseung Green Power,' an eco-friendly biomass power plant, in order to build the biomass power generation business as an infrastructure. We plan to foster the eco-friendly biomass business into a sustainable and stable new revenue source for LX International. Based on it, we will further expand our green businesses throughout the value chain, such as fuel.

Starting with the power plant of Poseung Green Power, we will develop additional power plants to produce electricity and steam that use biomass as fuel. Our plan is to grow into a company that takes the lead in the biomass power generation business by 2026 on the foundation of our business operation and development know-how and capabilities.



Poseung biomass plant

Securing Stable Revenue Stream - HanGlas

LX International strives to secure a stable profit base to offset the volatility in profit of the existing resource business. As part of it, we actively invested in the groundwork for advancing into diverse fields and directly discovering new businesses.

To lay the foundation for entering into new businesses and new materials, we decided to acquire HanGlas last March. As glass is essential for various industries, like construction, automobiles, and IT, glass material is expected to see stable demand growth in line with changes in the social environment. In addition, the significance of global supply chain management is growing in the glass industry. Against this backdrop, we can leverage LX International's global network to expand and stabilize business areas.

Furthermore, we will double our efforts to identify and nurture new growth engines centered on eco-friendly industries based on HanGlas' leading technology in eco-friendly, high-margin coated glass. Going forward, we will actively work to secure a foundation for sustainable growth by investing in developing a competitive edge in ESG, such as eco-friendly and high-efficiency facilities as well as smart factories, while advancing into glass-related areas.



HanGlas

* Information related to acquisition and merger reported on this page may not be executed if the prerequisites for closing the contract, such as approval from relevant agencies, are not met. In this case, we will disclose the changes.

Business Model 3. Challenging for Our Future Value

Investing and Entering into Promising Businesses

We aim to ensure the sustainable growth of LX International by discovering and promoting promising businesses that are expected to grow in the future. In particular, we are actively considering future values from an ESG perspective, such as new businesses that can minimize environmental impacts, including investment and trading in eco-friendly materials, and the establishment of green systems in the logistics industry in which demand is projected to increase.

Entering into the Biodegradable Plastics (PBAT) Market

With an aim to invest in polybutylene adipate terephthalate (PBAT), a biodegradable plastic at the center of attention as an eco-friendly new material, LX International established a joint venture with SKC and Daesang. We will build a production facility in Korea with an annual capacity of 70,000 tons, with the goal of commercialization in 2023.

The global PBAT market is swiftly growing as China and the United States begin to phase out single-use plastics. PBAT is an eco-friendly material that is biodegradable within 6 months if buried in the ground. The high-strength PBAT that is scheduled to be produced by the joint venture notably boasts the same strength as general plastics. Therefore, it is expected to become a substitute for existing plastic products.

We will assist with product sales channels based upon our overseas marketing capabilities and global networks accumulated over a long period of time. Built on the joint venture, we plan to explore additional business opportunities, expanding investment and related trading in the field of eco-friendly raw materials and materials. As we advance, we will diversify our business portfolio and reinforce ESG management by entering and expanding eco-friendly businesses.



Biodegradable plastics called PBAT

Eco-friendly Complex Logistics Center in Busan

LX International started the construction of an eco-friendly complex logistics center in Busan based on the strategy to expand eco-friendly investments. With an area of 216,139m², we aim to complete and begin operation in the first half of 2025. It will serve as a platform to foster the development and operation business of the logistics center as a new growth engine and new revenue source. The logistics markets in Busan and Gyeongsang regions have considerable potential for demand, and the demand is expected to increase. In particular, Busan International Industrial Logistics City, where the logistics center is located, is adjacent to Busan New Port. Therefore, the center is projected to be actively used owing to its excellent accessibility to various parts of the country.

The logistics center is designed to actively utilize renewable energy to create a safe and eco-friendly work environment. Using green materials and applying the state-of-the-art monitoring system, we will make a workspace considering both safety and the environment. For establishing a cold chain, we consider having partnerships with other companies with expertise in this field. On the basis of capabilities built on the SCM and infrastructure businesses, we are actively seeking ways to operate a more professional and eco-friendly logistics system.



Rendering image of the eco-friendly complex logistics center in Busan

ESG Activities and Achievements

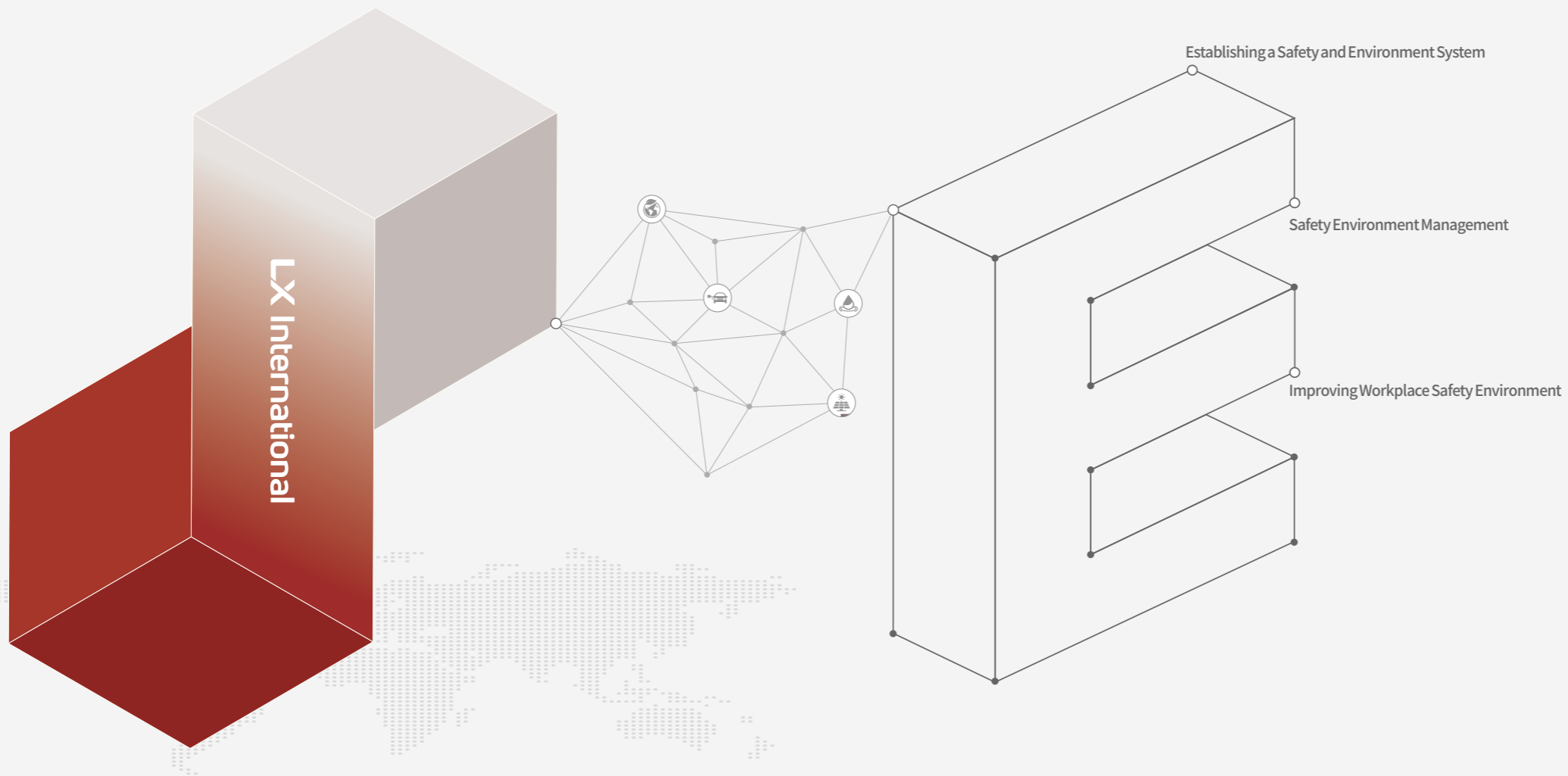
Link to the ESG Performance

For sustainable growth, a business should be able to disseminate positive influence and value throughout the society and surroundings along with creating economic value. LX International is pursuing its management activities while taking into account all aspects of ESG to become a comprehensive trading company that can lead this trend and change. We are striving to fulfill the sustainability of our society by creating economic and social value and enhancing transparency in corporate management, based on our organizational culture of caring about the future and people.

Environment and Safety **29**

Social **41**

Governance **57**



ENVIRONMENT AND SAFETY

LX International is making efforts to enhance safety and environmental management systems in the workplace. We have safety and environmental health policies in place and apply them to all domestic and overseas workplaces. We put the safety and health of our employees first and plan to carry out management activities to minimize the possible negative impact caused by a work environment.

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Establishing a Safety and Environment System

Safety and Environment Management System

HSE Management Policies

Every member of LX International believes that safety is the top priority of all values. Through the safety environment management, we are improving the sustainability of our own, and further contributing to the development of local communities. To this end, we have established and operated health, safety, and environment (HSE) management policies. Based on the management policy, safety and environmental aspects of all workplaces are considered first, and efforts are being made to mitigate possible risks. Various activities are planned and implemented to take care of the safety and health of directors and employees, fully comply with the relevant laws and regulations, and create a safe workplace culture.

Health, Safety and Environment (HSE) Management Policies

- Management with Respect for Human Beings**
We put the safety and health of customers and employees first.
- Compliance with Safety Environment Regulations**
We fully comply with domestic and foreign safety and environment related laws and regulations.
- Creating a Safe and Comfortable Work Environment**
We create a safe and pleasant working environment by evaluating risk factors at the workplace and taking preventive measures to minimize the risks.
- Globally Recognized Health, Safety, and Environment Management System in Place**
We provide training for workers to better understand and follow the health, safety, and environment system and operate the safety, health, and environment management system that allows regular internal and external evaluations and continuous improvement.
- Building Safety Culture at Business Sites**
We have a communication channel between the management and employees to transparently share policies, issues, and achievements for health, safety, and environment, and all levels of employees work hand in hand with subcontractors and local communities to actively contribute to building a safety culture.

Furthermore, we have introduced a globally recognized health, safety, and environment management system for better management, and we support a workplace to maximize its capacity to implement the system. We are making every effort to keep the workplace disaster-free by establishing standard health, safety, and environment management manuals and procedures, developing processes, hiring more experts, and strengthening the capabilities of the management and workers.

Organization Dedicated to Safety Environment

LX International has the Safety Environment Team dedicated to dealing with health, safety, and environment issues under the Biz Management Strategy Department, which is directly controlled by the CEO. The team manages health, safety, and environment related policies and system and checks risk factors at domestic and overseas workplaces. It is also responsible for establishing and revising the management system, monitoring compliance with legal requirements, and activities to internalize the safety culture. We communicate with various stakeholders and strive for the safety environment of our domestic and overseas workplaces and subcontractors.

Safety and Environment Team Organizational Chart



Health, Safety, and Environment (HSE) Regular Meeting

LX International formed a regular meeting body for health, safety, and environment issues last February in an effort to enhance awareness of workplace management and supervision in terms of health, safety, and environment, and to encourage action. At the meeting held in April, the CEO and about 100 employees from domestic and overseas offices attended to share the management policies and goals for health, safety, and environment and discussed ways to improve them by identifying hazards and risks. Our first agenda to bring to the quarterly meeting is compliance with legal requirements in health, safety, and the environment. At the meeting, corrective actions are drawn up, and implementation is also checked.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

- Establishing a Safety and Environment System
- Safety Environment Management
- Improving Workplace Safety Environment

Social

Governance

APPENDIX

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Establishing a Safety and Environment System

Safety and Environment Management System

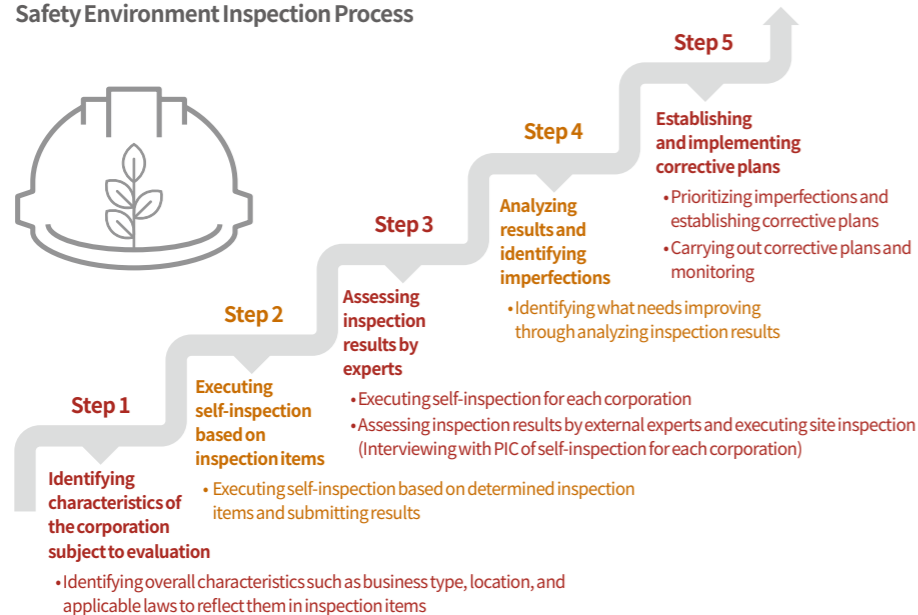
Inspection on Safety and Environment

LX International conducts safety and environment inspections at all corporations and establishes and executes improvement plans based on the inspection results. In addition to installing and improving safety and environmental facilities at construction sites, we check everything that can affect safety and the environment, including nearby roads and safety training.

Safety activities at the biogas plant construction site – Safety Talk



Safety Environment Inspection Process



Safety Environment Management Policy Manual

The safety environment inspection conducted by all corporations includes items such as whether workers are in a safe and healthy working environment, whether a corporation complies with legal requirements, and whether the management system operates properly. Every item of the inspection is managed and improved based on the results of the inspection.

Items for Safety Environment Management and Inspection

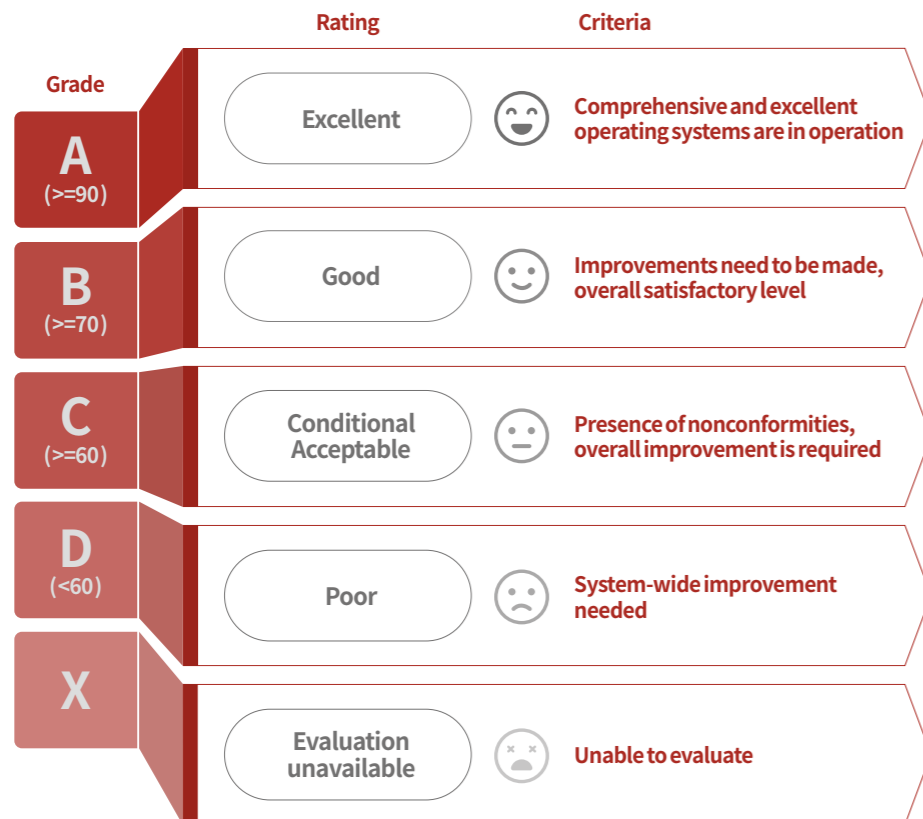


Establishing a Safety and Environment System

Safety and Environment Management System

Safety Environment Evaluation on Operating & Investment Corporations

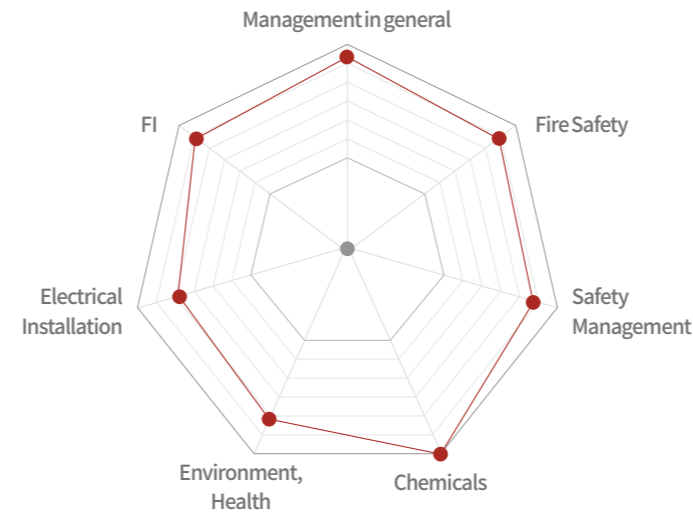
LX International has been conducting regular safety environment evaluations for overseas subsidiaries in order to respond to safety, environmental, health and social risks that may occur in supply chains and production sites around the world. A total of 43 items, including chemical substances, fire safety management, safety and environmental health, are inspected for safe environment, and grades for each field are given by reflecting the score of each item.



Safety Environment Management for Operating & Investment Corporations

TBSM, the corporation in Indonesia that was acquired in 2018, has established a system for environment, safety and health, and many improvements have been made. At the HSE evaluation of the corporation during the first half of 2021, it has obtained grade B with a total of 89.6 points. Notably, it received high scores in the fields of chemical management and safety management. We continue to strengthen risk management for safety and environment of overseas investment corporations and understand the interests of stakeholders to establish and develop a sustainable business model.

TBSM Safety Environment Evaluation Score Chart in 2021



| Items | Management in general | Fire Safety | Safety Management | Chemicals | Environment, Health | Electrical Installation | FI | Total |
|------------------|-----------------------|-------------|-------------------|-----------|---------------------|-------------------------|------|-------|
| No. of Questions | 8 | 8 | 5 | 4 | 6 | 6 | 6 | 43 |
| Scores Assigned | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 700 |
| Scores Obtained | 95 | 87 | 90 | 10 | 83 | 80 | 90 | 625 |
| Weighted Ratio | 10 | 20 | 20 | 10 | 10 | 15 | 15 | 100 |
| Final Scores | 9.5 | 18.3 | 18.0 | 10.0 | 8.3 | 12.0 | 13.5 | 89.6 |

Environment and Safety

Establishing a Safety and Environment System
 Safety Environment Management
 Improving Workplace Safety Environment

Social

Governance

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Safety Environment Management

Industrial Accident Management

Preemptive Response to Safety and Environmental Accidents

All corporations conduct simulation training based on the types of accidents that may occur depending on location or business characteristics, and report the results. Imperfections found in this process are rectified through corrective plans.

In addition, we make efforts to effectively respond to disasters and accidents through training at the company level. Training on accident prevention and medical treatment is also conducted along with emergency response drill including fire safety mock drill.

Emergency Response Drill at Overseas Corporations in Q1

A mock incident

Emergency response drill

Checking results of emergency response drill

PAM Safety and Environmental Emergency Response Drill/Training

| Content | Training Provider | Date |
|--|---|-------------------|
| First aid | Safety and Environment Team, Infirmary | June 17, 2020 |
| Fire safety mock drill and training | Safety and Environment Team, Fire Safety Team | March 31, 2021 |
| Training course on accident prevention for newly hired farm managers | Safety and Environment Team | June 14, 2021 |
| Earthquake preparedness drill/training | Safety and Environment Team | June 25, 2021 |
| Fire mock drill and training for fire extinguisher use | Safety and Environment Team, Fire Safety Team | July-August, 2021 |

Industrial Accident Prevention

LX International strives to prevent industrial accidents for the safety of its employees. We maintain data related to industrial accidents including the number of fatal industrial accidents, disaster rate, and number of victims and deaths. The data shows that we have kept the workplace safe with zero serious industrial accidents over the past three years.

Industrial Accident Data for Domestic Business Sites

| Items | Unit | 2019 | 2020 | 2021 |
|-----------------------------------|--------|------|------|------|
| No. of fatal industrial accidents | Case | 0 | 0 | 0 |
| Disaster rate* | % | 0 | 0 | 0 |
| No. of victims | Person | 0 | 0 | 0 |
| No. of deaths | Person | 0 | 0 | 0 |

*Disaster rate=(No. of victims/No. of workers) x 100

Environment and Safety

Establishing a Safety and Environment System
 Safety Environment Management
 Improving Workplace Safety Environment

Social

Governance

Safety Environment Management

Industrial Accident Management

Compliance with Safety and Accident Prevention Laws

Employees of the headquarters visit domestic and overseas workplaces semi-annually to evaluate risk factors and to check if they comply with applicable laws related to safety. If non-compliance or deficiencies are found, we actively support the workplace to improve its management system and strengthen its expertise. We are doing our best to make every workplace safe, beyond just abidance by the Serious Accidents Punishment Act.



Regular Meeting of the Ministry of Manpower of Indonesia

Safety Management for Expatriates and Overseas Business Travelers

Due to the nature of the business of LX International, international travels for trading and discovering new business opportunities and labor dispatches to its strategic regions are required. Therefore, we have a supporting system in place to respond to emergency situations of executives and employees working abroad.

Emergency Preparedness and Response for Employees Working Abroad

For workers dispatched overseas and international business travelers, we operate a rapid response system in cooperation with global medical and safety firms so that they can use the system immediately in case of an emergency. Our executives and employees working abroad can use such services when facing health problems, feeling threatened or is in need of a safe transportation.

Overseas Emergency Response Services

Our overseas emergency response services are offered to both employees and their family members. All services except emergency transportation are free and expenses for transportation is charged afterwards. The Safety and Environment Team is involved in emergency transport.

- 24 hour medical/security support
- Medical consultation with health care experts (doctors)
- Providing information about reliable medical institutions
- Offering interpretation service at medical institutions
- Emergency transportation in case of health issues
- Providing country-specific medical/security information
- Sending medical/security alerts through e-mail
- Advance payment for medical expenses
- Emergency response for international business travelers
- Offering free psychological counseling (5 times)

Environment and Safety

Establishing a Safety and Environment System
Safety Environment Management
 Improving Workplace Safety Environment

Social

Governance

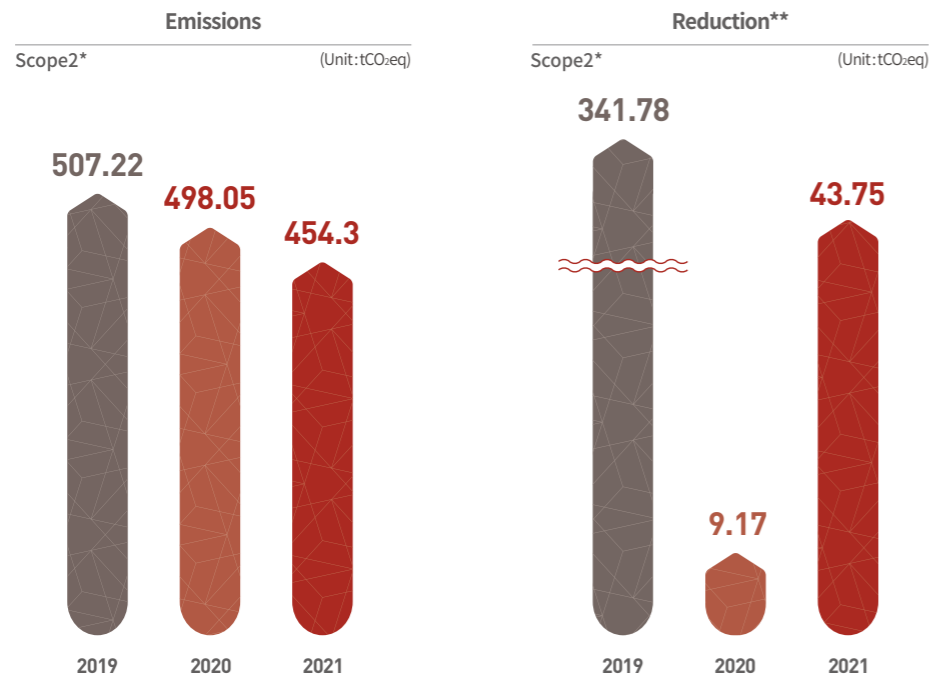
Safety Environment Management

Environmental Impact Management

Our Approach to GHG Emissions Mitigation

As we are well aware of the severity of climate change, efforts are being made to mitigate GHG emissions in response. We have constantly managed the headquarters' Scope 2 emissions while going through the procedures of registering our palm plantation business in Indonesia for CDM. Furthermore, long-term reduction plans are in the pipelines, which span from the expansion of the CDM project to external and new plantations, and collaboration with public institutions, research institutes and domestic SMEs.

GHG Emissions Management



* Corrected Scope 1 of the previously published report to Scope 2 due to incorrect expression

** Calculation criteria for GHG emissions and reduction changed due to the relocation of the headquarters in February in 2019, which led to the GHG emissions reduction in 2020

GHG Emissions Mitigation Project – Clean Development Mechanism (CDM)

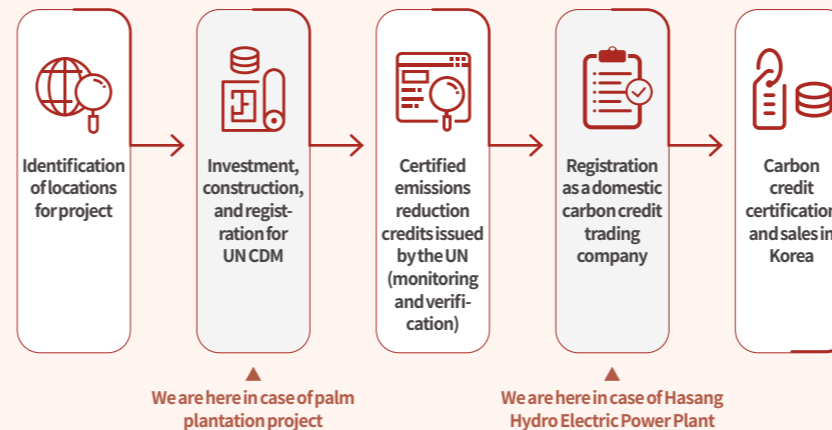
GHG emissions reduction has become a daunting task and duty for all nations to fulfill. Following the Paris Agreement, the Korean government has tightened relevant regulations including setting up the target of reducing GHGs. Against this backdrop, to join the efforts to cut down on GHGs, LX International is applying CDM projects to our palm plantations and Hasang Hydro Electric Power Plant, capitalizing on our experience of engaging in GHG emissions reduction and carbon credit issuance businesses.

The Clean Development Mechanism (CDM) allows a country who implements an emission reduction project in developing countries to earn salable certified emissions reduction credits, equivalent to its reduction amount through the project. The CDM is a sustainable development project that serves two ends; reducing GHGs to achieve emission mitigation targets, and at the same time, providing technical and financial assistance for developing countries.

The Hasang Hydro Electric Power Plant has been recognized for its emission reduction which is attributed to power generation using alternative and renewable energy sources, such as hydroelectric, electricity, and power grid instead of fossil fuels. As a result, we have secured 200,000 tons of certified emissions credits, and are about to register as a domestic carbon credit trader.

In addition, we are going through a procedure to register our palm plantations as a CDM project. And the application of the CDM project will be expanded to other external and new farms. Going forward, we will scale up our carbon credit trading business so that we can secure carbon-reducing technologies and develop alternative markets, thereby contributing to GHG emissions mitigation.

CDM Project Business



Environment and Safety

Establishing a Safety and Environment System
 Safety Environment Management
 Improving Workplace Safety Environment

Social

Governance

APPENDIX

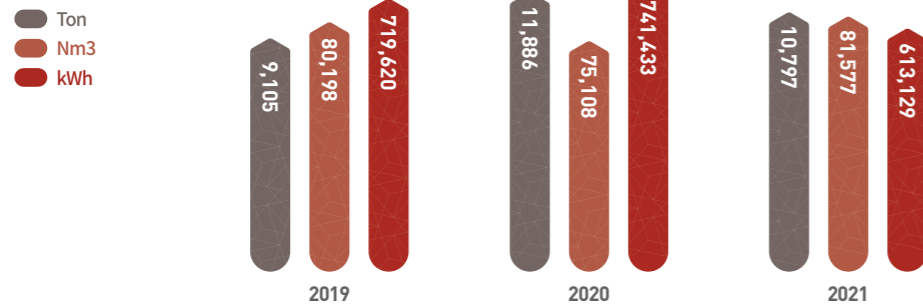
Safety Environment Management

Environmental Impact Management

Energy Management

With the aim to curtail our energy consumption and improve energy efficiency, we have constantly managed the energy use of the headquarters in a building located in Gwanghwamu. As part of the efforts, we use LED lights that consume less electricity but has a longer product life and optimize the usage schedule of lamps and lights for public spaces.

Energy Consumption



Waste Management

Well cognizant of the significance of resource circulation, LX International has worked on waste management. To this end, we have made every effort to curtail waste generation including separation of recyclable waste from domestic waste, and paper use reduction in the office based on our paperless policy.

<Waste Generation>

| Category | | Unit | 2019 | 2020 | 2021 |
|------------------|------------------|------|--------|---------|---------|
| Domestic waste | Entire building | kg | 36,346 | 183,260 | 198,390 |
| | LX International | | 7,716 | 38,869 | 40,035 |
| Recyclable waste | Entire building | | 11,427 | 34,295 | 28,735 |
| | LX International | | 2,426 | 7,274 | 5,799 |

* Waste generated from LX International = Total amount generated from the entire building X ratio of area for exclusive use

Water Quality Management

Our Indonesian corporation has joined the Indonesia Safety Environment Inspection Certification program (PROPER) driven by the Indonesian Ministry of Environment. We ensure our compliance with the local environmental laws and regarding standards. To meet the requirements associated with water pollution management, we have installed automatic water quality monitoring equipment within the plantations to keep track of water quality, which is reported to the Indonesian Ministry of Environment to check whether we abide by the standards. As of now, our Indonesian corporation is rated "Blue Flag," and we are constantly striving to raise our rating.

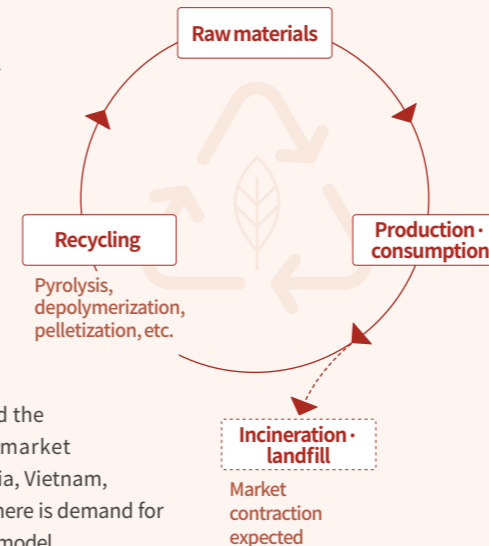
Resource Circulation Business Seeking for a Paradigm Shift in the Market

In the past, landfill or incineration have been the most common methods used for waste disposal. In the face of the trend that put the environment and people first, they are giving way to other business models capable of recycling waste into other resources.

Against this backdrop, LX International has transformed its waste disposal structure into the circulation one so that we can drive a paradigm shift where we reuse wasted resources for different purposes. Through the transition, we can reuse waste plastic for fuels and utilize the method of pyrolysis, which will lead us to enter into the resource circulation business.

Going forward, we will drive and lead the nationwide paradigm shift in this market not only in Korea but also in Indonesia, Vietnam, and other overseas countries where there is demand for advanced resource circulation business model,

Waste Circulation Structure



Environment and Safety

- Establishing a Safety and Environment System
- Safety Environment Management
- Improving Workplace Safety Environment

Social

Governance

APPENDIX

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E-mail: bcant@lxintl.co.kr

Improving Workplace Safety Environment

Raising the Level of Safety

Tasks to Improve Our Safety Environment in Progress

With the objective to enhance our safety environment, LX International has selected improvement tasks regarding occupational safety, and kept track of the progress of the tasks. On-site employees in charge identify risks based on risk evaluation and execute the improvement tasks, which is followed by the weekly and monthly report of results. A total of 10 tasks are in progress including common ones for all corporations and site-specific ones.

In 2021, the task implementation rate of all corporations stood at 85%. The tasks that have been delayed due to the COVID-19 will be resumed and monitored within this year. The Safety and Environment Team takes charge of re-evaluating and managing the progress.



Firefighting drill at an overseas corporation for safety environment improvement

Activities to Improve Health, Safety and Environment in Local Communities

Response to COVID-19

In order to enhance safety environment and health, a range of activities have been carried out not only for our employees, but also local communities. As the COVID-19 situations deteriorated in Indonesia, we had Koreans aged 65 or above and schools (Jakarta Indonesia Korean School, Jakarta International University) get a PCR test free of charge.

Helping Local Village with Groundwater Treatment Plant

GAM helped Bumi Rapak village discover the source of clean water and install water pipes connecting this source to the village. By doing so, we have contributed to relieving water shortage and stress as well as preventing potential outbreaks of diseases caused by contaminated water, which has culminated in the achievements of UN SDGs Goals (SDG 6, water and sanitation).



COVID-19 Control and Prevention



Support for Water Treatment Plant

Environment and Safety

Establishing a Safety and Environment System
 Safety Environment Management
 Improving Workplace Safety Environment

Social

Governance

Improving Workplace Safety Environment

Raising the Level of Safety

Embedding a Culture of Safety into Every Corner

Regular HSE Training

We provide regular company-wide training on HSE on a quarterly basis for employees in charge. The very purpose of the training is to help them better understand the relevant regulations, such as the Serious Accidents Punishment Act and the Occupational Safety and Health Act, and to share countermeasures by possible accident occurrence. It also aims to make our employees internalize a culture of safety and train them to immediately take proper action in the event of accident.



Regular training on Health, Safety, and Environment

Training on Emergency First Aid at Work

Due to a growing demand for emergency response equipment installation and relevant training from our employees, we offered the training on how to use automated external defibrillator (AED) and cardiopulmonary resuscitation (CPR). All our employees including expatriates received this training online and offline in May, actively participating in first aid practice.



CPR practice

Safety Training in Overseas Corporations

As part of the effort to raise the awareness of workplace safety, our overseas corporations also provide safety education through external institutions. In addition, we expand the scope of eligibility of the training to include not only the employees of the overseas corporations but also workers of their partner companies so that a culture of safety can permeate every corner of our workplaces. Going forward, LX International will be committed to becoming a safe workplace for all employees and raising their safety awareness at home and abroad.

PAM's Safety Training Courses

| Content | Employees subject to training | Date |
|--|-----------------------------------|-------------------|
| Basic course for safety personnel | Partner companies' employees | February 17, 2020 |
| Safety training for employees in charge | Partner companies' employees | February 15, 2021 |
| Safety training on equipment operation | Partner companies' employees (30) | March 30, 2021 |
| Training course for equipment operator license | PAM employees (28) | April 30, 2021 |

Environment and Safety

Establishing a Safety and Environment System
 Safety Environment Management
 Improving Workplace Safety Environment

Social

Governance

Improving Workplace Safety Environment

Our Approach to Reducing Our Environmental Impact

Activities to Mitigate Our Environmental Footprint

Activities for Ecosystem Preservation

Our key overseas corporations are focusing on reducing their negative impacts on the surroundings as well as conserving the ecosystems with a range of activities. For the sake of the protection of HCV and HCS, PAM prepares seedlings to plant them and mark the HCV regions while BNE conducts analysis of the quality of surface and underground water used at the site as well as the quality of nearby streams and monitors creatures lived in the streams. LX International will step up its activities to reduce our environmental footprint to put eco-friendly management into action.

Activities for Resource Circulation in Local Communities

GAM corporation in Indonesia adopted waste press machines in Desa benua and Sampayau villages in September last year, aiming to provide alternative revenue streams in local communities, which has allowed local residents to participate in the disposal of plastic waste generated from these regions. In case of the village of Sampayau, a female community has joined the project, which has increased the household income.

Training on Environmental Impact Management at Workplace

The environmental awareness and knowledge of personnel in charge of environmental affairs is an integral part of minimizing the negative impact on the environment. Accordingly, PAM hired an external educational institute to provide education on air and water pollution management for the managers and working-level employees in charge to raise their environmental perception as well as to help them build required capabilities. In the years to come, LX International will lend support to our employees so that they can improve their environmental awareness and sharpen their environmental impact management skills.

PAM's Training Courses for Environmental Impact Management

| Content | Employees subject to training | Date |
|---------------|--|-----------------------------------|
| Air quality | Training course for managers in charge of air pollution management | August 19, 2021 – August 21, 2021 |
| | Training course for working-level employees in air pollution management (boiler) | |
| Water quality | Training course for managers in charge of water pollution management | 2021.08.26–2021.08.28 |
| | Training course for working-level employees in charge of water pollution management (Plants' Lab.) | August 26, 2021 – August 28, 2021 |



Water quality analysis and stream creature monitoring



Wild animal protection



GAM's support for environmental protection

Environment and Safety

Establishing a Safety and Environment System
 Safety Environment Management
 Improving Workplace Safety Environment

Social

Governance

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Improving Workplace Safety Environment

Our Approach to Reducing Our Environmental Impact

Doubling Down on Eco-friendly Activities

Engaging in Multi-use Cup Usage Campaign

We have joined in the ‘One Team’* campaign in Gwanghwamun and installed a booth for multi-use cups, with the aim of encouraging all our employees to use these cups instead of single-use ones. When employees return the multi-use cups in the collection boxes placed in the lounge or tea making rooms after use, the cups go through six-layered cleaning and sanitation process, and then are replaced. Worn-out multi-use cups are crushed and reprocessed so that they can be used as raw materials for new multi-use products.

*It refers to an ESG collaboration project among 17 companies located around Gwanghwamun, public institutions and non-profit organizations



Multi-use Cup



Joining CTCN

Since 2020, LX International has become a member of Climate Technology Centre and Network (CTCN), the implementation arm of the Technology Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). Capitalizing on our expertise in the clean energy sector, such as biogas and biomass, and in renewable energy generation & infra establishment, we have helped developing countries respond to climate change through technical assistance and transfer.

Setting Up the Targets for Environmental Management

LX International aims to set up mid- to long-term goals and strategies for sustainable environment so as to minimize our environmental footprint. To redouble our efforts, we plan to expand the measurement coverage of environmental data, including GHGs, energy, water and waste, and manage them on a regular basis. Furthermore, we will focus on the measurement and management of data in regard of risks posed by climate change, such as GHG emissions, energy use, and waste generation.

Through the ongoing CDM project, we have secured certified carbon credits. Until 2021, our accumulated carbon credits issued by the UN amounted to 216,000 tons/CO₂, and we plan to annually increase by 300,000 tons/CO₂ from 2023 through 2026.

Going forward, with the launch of ESG Council, we will formulate our vision and strategies concerning environmental management in order to solidify the system. The efforts to maintain ISO 14001 certification will be made and a review will be underway on the joining of global initiatives, such as TCFD. We will join hands in mitigating GHG emissions and reducing environmental impact, thereby contributing to global carbon neutrality.

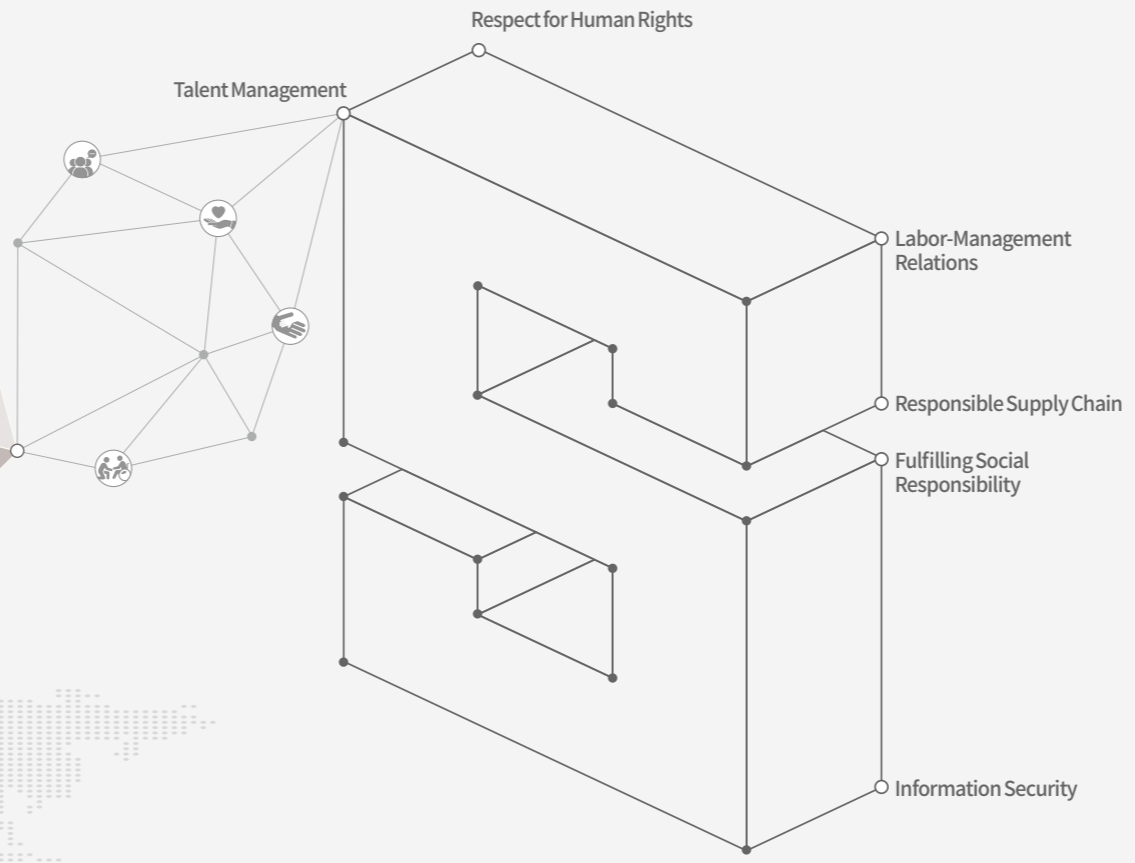
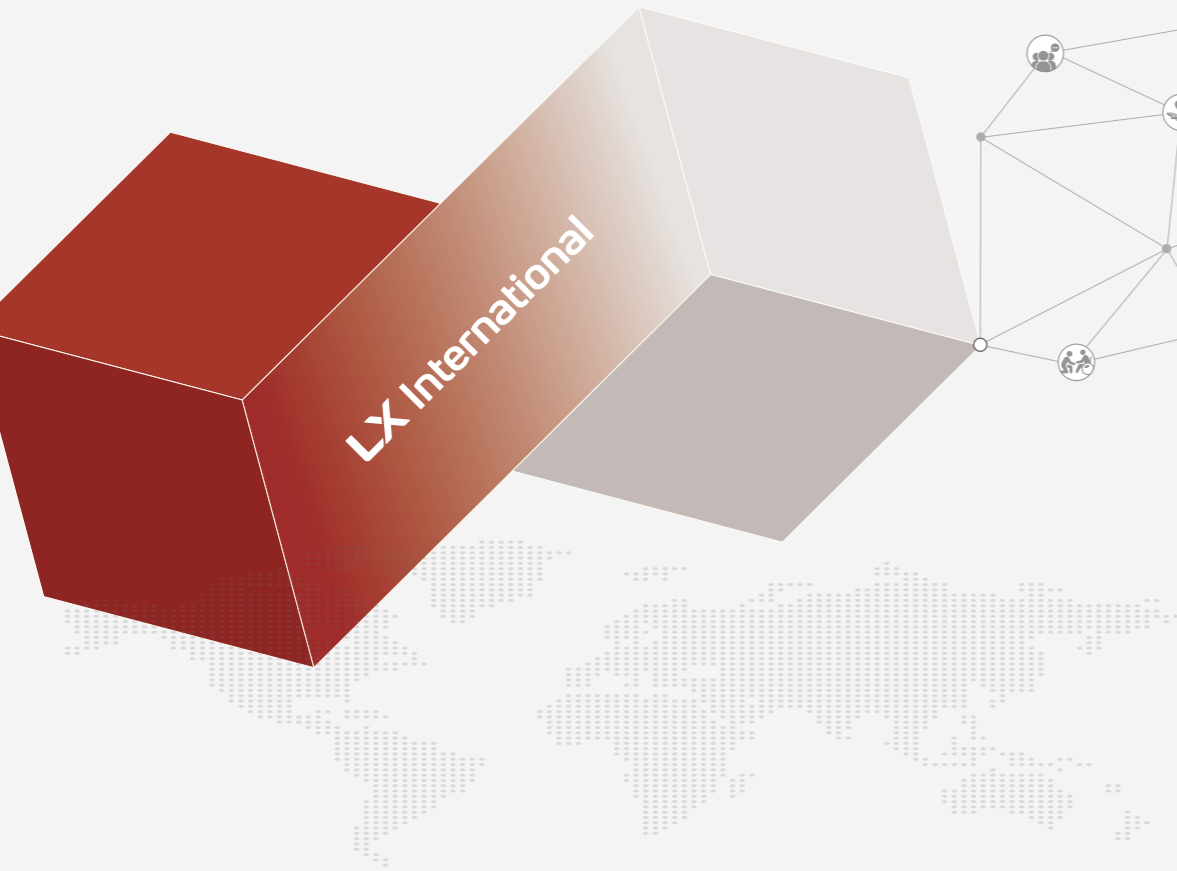


Environment and Safety

Establishing a Safety and Environment System
Safety Environment Management
Improving Workplace Safety Environment

Social

Governance



- OVERVIEW
- SPECIAL FEATURES
- ESG ACTIVITIES AND ACHIEVEMENTS**
 - Environment and Safety
 - Social**
 - Governance
- APPENDIX

SOCIAL

LX International pursues both the sustainability of the organization and the sustainable growth of society because we are convinced that companies that make every effort to fulfill their social responsibilities and communicate with internal and external stakeholders, including employees, can create true future value. Therefore, we will continue our efforts in upholding human rights and promoting diversity of employees, supporting capacity building and work-life balance for employees, building win labor-management relations and a responsible supply chain, and conducting active social contribution activities, aiming for mutual growth as a member of society.



Talent Management

Employee Composition

Hiring Outstanding Talents

The competitiveness that leads the future of LX International lies in the talents who understand customer values and grow into 'entrepreneurs' who constantly develop themselves. At LX International, we keep track of the total number of employees and new hires as well as turnover status every year so that we can grow together with diverse and professional talents whose qualities are aligned with the corporate management philosophy and are met with our talent qualifications.

Total Employment

| Category | | Unit | 2019 | 2020 | 2021 |
|-----------------------|--------|--------|------|------|------|
| Total employees | | | 474 | 489 | 456 |
| Regular employees | Male | Person | 368 | 371 | 346 |
| | Female | | 98 | 111 | 103 |
| Non-regular employees | Male | | 8 | 7 | 3 |
| | Female | | - | - | 4 |

Diverse Employees

LX International never tolerates discrimination based on factors, including gender, nationality, ethnicity, and disability, and continuously manages employee diversity. With no discrimination in recruiting and evaluation process for employees, we will continue to increase the ratio of overall female employees and female managers. We make efforts to create an environment where all employees can work together based on mutual respect and trust.

Employee Diversity

| Category | | Unit | 2019 | 2020 | 2021 |
|-------------------------------|-------------------------------|--------|------|------|------|
| Employees by age | Age under 30 | Person | 102 | 107 | 87 |
| | Age from 30 to 49 | | 333 | 343 | 332 |
| | Age of 50 and above | | 39 | 39 | 37 |
| ISE(Inland Service Employee)* | | | 330 | 375 | 392 |
| Ratio of female employees | Total | % | 21 | 23 | 23 |
| | Female managers** | | 8 | 11 | 11 |
| Ratio of minorities | Employees with disabilities | | 1 | 1 | 1 |
| | Employees with national merit | | 2 | 2 | 2 |

* Overseas global employees of LX International ** Manager level: positions of senior PM or above among employees

New Hires

| Category | | Unit | 2019 | 2020 | 2021 |
|---------------------|-----------------------|--------|------|------|------|
| Total new hires | | | 58 | 68 | 42 |
| By recruitment type | New employees | Person | 18 | 20 | 19 |
| | Experienced employees | | 40 | 48 | 23 |
| By age | Age under 30 | Person | 27 | 28 | 24 |
| | Age from 30 to 49 | | 30 | 40 | 16 |
| | Age of 50 and above | | 1 | 0 | 1 |
| By gender | Male | | 49 | 47 | 30 |
| | Female | | 9 | 21 | 21 |
| By region | Korea | | 55 | 65 | 51 |
| | Overseas | | 3 | 3 | 0 |

Service Term and Turnover

| Category | | Unit | 2019 | 2020 | 2021 |
|---------------------------|--|--------|------|------|------|
| No. of employees left | | Person | 30 | 37 | 50 |
| Turnover rate | | % | 6.3 | 7.6 | 11.0 |
| Average length of service | | Year | 9.2 | 8.8 | 9.5 |

Support for Retirees

We support employees to lead a stable life after retirement by providing support with a retirement pension and retirement pay. We also offer one-on-one consulting and training workshops through a professional consulting company for retirees to have stable job change and employment continuity. Currently, we are planning an educational program for lifelong design training, which will give our employees opportunities to design and develop careers from a longer-term perspective.

Retirement Pension and Retirement Pay

| Category | | Unit | 2019 | 2020 | 2021 |
|----------------------------|--------------------------------|-------------|------|------|------|
| Retirement pension support | Defined Benefit plan (DB) | Person | 401 | 406 | 393 |
| | Defined Contribution plan (DC) | | 16 | 24 | 29 |
| Average retirement pay | | KRW million | 74 | 73 | 75 |



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security

Governance

APPENDIX

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Talent Management

Fair Recruitment and Reasonable Compensation

Fair Talent Recruitment

LX International operates a fair and transparent recruitment process and actively utilizes non-face-to-face interviews for the sake of safety amid the COVID-19 pandemic. We ensure that there are no disadvantages due to discriminatory factors by conducting multi-faceted evaluations through cross-screening applications while promoting professional hiring by providing education for interviewers and designating company-wide interviewers.

Timely Recruitment of New Employees

We are hiring excellent talents suitable for the necessary positions whenever required. Furthermore, we are running a variety of channels, such as the company website, blog, and recruitment briefing sessions so that applicants can easily access relevant information.



Youtube video related to LX International's recruitment

Recruitment through Industry-University Cooperation

An additional recruitment process is conducted for applicants who perform outstanding tasks for one month in the collaboration between the department and business associations. This is a way to diversify the recruitment channel as well as to increase the initial adaptability of applicants.

Operation of the Internship Program for Experience

We implemented an internship program for experience targeting the third-year university students, thereby securing recruitment linkages and a certain level of expertise of the applicants by exempting the document screening and the first interview for the selected outstanding interns when they apply for regular jobs at LX International. We plan to expand the internship program and further enhance the link between the company and applicants through alumni meetings.

Business Academy Program

Our business academy program is a long-term internship activity in which applicants participate in company job training for 3 months, followed by working as interns based on what they have learned. The program is scheduled to be implemented from 2022. We will ensure new employees to receive sufficient training on their jobs before being placed in the field.

Employee Performance Evaluation and Compensation

Evaluation of Employee Performance

LX International provides feedback on goals set by individuals and objective performance records through a regular performance management system. As mutual feedback is increasingly important, we help leaders improve their communication skills through various programs and conduct an annual leadership survey.

For overseas site managers, we capitalize on ESG indicators in the evaluation by assessing the level of on-site management in four aspects; environmental, health, safety, and social (EHSS). In the future, we will devise and implement measures to extend these indicators to all leaders so that we can imbed ESG management within the organization.

Regular Performance Evaluation and Career Development Evaluation

| Category | Unit | 2019 | 2020 | 2021 |
|--|--------|------|------|------|
| No. of employees subject to evaluation | Person | 473 | 488 | 456 |
| Ratio of employees subject to evaluation | % | 99.8 | 99.8 | 100 |

Compensation Process

We implement an annual salary system for each individual that reflects individual competency and performance evaluation results in compensation. In addition, we pay position allowances, performance bonuses by an organization, individual performance bonuses, occasional performance bonuses, and others in order to motivate employees through differential pay by work performance.

Employee Salary Status

| Category | Unit | 2019 | 2020 | 2021 | |
|--------------------------|--|--------|--------|--------|--------|
| Gender equal pay | Ratio of women's wages to men's at manager level | 84 | 71 | 63 | |
| | Ratio of women's wages to men's at non-manager level | 42 | 43 | 38 | |
| Total annual pay | Employees with no fixed period | Male | 35,518 | 35,047 | 35,455 |
| | | Female | 6,161 | 5,813 | 6,545 |
| | Employees with fixed-term | Male | 119 | 213 | 131 |
| | | Female | - | 22 | 100 |
| Average pay per employee | Employees with no fixed period | Male | 121 | 123 | 133 |
| | | Female | 62 | 53 | 64 |
| | Employees with fixed-term | Male | 59 | 71 | 65 |
| | | Female | - | 7 | 33 |



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

Talent Management

- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security

Governance

APPENDIX

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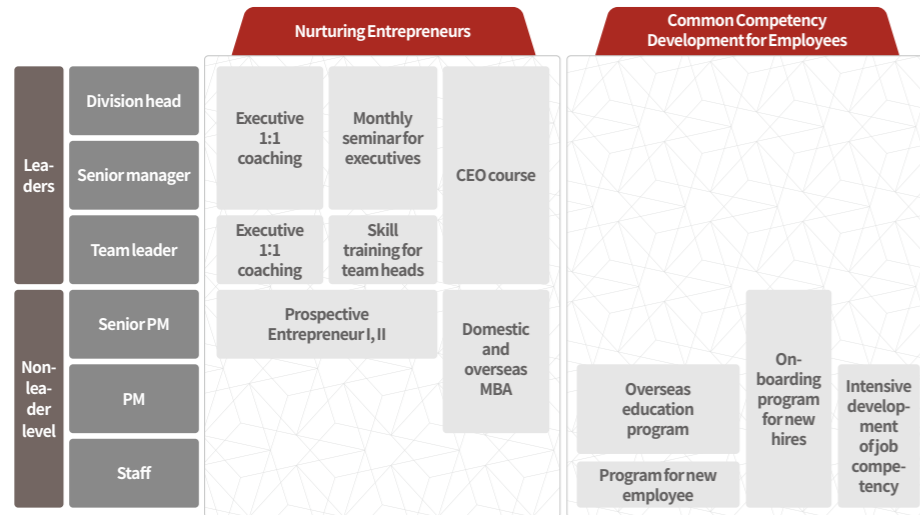
Talent Management

Employee Capacity Development

Talent Nurturing System

Aiming to cultivate competitive talents, LX International has operated systematic leadership training and job capacity educational programs by position. We will further enhance the talent development program while continuously upgrading courses by level and duties and reinforcing the capacity-building programs using improved basic infrastructures, such as language courses and e-learning.

Educational System Structure



Education for Employees

| Category | Unit | 2019 | 2020 | 2021 |
|---|--------|---------------|---------------|---------------|
| Total number of employees participating in education* | Person | 3,080 | 3,442 | 2,968 |
| Total education hours for employees | Hour | 47,025 | 38,410 | 19,003 |
| Average education hours per employee | | | 79 | 42 |
| Total cost for employee education | KRW | 1,847,232,510 | 1,716,462,372 | 1,331,609,376 |
| Average education cost per employee | | | 3,897,115 | 3,510,148 |

* Calculation: the sum of the total number of participants of each educational program, targeting all 456 employees (domestic + expatriates) under the headquarters

Enhancing the effectiveness of Talent Training

Targeting those who have taken the job competency intensive development training, we conduct training evaluation surveys on 6 items when the educational program is completed. The items include 'work application level' to see how much the training has impacted the actual work and performance. The identified matters for improvement are consistently reflected in the training content. We will continue to raise the effectiveness of education through this process.



Support for Sharpening Employee Competency

Operation of In-house Study Groups and the E-library

We support study-related textbooks, online lectures, and lunch expenses for employees of the headquarters for their voluntary study. As of 2021, 85 employees in 16 teams worked on their competency development. In addition, we offer an in-house electronic library to encourage reading and the use of academic papers for all employees.



In-house study group activities

Providing Special Lectures



Poster image for the special lecture held in December 2021

We hold monthly special lectures in various fields to broaden employees' perspectives and gain insights. In 2021, we provided a total of 11 special lectures covering various topics, including investment business, ESG, and mental management in the era of COVID-19.

Organizational Development Program

Our organizational development program encompasses 'new leader onboarding program,' 'collaboration program between teams,' 'innovative work style program,' 'strength reinforcement,' 'out of comfort zone,' 'psychological stability,' and many more. We strive to make substantial changes and strengthen our capabilities of organizations.

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security



Talent Management

Work and Life Balance

Welfare Benefit For Employees

We have prepared and operated a variety of welfare programs related to culture, leisure, health, living, and family for the work and life balance of our employees.

Corporate Welfare System

| | |
|------------------------------|---|
| Leisure & culture | <ul style="list-style-type: none"> Financial support when purchasing goods and services for health care, self-development, or cultural and leisure purposes up to certain limits Providing sports clubs and tickets for sports playing at home ground Providing company-owned condominium membership, free use of LG Living and Training Institute |
| Health | <ul style="list-style-type: none"> Providing regular health check-ups for employees and their spouse, and supporting the medical expenses for employees and their family members |
| Living | <ul style="list-style-type: none"> Supporting housing loans Assisting financial aids for employees' children for their high school and college tuitions |
| Family affairs | <ul style="list-style-type: none"> Making a contribution for family events, such as marriage, condolences for employees and their immediate family Supporting wreaths and funeral supplies for the occasions |

Welfare Benefits Provided for Employees

| Category | Unit | 2019 | 2020 | 2021 |
|-------------------------------|-------------|-------|-------|-------|
| Total welfare benefits | KRW million | 6,269 | 6,164 | 6,334 |
| Welfare benefits per employee | million | | 13 | 14 |

Flexible and Autonomous Working System

LX International has operated various types of work systems so that the employees can work more efficiently while maintaining a work-life balance. The voluntary work hour management system, adopted in 2018, allows employees to work freely after setting their own commuting hours within the boundary of observing statutory working hours. We are implementing a 'remote work' system for working from home after autonomous planning and self-approval. We have also set out a ground rule to elevate the work efficiency.

Childbirth and Childcare Support System

LX International takes exceptional care of employees who undergo childbirth and childcare so that they do not experience career interruption or discrimination. We operate a variety of family-friendly programs, such as a daycare center at work, the family care leave system, reduced working hours during pregnancy, and maternity gifts. In recognition of these efforts, we obtained the 'family-friendly company' certification from the Ministry of Gender Equality and Family in December 2021.

Parental Leave Usage

| Category | Unit | 2019 | 2020 | 2021 |
|--|----------------|------|---------|---------|
| No. of employees taking parental leave | Male | 0 | 4 | 2 |
| | Female | 8 | 8 | 5 |
| | Total | 8 | 12 | 7 |
| No. of employees returned from parental leave | Male (ratio) | - | 4 (100) | 1 (100) |
| | Female (ratio) | | 7 (100) | 3 (100) |
| | | | | |
| Employees working for 1 year or more after returning from the leave* | Male | 1 | 0 | 3 |
| | Female | 7 | 3 | 7 |
| Rate of retention for 1 year after returning from the leave | % | 100 | 91 | NA |

* Based on the number of employees returned in the previous year

Improvement of Organizational Culture

Facilitating Communication among Employees

Through 'Raon Lounge,' a corporate anonymous bulletin board, employees are encouraged to communicate more, and we reflect their honest opinions. When an inquiry or request is uploaded on the bulletin board, we refer it to the person in charge of the matter to provide answers. On top of that, we issue 'Leader's Digest,' a monthly newsletter on organizational culture for all leaders, aiming to create a healthy corporate culture.



Raon Lounge poster

Supporting In-house E-sport Games

During the COVID-19 pandemic, we held a Kartrider team competition, an e-sport game event instead of face-to-face activities to promote communication and exchange among employees. We broadcasted the final round through Teams so that more employees could engage in the event.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security

Governance

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

Homepage: www.lxinternational.com
E-mail: bcan@lxintl.co.kr

Respect for Human Rights

Culture of Respecting for Human Rights

Human Rights Management Organization

With ‘human rights management’ as one of the pillars of its management philosophy, LX International promotes the trust and cooperation between stakeholders, including the employees. To this end, we have established a human rights management system based on ‘Jeong-Do management.’ Through employees’ compliance with Jeong-Do management principles and the Code of Ethics, we operate an Ethics Bureau as a designated organization for human rights management. This Bureau is in charge of creating a culture of respect for human rights within the company, establishing directions for operation, and conducting education and activities for internalization and dissemination.

Human Rights Principles within the Code of Ethics

The Code of Ethics, which is the basis for the employees’ code of conduct, stipulates the respect for human rights and prohibition of discrimination in Chapter 5, ‘Responsibilities for Employees.’ It states that employees should respect human rights and conduct fair treatment such as providing equal opportunity for employees to become mutually equal talents, respecting individuals’ privacy, and not being discriminated against unreasonable factors.

Human Rights Management of Business Sites

LX International does our utmost efforts to safeguard and promote the human rights of employees not only at the headquarters, but also at the overseas business sites. In order to comply with the labor laws and regulations of the relevant country and to ensure that employees can work in an environment that guarantees their safety and human rights, we have established the Standard Operational Procedure (SOP) and operated this thoroughly.



Internalizing Human Rights Management

To spread the culture of respect for human rights, LX International carries out education once a year on improving awareness of the disabled, preventing sexual harassment, and education according to the enactment of the Workplace Harassment Prevention Law. With the active participation of all LX International employees, we achieved 100% of education completion in 2021.

In addition, in terms of spreading the culture of Jeong-Do management, we are conducting additional ethical education and dissemination activities. For overseas business sites, we provide an emergency management response manual and SOS service to protect the employees.



Human Rights Education for Employees

Human Rights Education for Employees

| Category | | Unit | 2019 | 2020 | 2021 |
|--|----------------------------|--------|-------|-------|-------|
| Compulsory education | Education hours per person | Hour | 4 | 2 | 2 |
| | No. of participants | Person | 469 | 516 | 511 |
| | Rate of completion | % | 100 | 100 | 100 |
| Other than compulsory education (prevention of workplace harassment education) | Education hours per person | Hour | - | 1 | 1 |
| | No. of participants | Person | - | 516 | 499 |
| | Rate of completion | % | - | 100 | 100 |
| Total hours of human rights education | | Hour | 1,876 | 1,548 | 1,521 |

- Talent Management
- Respect for Human Rights**
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security

Respect for Human Rights

Grievance Handling System

Operating a Grievance Handling System

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



Display of Grievance Handling Report

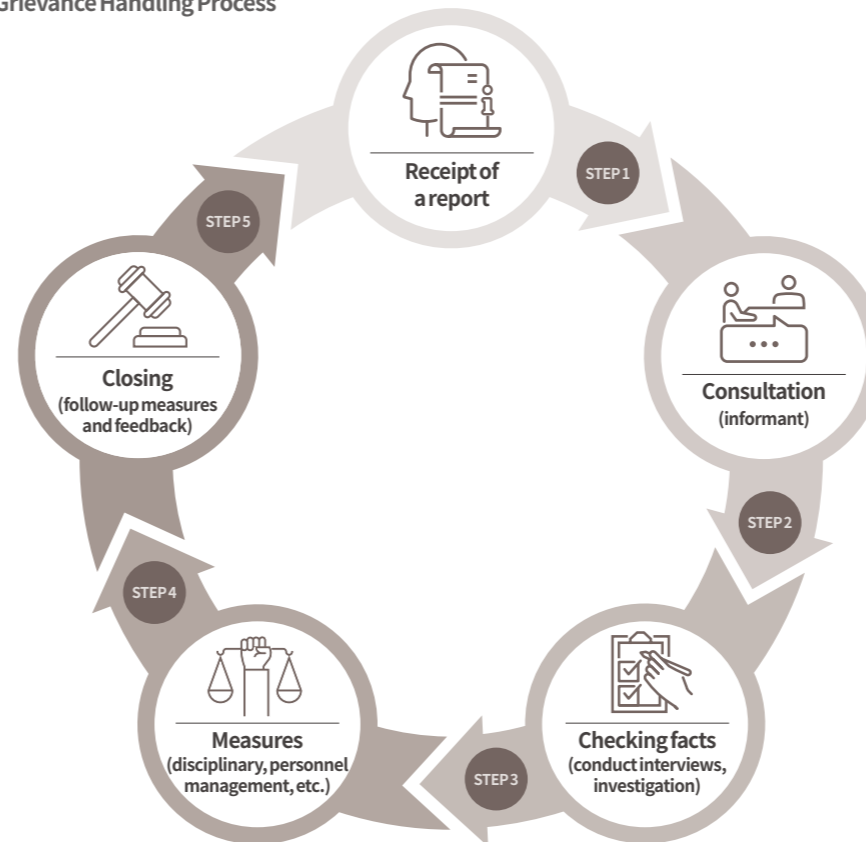
Status of Grievance Handling

| Category | Unit | 2019 | 2020 | 2021 |
|---------------------------------------|------|------|------|------|
| No. of cases related to social impact | | 1 | 1 | 1 |
| No. of cases under process | Case | - | - | - |
| No. of cases processed | | 1 | 1 | 1 |

Grievance Reporting Process and Informant Protection

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

Grievance Handling Process



- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security

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Labor-Management Relations

Future-oriented Labor-Management Relations

Labor-Management Council – Future Board

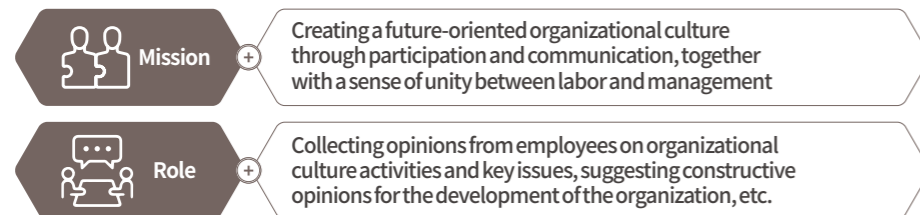
LX International established a labor-management council, 'Future Board,' to guarantee the freedom of association of employees, and the basis and operation of the council are provided in the articles of association. The operational regulations of the labor-management council were revised in July 2021, and we are making efforts to contribute to the development of organizational culture and enhancement of employee welfare by promoting the common interests of labor and management. The applied percentage of the labor-management operational regulations is 100%, which applies to the entire employees at LX International.

Composition of the Future Board

LX International's Future Board means 'a council for future preparation', and is a labor-management council composed of 6 members from each party.

The 6 representatives of employees are directly elected through votes by the employees, and the management representatives consist of the CEO, department head, and the person in charge of personnel. To improve the organizational culture and systems of the entire company, various activities are being carried out. In 2022, the 4th Future Board was launched.

Mission and Role of the Future Board



Operation Status of the Labor-Management Council

| Category | Unit | 2019 | 2020 | 2021 |
|---|------|----------------|------|------|
| No. of labor-management council meetings | Time | 4 | 4 | 4 |
| Communication frequency of labor-management council | - | Once a quarter | | |

Operation of the Future Board

The Future Board reinforces communication by conducting meetings not only regularly but also occasionally when needed. At the regular quarterly meetings, all management and members of the Future Board attend to share the status of the company management and deliver announcements from the management. Small group meetings between the relevant department head and Future Board are held once a month to share monthly activities, collect and suggest opinions from the employees. At the weekly meetings among the Future Board, the Future Board and the person in charge of operation support attend to establish company-wide and business-level activity plans and share the progress status.



Future Board meeting

Key Activities in 2021

In 2021, we continued discussions on improving the existing system while conducting activities to promote communication and boost employee morale. By establishing a remote work (telecommuting) system after the COVID-19 outbreak, and improving the housing funding system for employees, we are actively communicating with management on issues that the employees are most interested in.

In addition, we collect the agendas raised by employees, recommend them to the relevant departments, and discuss ways to improve the system together. By forming a consensus between labor and management, we are trying to use it as a foundation for organizational culture development.

- Talent Management
- Respect for Human Rights
- Labor-Management Relations**
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security



Labor-Management Relations

Facilitating Communication with Employees

Communication with the CEO

Operation of the i-Round

The 'i-Round' is a quarterly town hall meeting to enhance employees' insights where the CEO directly shares management guidelines and business strategy directions with all employees. Business status and best practices are shared every quarter, and management talk shows are held to enhance information transparency, and contribute to company-wide communication and motivation through participatory content-oriented videos.

Meetings with the CEO

We conduct meeting with the CEO for non-titled employees to enhance understanding of the company management, future vision, and strategies, while strengthening communication between the CEO and the employees. In particular, in the first half of 2021, we carried out meetings with all position levels, and in the second half, we tried to create a more flexible and open atmosphere with the concept of a brown-bag meeting. In 2022, we expect to facilitate communication within the organization by expanding the operation to target all executives.



Meeting with the CEO

Communication between Employees

Best Practice Awards for the Code of Conduct

We award the 'Best Practice Awards' to employees who implement exemplary in-house code of conduct. By discovering and awarding such employees, we encourage them to recognize the necessity of the code of conduct and to comply with it.

Compliment Challenge

We operate a 'Compliment Challenge' that delivers mutual compliments and appreciation between the employees. For active participation, we plan and conduct this challenge differently every year. In 2021, we prepared a session to thank each other under the theme of 'give thanks once a day.' We are enhancing our in-house communication methods and organizational culture through these programs.

Leaps & Bounds Toon

To deliver the CEO's message, new management visions, messages to improve organizational culture to our employees, we create and share the contents through webtoons. This is a good communication means because employees can understand and internalize the company's new messages easily and quickly.



Best Practice Awards



Leaps & Bounds Toon



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

- Talent Management
- Respect for Human Rights
- Labor-Management Relations**
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security

Governance

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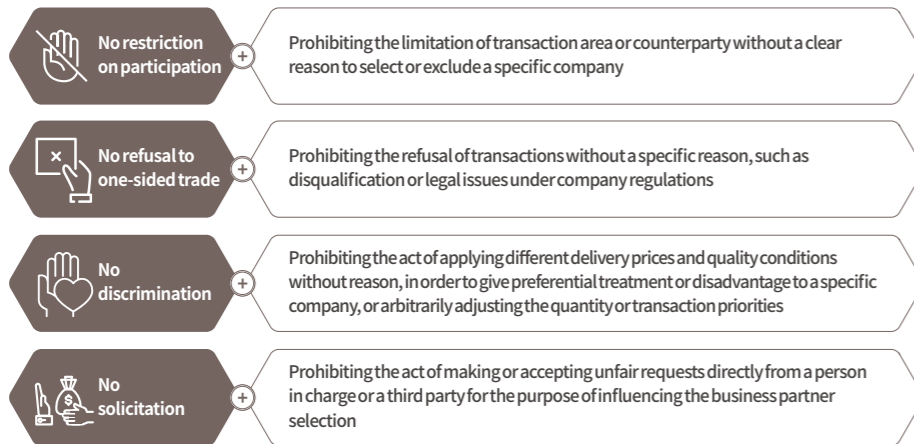
Responsible Supply Chain

Supply Chain Management

Sustainable Supply Chain Management

LX International works with various business partners related to its business, such as trading, logistics, and mining. Based on establishing a transparent supply chain with about 3 thousand domestic partners, we aim for collaborative development. We work with partners in various fields such as transportation, quality control, storage, and purchasing of multiple goods, and have established relevant norms and guidelines in the Code of Ethics. Equal opportunities are given to all companies to receive a fair evaluation in accordance with the 'business partner selection and operation procedures, and related criteria are established and implemented to maintain fair trade order and enhance the competitiveness of the partners. In addition, we aim for a win-win relationship by mutually sharing the profits through technical support and management guidance.

Precautions regarding Business Partner Selection



On top of that, as part of our activities to strengthen supply chain capabilities, we actively support the welfare of local residents in locations of our overseas businesses, and operate a stable supply chain based on the global network.

Establishing a Stable Global Supply Chain

Due to various factors such as the COVID-19 outbreak, changing international circumstances, and climate change, the global supply chain instability is growing. Amid such changes in the external environment, LX International is building and reviewing a supply chain to quickly respond to the supply-demand market imbalance and secure opportunities in the new material field.

Supply Chain Risk Management

We confirm the ethical compliance of partners by receiving their 'commitment to practicing Jeong-Do management', and we manage the supply chain risk, including ESG factors, by checking the records of safety and environmental accidents and local law violations using a checklist during the partner selection process. We make efforts to ensure ESG practices are implemented within the supply chain by receiving a letter of commitment from partners when signing a contract with them. In addition, we conduct regular operation evaluations periodically for the same items and reflect the results of the assessment of contract renewal. Not just for the headquarters and overseas corporations, we will continue to manage ESG factors in the overall supply chain.

Partner Selection Checklist for Deliberation · Operation Evaluation

| Item | Checklist |
|----------------------------|--|
| Jeong-Do Management | <ul style="list-style-type: none"> • Special relationship under the ownership structure between shareholders and the parent company and check if borrowed-name shareholder • Whether there was an issue regarding bribery • Consent on the compulsory specification of Jeong-Do management compliance clauses in the contract • Whether the partner has and complies with their own code of ethics |
| Compliance | <ul style="list-style-type: none"> • Holding a legal permit for business operation • Violation of local laws • Whether the partner has subcontractors • Child labor cases |
| Environment/ Safety | <ul style="list-style-type: none"> • Accident or incident that had a significant adverse effect on the profits of main contractor • Warnings from national or local governments due to violations of environment and safety |
| Reasonable Pricing | <ul style="list-style-type: none"> • Price comparison with subcontract prices in nearby mines and farms • Adequacy of profit margin compared with the supplier's other sites • Adequacy of profit margin compared with other suppliers' sites (waste rocks, coal transport, water transportation, etc.) |

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain**
- Fulfilling Social Responsibility
- Information Security



Responsible Supply Chain

Fair Trade and Shared Growth

Fair Trade Compliance

Fair Trade Principle

LX International aims for transparent and fair trade. The registration and selection of partners are based on the principle of free competition according to objective and fair standards. Unfair treatment to partners, one-sided changes in trade terms, and unauthorized use of partners' technology or assets are prohibited. LX International will continue to pursue mutual development based on cooperative relations of trust and co-existence.

Efforts to Internalize a Culture of Fair Trade

To raise awareness of employees on fair trade, we regularly conduct compliance education regarding fair trade. In May and December last year, a lecture was held for new expatriates on the prevention of collusion, and in October, training was conducted regarding the Fair Trade Act for employees of overseas corporations and branches. In addition, autonomous and ad hoc compliance checks are implemented so that employees can discover fair trade issues on their own. We also establish and operate a company-wide compliance system.



Screen of fair trade education



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain**
- Fulfilling Social Responsibility
- Information Security

Governance

APPENDIX

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Fulfilling Social Responsibility

LX International's Social Contribution System

Social Contribution Activities Reflecting our Core Values

LX International carries out diverse social contribution activities based on the core values of LX, 'link,' 'future,' and 'human,' in connection with the core values of LX International's key capabilities. Through this, we will fulfill our corporate social responsibilities with the goal of a 'life together.'

Direction of Social Contribution Activities

Conducting active social contribution activities at home and abroad, LX International establishes the direction by reflecting on the local circumstances and the demands of stakeholders. Domestically, we carry out activities mainly focused on the future generation and the vulnerable based on 'future' and 'human' values, and for overseas, we focus on activities for co-prosperity with local communities near the business sites.

| | Domestic Social Contribution | Global Social Contribution |
|---------------|---|--|
| Category | Projects focused on 'future' and 'human' in connection with the LX Group's core values | 'Life together' co-prosper activities with the local communities near the overseas business sites |
| Direction | | |
| Target | <ul style="list-style-type: none"> Children, youth, and natural environment for the 'future' of the next generation Selecting 'human'-centered projects where the vulnerability live well together | <ul style="list-style-type: none"> Local communities near overseas corporations and local residents Local environment |
| Main activity | <ul style="list-style-type: none"> Make-A-Wish – a wish fulfilling program for children and youth with incurable diseases Supporting areas affected by forest fires – providing daily recovery support for disaster-affected areas (volunteer work, planting trees, donations, etc.) Activities in connection with the local community – supporting activities for local children's' center in Jongno-gu, participating in Gwanghwamun 'One Team' activities | <ul style="list-style-type: none"> Mongolia – operating a scholarship project of Jorim Foundation Indonesia – new construction and repair of bridge near PAM Indonesia – village road renovation near GUM Indonesia – donate athleisure products for medical staff |
| UN SDGs | | |

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility**
- Information Security

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Fulfilling Social Responsibility

Domestic Social Contribution Activities

LX International carries out social contribution activities in connection with domestic local communities focused on the ‘future’ of the next generation and ‘human’-centered values to live well together. In addition to material support such as donations and goods, we are also fulfilling our social responsibility through volunteer work including talent donations.

Participate in Gwanghwamun ‘One Team’ Activities

Companies and organizations near the Gwanghwamun area launched the ‘Gwanghwamun One Team’ in May 2021 for activities of social co-prosperity. This is a project to carry out ESG collaboration among 17 companies, government institutes, and non-profit organizations with offices that are located in the Gwanghwamun area. LX International joined in 2022, and has been participating in activities such as supporting the vulnerable, revitalizing small businesses and the local economy. We plan to expand our scope of activity to be involved in solving more comprehensive community issues including environmental problems and to contribute to revitalizing the economy.

As part of the Gwanghwamun One Team activity, we are taking part in the campaign for using multi-use cups with the startup Trash Busters from last April. Through this activity, we can reduce the use of in-house disposable cups and also contribute to circulating resources. More organizations have decided or are considering introducing this project in the future, so the scope of activity will be expanded. For future and human values based on sustainability, LX International will continue to participate in social contribution activities in cooperation with other members of the local community in addition to company-wide activities.



Gwanghwamun ‘One Team’

Make-A-Wish

Make-A-Wish is a program for children and youth of the vulnerable, suffering from incurable diseases. We listen to the children’s wishes through the ‘wish fulfillment D-day’ activity. Through this, we are trying to help children with incurable diseases build positive attitudes and willingness to receive treatment.

Supporting Areas Affected by Forest Fires

In the event of a natural disaster, we pay attention to the damage to the local community and help the residents recover quickly. As we witnessed many forest fires last year, we provided daily necessities to the residents of the affected area and donated seedlings for rapid restoration of the damaged areas. We also visited the site and carried out employee volunteer activities. We plan to actively support areas affected by disasters for the recovery of communities and the environment.



Uljin forest fire damage relief activities

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility**
- Information Security

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Fulfilling Social Responsibility

Domestic Social Contribution Activities

Employee Volunteer Works and Donations

In-house Volunteer Group 'LEXT'

Employees voluntarily join the LX International In-house Volunteer Group 'LEXT', and participate in donations and goods supports, talent donation, environmental and safety protection activities. To pursue the eco-friendly value, LX International carried out plogging near the headquarters located in Gwanghwamun as the first activity in October 2021. Through this, we could promote cooperation among the members and pick up litter for a clean environment at the same time.

In April, we collaborated with Seoul Jongno-gu office to support sports activities for children of the vulnerable. We visited a bowling alley with elementary school children and carried out a sports activity which was not that easily accessible. In addition, a total of KRW 5.68 million of donations, including about KRW 3 million donations from employees, were delivered to the Seoul Jongno-gu Council on Social Welfare to be used in future volunteer work.

LEXT plans to carry out various social contribution activities such as one-on-one school subject guidance, environmental maintenance while traveling, food distribution volunteer work at the local children's center and so on. To motivate the employees to actively participate, we are using collaborative tools to collect ideas where they can suggest social contribution activities, and the volunteer work hours are recognized as working hours. The LX International in-house volunteer group will not stop at merely delivering donations, but plans to explore diverse and practical methods and activities to deliver a greater meaning.



Volunteer work at the Jongno-gu Local Children's Center

Sharing Kimchi of Love

LEXT participated in the 'Sharing Kimchi of Love' event which was held in Yeongbuk-myeon, Pocheon-si, Gyeonggi-do at the end of last year. The event was hosted by the Nonghyup Foundation, and the CEO of LX International also participated and delivered homemade kimchi to the households of the vulnerable. We also participated in meaningful sharing activities such as sponsoring local community development funds and goods (facemasks).



Sharing Kimchi Volunteer Work

Matching Grant System

The Matching Grant System is a system in which the company contributes an additional amount equal to the amount donated by the employee. LX International has been accumulating the donations from employees through this system since 2018. As of the end of 2021, a total of KRW 340 million of donations was accumulated, including the designated donations. And in 2022, we plan to use KRW 200 million as funds for social contribution projects.

Status of Domestic Investment and Participation in Social Contribution

| | | Category | Unit | 2019 | 2020 | 2021 |
|-------------------------------------|--|----------------|-------------|-------|-------|-------|
| Social Contribution Costs | Cost | | KRW million | 786 | 390 | 550 |
| | Ratio to sales | | % | 0.007 | 0.003 | 0.003 |
| Social Contribution Participation | No. of social contribution programs | Volunteer work | Case | 1 | 1 | 2 |
| | | Donation | | 3 | 2 | 2 |
| | No. of participants | Volunteer work | Person | 10 | 4 | 14 |
| | | Donation | | 328 | 267 | 249 |
| Expenditure by type of charity work | Total hours of employee volunteer work | | Hour | 140 | 56 | 56 |
| | Charitable donation | | % | 100 | 100 | 100 |

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility**
- Information Security

Fulfilling Social Responsibility

Global Social Contribution

Operating overseas corporations, LX International not only contributes to the local community development through creating local employment, but also fulfills the corporate social responsibility through various social contribution activities. Especially for Indonesia PAM and GUM, we are promoting 'life together' and co-prosperity with the local community, by such as strengthening local infrastructure, restoring the natural environment, and supporting residents in case of a disaster.

Social Contribution Activities of Indonesia Corporation

GUM – Village Road Renovation

We conducted local road renovation between the villages of Sebetung and Seburuk located in Sekadau of Kalimantan, west Indonesia. This project ensured easy movement in case of an emergency and living zone rights, and promoted economic development of local residents through the road infrastructure improvement. Such achievements were reported in the Kalimantan local newspaper and received positive responses from the residents.

PAM – Providing Relief Supplies to Flood Victims

We provided necessary relief supplies such as rice and oil to local residents of Sekadau, Kalimantan, west Indonesia, who were affected by river flooding. In hopes of speedy and efficient recovery of the area, we provided USD 14,000 worth of supplies, including relief supplies to the Sekadau county office and police department.



Article from Local Newspaper



Providing Relief Supplies for Entabuk Village

Jakarta Office – Provide Free PCR Testing

We conducted free PCR testing by using 'K-LAB*', the Korean-style quarantine system supplied by LX International, and the drive-thru method. We made efforts to contribute to improving community health and overcoming crisis by providing testing for those who are vulnerable to COVID-19, such as overseas Koreans residing in Indonesia over 65 years old and students attending international schools.



K-Lab

*Moveable container-style COVID-19 testing system, package of both quarantine and diagnostic technology.



Donation Site for Medical Staff

Jakarta Office – Donations for the Medical Staff

We donated athleisure products as a token of appreciation for the hard work of medical staff of the National Defense Ministry's hospital dedicated to responding to COVID-19 in Indonesia. We will deeply thank those who are doing their best under the unprecedented pandemic, and LX International will also strive to ensure the safety and health of our employees.

Consultation Channel to Collect Opinions from Local Residents

LX International occasionally operates a consultation channel to communicate with and collect opinions from the residents of the local community. When a problem occurs regarding the plantation operation of an overseas corporation, nearby residents or workers can freely express their opinions to LX International's person in charge. The person in charge will listen and determine whether or not to take measures by preparing a feedback plan.

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility**
- Information Security



Information Security

Information Security System

Information Protection Governance

LX International establishes a governance structure for information protection compliance, and through systematic operation, we are minimizing information security risks and related accidents, as well as trying to efficiently respond to environmental changes. For systematic management, we appoint the Chief Information Security Officer (CISO) and the Chief Privacy Officer (CPO) to support communication in the top management, and establish and evaluate information protection business plans.



Information Protection Management Activities

Information Protection Management

We establish, approve, and evaluate the information protection policies based on the information protection compliance system. In addition, we establish and evaluate information security risk management in the company-level, relevant internal regulation compliance and audit activities, and cooperation with relevant departments to respond to regulations, and support security audits.

Information Protection Guarantee

To guarantee information protection and compliance with laws and regulations, we cooperate with relevant departments to ensure and support audit activities and respond to regulations. In addition, in 2021, we took measures to preemptively respond such as revising our information protection policies and guidelines to be able to efficiently respond to the revision of related laws.

Information Security Management

| Category | Unit | 2019 | 2020 | 2021 |
|--|--------|------|------|------|
| Information security violation accident | | 0 | 0 | 0 |
| Information security violation and accidents related to customer personal information | Case | 0 | 0 | 0 |
| No. of customers affected by data breach of company | Person | 0 | 0 | 0 |
| Total amount of fines and administrative fines paid for information security violation or cybersecurity accident | KRW | 0 | 0 | 0 |

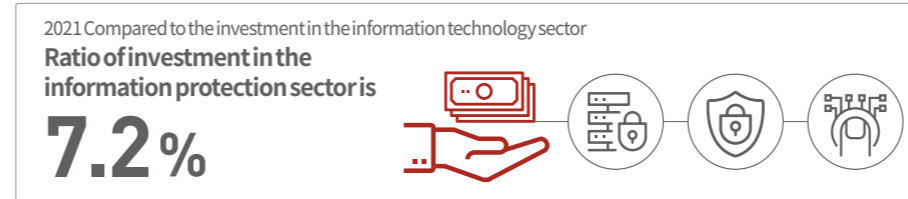
Preemptive Efforts for Information Protection

Implementation and Operation of Information Protection Measures

In order to implement information protection policies, we carry out physical and environmental and operational security, manage electronic financial transaction security, and information protection measures when IT is introduced, developed, and maintained. In addition, by establishing and operating a systematic record keeping system, we can prove that we are fulfilling the duty of care.

Information Protection System Inspection and Emergency Response

We conduct information security diagnosis every year through a third-party institution, such as checking the overall management level of information protection. We make efforts to detect and improve web system vulnerabilities in advance against external hacking and system tampering. In addition, to quickly and efficiently respond to information protection emergencies such as customer information leakage and cyber hacking, we establish and evaluate measures to ensure work continuity regarding related risks.



Information Protection Education for Employees

LX International provides regular education and training to raise employees' awareness of information security and information protection compliance. In particular, we conduct a mock training regarding malicious e-mails once a year to prevent the inflow of malicious codes through e-mail. By analyzing the employees' response and improvement in their sense of security during the training, we reflect the results in their future trainings.

Information Security Education Status

| Category | Unit | 2019 | 2020 | 2021 |
|---|--------------|------|------|------|
| No. of information protection education conducted | No. of times | 2 | 1 | 1 |
| Information protection education hours per employee | Hour | 1 | 1 | 1 |

- Talent Management
- Respect for Human Rights
- Labor-Management Relations
- Responsible Supply Chain
- Fulfilling Social Responsibility
- Information Security**



GOVERNANCE

LX International establishes a sound and transparent governance based on Jeong-Do management, and carries out responsible management activities. We conduct various activities to guarantee the rights of the stakeholders, including the shareholders, and to internalize an ethical culture. In addition to compliance management through the compliance control system, we established a risk management system in order to preemptively respond to and mitigate risks that could occur in our management activities.

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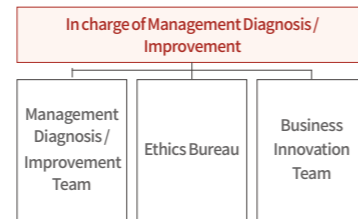
Jeong-Do Management

Jeong-Do Management of LX International

Jeong-Do Management System

The LX Jeong-Do management goes beyond the operation of ethical management, and includes the willingness to develop skills and create results through fair competition. The Ethics Bureau, the dedicated organization, conducts education and activities to realize Jeong-Do management as a part of life. Moreover, a cost monitoring system (CMS) is operated to prevent risks regarding Jeong-Do management and to use expenses properly.

Organization Chart for the Jeong-Do Management



Code of Ethics

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

LX Code of Ethics Contents

| | |
|--|---|
| <div style="border: 1px solid #ccc; padding: 10px; margin-bottom: 10px;"> <p>1 Responsibilities and Obligations to Customers</p> <ul style="list-style-type: none"> • Respecting customers • Creating value • Providing value </div> | <div style="border: 1px solid #ccc; padding: 10px; margin-bottom: 10px;"> <p>2 Fair Competition</p> <ul style="list-style-type: none"> • Pursuing free competition • Complying with laws and regulations </div> |
| <div style="border: 1px solid #ccc; padding: 10px; margin-bottom: 10px;"> <p>3 Fair Transactions</p> <ul style="list-style-type: none"> • Equal opportunity • Fair transaction process • Pursuing mutual growth </div> | <div style="border: 1px solid #ccc; padding: 10px; margin-bottom: 10px;"> <p>4 Basic Ethics of Employees</p> <ul style="list-style-type: none"> • Basic ethics • Accomplishing mission • Self-development • Fair handling of job • Avoiding conflict of interests with the company </div> |
| <div style="border: 1px solid #ccc; padding: 10px;"> <p>5 Responsibilities for Employees</p> <ul style="list-style-type: none"> • Respecting humanity • Fair treatment • Promoting creativity </div> | <div style="border: 1px solid #ccc; padding: 10px;"> <p>6 Responsibilities for the Environment, Society and Shareholders</p> <ul style="list-style-type: none"> • Conserving the environment • Complying with social responsibility • Protecting shareholder returns </div> |

Internalization of Jeong-Do Management

Education on Jeong-Do Management

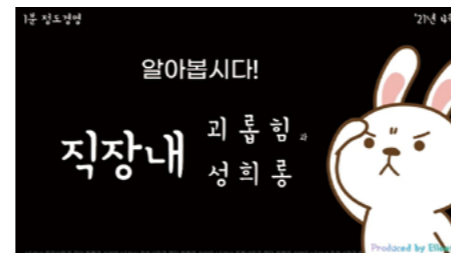
We conduct regular education on Jeong-Do management for all employees. Customized education is provided for each theme, for example, expatriates, new recruits and experienced hires, and titled employees. In May 2021, we carried out an online Jeong-Do management education for employees of the HQ, and among 299 employees, 291 employees (97%) completed the course. We also conducted online training for 32 Inland Service Employees (ISE) in Indonesia. In 2022, we plan to hold a Jeong-Do management education to business partners as well.

Jeong-Do Management Education Status

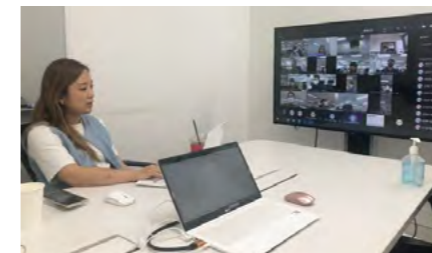
| Category | Unit | 2019 | 2020 | 2021 |
|----------------------------|--------|------|------|------|
| Education provided rate | % | 100 | 100 | 100 |
| Education hours per person | Hour | 1 | 1 | 1 |
| Total no. of participants | Person | 477 | 489 | 483 |

Dissemination Activities of Jeong-Do Management Culture

To internalize Jeong-Do management to the employees, we publish the Jeong-Do management newsletter at least once a month in Korean, and other languages (English, Chinese and Indonesian). Through the Ethics Bureau's YouTube channel named '1 minute Jeong-Do management', we provide videoclips about Jeon-Do management once a month. We also operate a Kakao Talk Plus Friend channel to inform employees regarding events such as Jeong-Do Management quizzes and also provide a 24/7 Ask Us. In addition, instead of exchanging gifts for Seollal (Lunar New Year) or Chuseok holidays, we send out a letter from the CEO to our employees and partners to show our commitment to Jeong-Do management.



Screen from 1 minute Jeong-Do Management Video clip



Online Education Conducted in May

Jeong-Do Management

Compliance Control

Compliance Control System

Establishment of the Compliance Control System

LX International builds trust and minimizes legal risk by complying with compliance management based on Jeong-Do management. As a listed company with assets of over KRW 500 billion, we have the obligation to prepare standards and procedures on compliance control and appoint a compliance officer. Accordingly, we established a systematic compliance control system, starting with the establishment of compliance control standards and appointment of a compliance officer in May 2012.

Operation of the Compliance Control System

In order to manage and respond to legal risks, we are efficiently operating the compliance control system based on the mutual cooperation between employees, including the compliance officer, BOD, and CEO.

The BOD prepares the overall legal risk assessment and management system, including the establishment and revision of compliance control standards, and appoints the compliance officer. The compliance officer is in charge of supervising compliance support activities as well as operating the company-wide compliance control system. Employees participate in compliance management through complying with autonomous compliance control standard and evaluating actual conditions.

Violations of Laws and Regulations and Voluntary Rules

| Category | | Unit | 2019 | 2020 | 2021 |
|---|-------------------|-------------|------|------|------|
| No. of legal measures for hindering competition or violating monopoly regulations laws | No. of violations | Cases | 0 | 1 | 0 |
| | Amount of fines | KRW million | 0 | 3.3 | 0 |
| No. of fines, sanctions, and warnings received from the financial authorities for mis-selling | No. of violations | Cases | 0 | 1 | 0 |
| | Amount of fines | KRW million | 0 | 110 | 0 |

Compliance Control Activities

LX International endeavors to strengthen ethics and compliance management through compliance control activities in the company-wide level every year in accordance with the relevant laws and compliance control standards. This includes compliance education, contract review and legal advice, compliance control, autonomous compliance checks. For the working-level, the Legal Affairs Team 2 is in charge of supporting the compliance officer as well as compliance education, compliance status check, and in-house regulations and guidelines management.

Types of Compliance Control Activities

| Category | Period | Main Contents |
|----------------------------------|------------|--|
| Compliance Education | Constantly | <ul style="list-style-type: none"> Compliance education for employees of HQ, overseas corporations and branches Dissemination and education for all employees through compliance letters on the latest laws and regulations trends |
| Contract Review and Legal Advice | Constantly | <ul style="list-style-type: none"> Contract review and legal advice through the in-house legal portal |
| Compliance Control | Constantly | <ul style="list-style-type: none"> Operating system to reinforce the compliance system, and managing risk by organizations based on this |
| Autonomous Compliance Check | Constantly | <ul style="list-style-type: none"> Update compliance checklist that summarizes the points to be checked, and conduct autonomous compliance checks in the department level based on this |





Jeong-Do Management

Reporting and Tip-offs System

Operate the Sinmungo

We operate the sinmungo as a grievance handling system to identify and solve grievances related to the company and various stakeholders including our employees. LX International provides a ground to internal and external stakeholders to report incidents when experiencing any violations of the Code of Ethics and practice guidelines including unreasonable demand or unfair transaction. In addition, we strictly prohibit employees from receiving gifts or money from stakeholders, and in case of receipt, the person shall voluntarily report it and we will provide processing guidelines.

Status of Jeong-Do Management Violation Reports

| Category | Unit | 2019 | 2020 | 2021 |
|---------------------------------------|------|------|------|------|
| Reports and Tip-offs | Case | 1 | 1 | 1 |
| Disciplinary/personnel measures taken | | 1 | 1 | 1 |



Screen Display of Cyber Sinmungo

Reporting Process and Protecting the Informant

Reporting Process and Follow-up Measures

We receive reports not only through the cyber Sinmungo on the LX International's website, but also via e-mail, mail, telephone and fax. We also operate a landline for grievance consultation for partners, and the reports received are handled under strict informant protection regulations by limited number of persons who pledged confidentiality. In case a corruption case is confirmed to be true after investigation, we take disciplinary measures according to the severity of the case.

Report Channels

Cyber Sinmungo: <https://ethics.lxholdings.co.kr/index.do>
 e-mail: ethics@lxintl.co.kr
 Telephone: 02-6984-5088
 Fax: 02-3773-5099



Whistleblower Protection Policy

We thoroughly protect the data related to the informant or the relevant stakeholder, and we also strictly protect relevant information such as the informant's identity, evidence provided by the informant, information collected regarding the report, and any information that may imply the person concerned. When a disadvantage or discrimination against the informant has occurred and is confirmed to be true, we prevent retaliation by ordering restoration or equivalent compensation measures.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

Governance

Jeong-Do Management
 Sound Governance Structure
 Risk Management

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

Homepage: www.lxinternational.com
 E-mail: bcan@lxintl.co.kr



Sound Governance Structure

Board Composition

Composition Status

LX International's Board of Directors (BOD) is the top decision making body, assuming the roles of making decisions on issues that span the whole management or arise from business operations. The BOD regulations specify the check and balance between the BOD and management. The tenure of directors is three years.

BOD Composition

(2022.3.31 기준)

| Name | Gender | Position | Responsibilities | Key Profile | Tenure |
|-------------------|--------|------------------------------|---|--|---------------------------|
| Yoon Chun Sung | Male | CEO (Chairman)* | CEO | <ul style="list-style-type: none"> •BS/MSc, Geology, Yonsei University •Former) Head of Resources Business Group | 2022.03.24 ~2025.03.23 |
| Min Byeong Il | Male | Inside Director | CFO | <ul style="list-style-type: none"> •BA, Linguistics, Seoul National University •Former) Head of Finance Division, LG Electronics | 2021.03.24 ~2024.03.23 |
| Lee Won Woo | Male | Outside Director | Audit Committee member | <ul style="list-style-type: none"> •LLB/LLM from Seoul National University •Present) Professor, Seoul National University Law School | 2020.03.26 ~2023.03.25 |
| Steven Sooil Chai | Male | Outside Director | Audit Committee member | <ul style="list-style-type: none"> •BA/MSc, Electrical Engineering, University of Southern California • Present) Boston Consulting Group Korea Office Representative | 2020.03.26 ~2023.03.25 |
| Yang Ihl Soo | Male | Outside Director | Member of the Audit Committee and Outside Director Candidate Recommendation Committee | <ul style="list-style-type: none"> •BA/MBA, Management, Yonsei University • Present) Partner of E-jung Accounting corporation | 2022.03.24 ~2025.03.23 |
| Sohn Lan | Female | Outside Director | Outside Director Candidate Recommendation Committee member | <ul style="list-style-type: none"> • Public Relations Officer of Agriculture and Trade Center, The U.S. Embassy • Present) CEO, Sohn's Market Makers, Ltd. | 2022.03.24 ~2025.03.23 |
| Park Jang Soo | Male | Other Non-Executive Director | Outside Director Candidate Recommendation Committee member | <ul style="list-style-type: none"> •BA/MBA, Management, Yonsei University • Present) Executive member, LX Holdings | 2021.03.24 ~2024.03.23 |

*Business expert served as the Head of Resources Business Group and Indonesia Region Representative, and is now the CEO and chairman of the BOD. LX International has appointed him as the chairman since we expect him to provide enough information for outside directors to seamlessly operate the BOD, and to appropriately fulfill his roles and duties in accordance with the relevant laws and internal regulations, thereby making remarkable progress.



Corporate Governance Report Release http://www.lxinternational.com/kr/investment/governance_data

We disclose our corporate governance report on our official website in order to give stakeholders more access to key governance information, such as related policies, shareholders, and the BOD and audit organization.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

Governance

Jeong-Do Management
Sound Governance Structure
Risk Management

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

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Sound Governance Structure

Board Composition

Board's Independence, Diversity, and Expertise

Independence

The BOD, comprised of four outside directors, one other non-executive director, and two inside directors, takes charge of making decisions on key business issues and supervising operations. To ensure the board's independence, we have appointed four outside directors, the majority of the total number. The appointment of an outside director is decided at a general shareholders' meeting following the screening by the Outside Director Candidate Recommendation Committee.

Diversity

We strive to make sure that our BOD does not represent specific interests by securing gender and career diversity in terms of director appointment. In detail, not only job expertise but also gender, age, religion, nationality, and race are taken into account. To promote our board's diversity, we appointed our first female outside director at the 69th shareholders' meeting in March 2022 since our foundation.

The first female outside director, Sohn Lan, is the CEO of Sohn's Market Makers. She is an expert with profound knowledge and a wealth of experience in the overseas food industry and the North American market. Our constant efforts will be made to make our BOD more diverse so that we can reflect a range of stakeholders' perspectives to deliver sustainable management.

Expertise

The Outside Director Candidate Recommendation Committee recommends candidates equipped with expertise and capabilities pursuant to relevant laws and the articles of incorporation. The committee is in charge of reviewing and verifying the qualifications of candidates who are expected to respond to the fast-evolving business environment in a flexible manner as well as to contribute to sharpening our business competitiveness and future value based on their field experiences and intelligence. As of now, we have our BOD consist of experts across a wide range of fields encompassing overseas business, finance and accounting, law, business consulting and management.

Board's Diversity and Expertise

| Category | Unit | 2019 | 2020 | 2021 |
|--|--------|------|------|------|
| No. of directors with industrial experiences | | 7 | 7 | 7 |
| Gender diversity | Male | 7 | 7 | 6 |
| | Female | 0 | 0 | 1 |





Sound Governance Structure

Board's Activities

BOD Activities

BOD Operation

In 2021, LX International convened nine board's meetings where a total of 34 agenda items were deliberated in regard of business performance report, general shareholders' meeting convocation, executive officer personnel affair, and business plans for 2022.

BOD Meetings Convened in 2021

| Round | Date of Convocation | Agenda Item | Result | No. of Attendees |
|-------|---------------------|--|--------|------------------|
| 1 | Jan. 29, 2021 | Four agenda items including the adoption of electronic voting system | Passed | 7/7 |
| 2 | Feb. 25, 2021 | Four agenda items including the approval for transaction for oneself with subsidiaries | Passed | 6/7 |
| 3 | Mar. 24, 2021 | Four agenda items including the approval for execution of director remuneration | Passed | 7/7 |
| 4 | Apr. 30, 2021 | Two agenda items including the approval for standing surety for an overseas corporation | Passed | 7/7 |
| 5 | May 10, 2021 | Six agenda items including the approval for the convocation of a temporary shareholders' meeting and its purpose | Passed | 7/7 |
| 6 | Jun. 29, 2021 | Two agenda items including the approval for changing the license agreement on LG trademark | Passed | 7/7 |
| 7 | Jul. 30, 2021 | Four agenda items including the approval for transaction for oneself with subsidiaries | Passed | 7/7 |
| 8 | Nov. 5, 2021 | Three agenda items including the approval for increasing the cap on transaction amount with affiliated people | Passed | 7/7 |
| 9 | Nov. 15, 2021 | Seven agenda items including the approval for business plans for 2022 | Passed | 7/7 |

BOD Activities

| Category | Unit | 2019 | 2020 | 2021 |
|------------------------------|--|------|------|------|
| BOD Efficiency | Average attendance rate | 91 | 94 | 98 |
| | Minimum attendance rate | % | 0 | 67 |
| | Outside directors' average attendance rate | 100 | 97 | 100 |
| No. of BOD meetings convened | No. of times | 8 | 9 | 9 |

BOD Education and Training

With the aim of sharpening the expertise and capabilities of outside directors, we provide annual education. Especially in 2021, all of the outside directors received external education on ESG management strategy, which was a clear demonstration of our efforts to make our BOD more professional in the ESG sector. In addition, we have trained the Audit Committee in order to make their roles and responsibilities clear and to better understand the relevant systems and laws.

Support Organization for BOD

We have a support organization to help the BOD perform its duties to ensure the board's efficient operation. The secretariat lends support to outside directors and the Audit committee in collecting and sorting out agendas, and reviewing the grounds for agenda items brought up and decisions from the legal perspective while the internal accounting diagnosis part assists the Audit Committee in auditing internal accounting.

Sub-committee within the BOD

Audit Committee

LX International's Audit Committee is comprised of three outside directors including one accountant (as of December 31, 2021). For the sake of transparency in accounting data, the committee is responsible for supervising affairs, such as monitoring internal control and the management's operations. In 2021, the five meetings were held to review 16 items including how the internal supervising and internal accounting management systems were operated (seven items resolved and nine items reported).

Outside Director Candidate Recommendation Committee

We have put in place the Outside Director Candidate Recommendation Committee within the BOD to recommend outside director candidates with expertise and competencies in various fields to the general shareholders' meeting in accordance with the relevant laws and the articles of incorporation. In order to ensure fairness and independence, 2 out of 3 members of the committee are outside directors.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

Governance

Jeong-Do Management
Sound Governance Structure
Risk Management

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

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Sound Governance Structure

BOD Performance Evaluation and Remuneration

BOD Performance Evaluation

The BOD undergoes a comprehensive evaluation of individual goal achievement, management performance, financial achievement, and external competitiveness.

In the case of outside directors, the evaluation criteria are based on their attendance rate of the board meetings and their inputs and insights on the agenda items and decision-making of the BOD. The evaluation results are utilized for the ground of reappointment decisions. In terms of the Audit Committee, we comprehensively evaluate the actual contribution to the monitoring systems and internal control over the company's financial risks.

BOD Remuneration Policy

Remuneration Criteria

Remuneration for directors is determined in an objective manner based on various evaluation criteria and payment grounds set by the BOD, and is executed within the amount approved by the general shareholders' meeting.

Remuneration Criteria for Directors

| Category | Payment ground | Remuneration system | Evaluation item |
|-------------------------------|--|----------------------|---|
| Registered director* | Personnel management regulations for executive members | Wages and bonuses | <ul style="list-style-type: none"> Wage: a fixed amount for each position in consideration of the position, duties, etc. Bonus: A differential amount in consideration of goal achievement, financial performance, business environment, etc. |
| Outside director** | Based on the remuneration paid for outside directors | Monthly flat payment | <ul style="list-style-type: none"> Comprehensive consideration of our business performance and external competitiveness of the company |
| Member of the Audit Committee | | Monthly flat payment | <ul style="list-style-type: none"> Comprehensive consideration of our business performance and external competitiveness of the company |

* Outside directors and the Audit Committee members excluded

** The Audit Committee members excluded

Remuneration Status of Directors

The total remuneration for 6 directors in 2021, excluding 1 non-executive director who is not provided remuneration, was KRW 1,378 million, with an average of KRW 230 million per person.

| Category | No. of members | Total remuneration | Average remuneration per person |
|-------------------------------|----------------|--------------------|---------------------------------|
| Registered director* | 2 | 1,090 | 545 |
| Outside director** | 1 | 72 | 72 |
| Member of the Audit Committee | 3 | 216 | 72 |

* Outside directors and the Audit Committee members excluded

** The Audit Committee members excluded



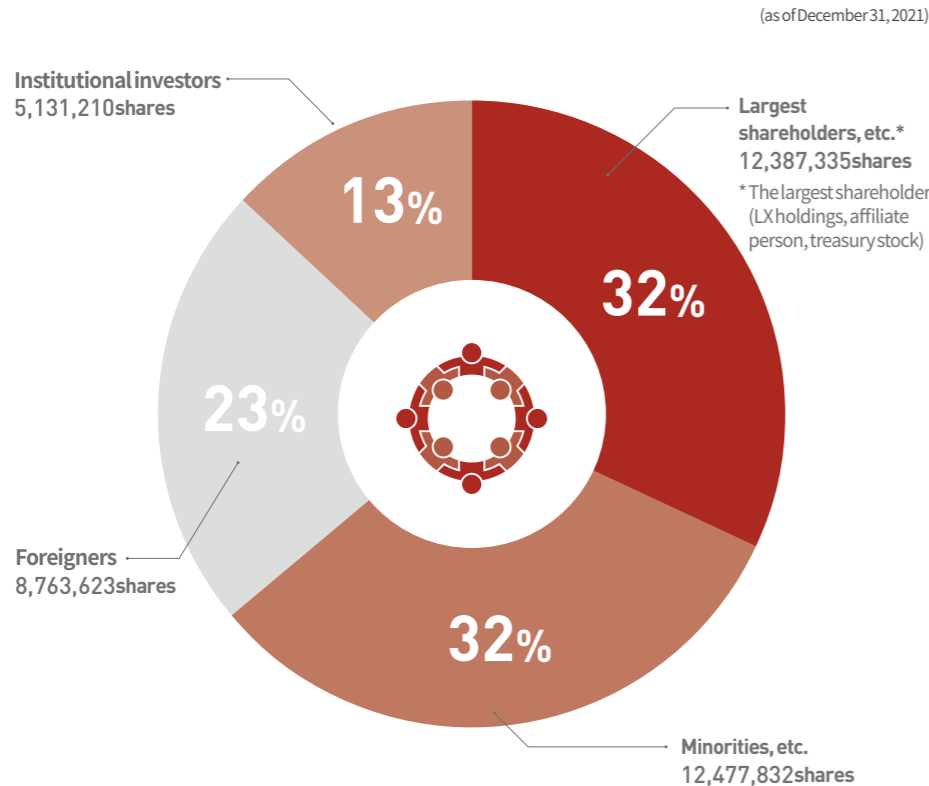
Sound Governance Structure

Protecting Shareholders' Rights

Shareholder Composition

As of December 31, 2021, the total number of shares issues was 38,760,000, and LX Holdings owns 24.7% as the largest shareholder.

Share Ownership



Shareholder-friendly Policy

Safeguarding Shareholders' Rights

LX International ensures shareholders exercise their rights given through due process. To this end, we provide adequate information in a timely manner. We are operating the electronic voting system adopted through a resolution of the BOD in January 2021 and participating in the distributed shareholders' meetings compliance program led by the Korea Listed Companies Association, laying the groundwork for the seamless exercise of voting rights by shareholders.

In addition, related information is transparently disclosed through the disclosure system and LX International website (www.lxinternational.co.kr). We are also disclosing more information in English for ensuring foreign shareholders' right to know. At the same time, we also communicate with all investors through the representative telephone number (82-2-6984-5505) and e-mail (lx_iir@lxintl.co.kr). Going forward, we plan to further vitalize the communication with shareholders by expanding voluntary disclosures.

Shareholder Return Policy

We have established and operated a shareholder return plan in consideration of long-term shareholder value and appropriate levels of dividends. In addition to internal factors, such as net income and dividends available under the Commercial Act, we also took into account external factors, such as shareholder expectations and macroeconomic conditions, when determining the level of dividends annually. The decision is announced through public notice prior to the convening of a general shareholders' meeting.

LX International achieved the highest performance since its inception in 2021 and paid a dividend of KRW 2,300 per share after the resolution of the 69th regular general meeting of shareholders. As we advance, we plan to continuously return our profits to shareholders through dividends, comprehensively considering the company's earnings and share price trends.

Economic Value Distribution to Shareholders

| Category | Unit | 2019 | 2020 | 2021 |
|--------------------|-------------|--------|--------|--------|
| Dividend per share | KRW | 300 | 400 | 2,300 |
| Total dividends | KRW million | 11,598 | 14,387 | 82,726 |



Risk Management

As a global general trading company, LX International is challenging for business diversification and overseas expansion. We consider 'risk management' as a critical factor directly related to the success or failure of the business. With an aim to raise the sustainability of the company, we identify and manage risks that can arise in the course of business by classifying them into financial and non-financial risks. At LX International, the management reviews the management procedures for each risk factor and continuously checks whether the policies are met.

Financial Risk

Foreign Exchange Risks

Exchange rate fluctuations incur foreign exchange gains and losses in the course of global business activities. Therefore, we put in place the Foreign Exchange Risk Management Committee as well as a foreign exchange risk-generating department and a management department to respond to foreign exchange risks. All transactions denominated in foreign currency are subject to management. We strive to minimize risks through measures such as the internal forward exchange system.

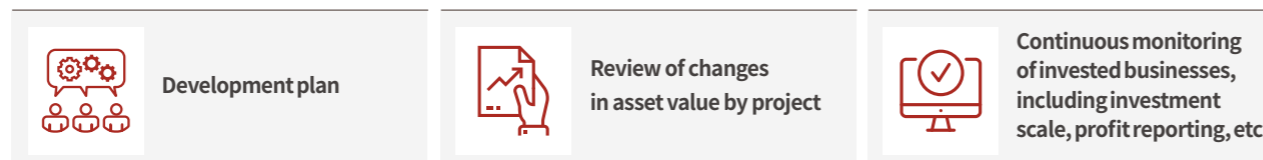
Futures Risks

In the case of credit risks that may cause losses due to the counterparty's failure in duty, we manage them by setting a limit for each transaction and the credit rating evaluation criteria of our business partners.

Investment Risk

The new businesses are invested through systematic reviews and decision-making processes. We check and manage risks in each investment stage. From the due diligence stage, relevant departments participate in the project to preemptively prevent risks. The existing projects are also constantly monitored so that we can prepare for any possible issues.

Investment Risk Management Process



Non-financial Risk

Policy and Regulatory Risks

Policies and regulations significantly affect the direction of existing businesses and the entry into new businesses. Accordingly, we strive to preemptively respond to changes in policies and regulations in and outside Korea, thereby minimizing risks.

Safety and Environment Risks

As the criticality of mitigating physical and transition risks is emphasized due to the worsening climate change, we are expanding eco-friendly businesses. Under the circumstances of the COVID-19 pandemic and the Serious Accidents Punishment Act enforcement, we are embedding a culture of safety and conducting thorough inspections to promote the safety and health of our employees.

Ethical Risks

There are growing stakeholder expectations for employees' working environment, labor-management relations, and labor and human rights policies. Against this backdrop, we have fulfilled our social responsibilities on the foundation of Jeong-Do management. We make our utmost efforts to manage and minimize risks related to legal compliance through our compliance system.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

Environment and Safety

Social

Governance

Jeong-Do Management
Sound Governance Structure
Risk Management

APPENDIX

The details on LX International are available on its website. For more information, please contact us using the details below.

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APPENDIX





Financial Performance

Consolidated Financial Statements

(Unit: KRW)

| | The 69 th (2021) | The 68 th (2020) |
|--|-----------------------------|-----------------------------|
| Assets | | |
| Current assets | 4,376,547,052,901 | 3,162,826,736,744 |
| Cash and cash equivalents | 841,882,704,808 | 689,987,899,873 |
| Short-term financial instruments | 20,786,952,799 | 67,836,868,878 |
| Trade receivables | 1,653,458,723,761 | 1,298,737,649,401 |
| Contract assets | 56,512,948,880 | 18,970,292,177 |
| Account receivables | 265,274,535,155 | 193,441,735,441 |
| Accrued revenue | 1,450,053,040 | 1,866,400,106 |
| Advance payment | 131,993,188,186 | 78,101,498,077 |
| Prepaid expense | 213,018,136,256 | 90,451,848,603 |
| Other current assets | 165,080,830,619 | 62,759,512,745 |
| Inventories | 1,021,193,439,182 | 645,123,144,139 |
| Assets held for sale | 5,895,540,215 | 15,549,887,304 |
| Non-current assets | 2,370,341,968,843 | 2,233,115,467,285 |
| Investment assets | 174,031,372,637 | 159,677,226,876 |
| Investments in affiliates | 322,501,003,942 | 279,425,748,760 |
| Tangible assets | 806,503,213,420 | 742,371,969,439 |
| Investments in real estate | 4,850,692,917 | 4,609,240,236 |
| Intangible assets | 749,645,253,544 | 694,845,769,399 |
| Deferred income tax assets | 98,263,011,586 | 140,041,436,362 |
| Other non-current assets | 214,547,420,797 | 212,144,076,213 |
| Total assets | 6,746,889,021,744 | 5,395,942,204,029 |
| Liabilities | | |
| Current liabilities | 3,430,948,439,233 | 2,518,314,786,513 |
| Short-term borrowings | 415,970,654,721 | 106,803,953,905 |
| Trade payables | 1,619,765,127,947 | 1,547,819,753,668 |
| Account payables | 345,214,120,020 | 253,884,534,923 |
| Advance received | 87,742,879,470 | 40,293,577,765 |
| Advance deposit | 107,921,105,254 | 33,484,375,905 |
| Current tax liabilities | 124,427,488,508 | 31,286,703,440 |
| Accrued expenses | 130,204,052,632 | 117,484,569,852 |
| Current long-term liabilities | 328,655,945,649 | 225,629,836,195 |
| Advance revenue | 173,112,490,168 | 73,682,710,125 |
| Guarantee received | 8,511,522,844 | 4,707,045,514 |
| Lease liabilities | 77,773,510,997 | 68,804,209,793 |
| Liabilities associated with assets held for sale | 5,655,191,913 | 14,433,515,428 |
| Current provisions | 5,994,349,110 | |
| Non-current liabilities | 931,696,239,265 | 1,119,296,419,947 |
| Debenture | 269,462,218,098 | 359,306,593,794 |
| Long-term borrowings | 343,585,717,674 | 506,566,523,889 |
| Retirement benefit liabilities | 9,349,541,239 | 14,276,698,861 |
| Deferred tax liabilities | 62,123,883,520 | 57,329,142,073 |
| Lease liabilities | 134,102,777,050 | 117,403,234,321 |
| Provisions | 99,158,684,813 | 41,067,046,407 |
| Other non-current liabilities | 13,913,416,871 | 23,347,180,602 |
| Total liabilities | 4,362,644,678,498 | 3,637,611,206,460 |
| Equity | | |
| Total equity attributable to stockholders of the company | 1,774,962,223,307 | 1,338,177,687,738 |
| Share capital | 193,800,000,000 | 193,800,000,000 |
| Share premium | 100,443,541,199 | 101,153,211,005 |
| Other capital | (41,300,239,270) | (41,300,239,270) |

| | The 69 th (2021) | The 68 th (2020) |
|--------------------------------------|-----------------------------|-----------------------------|
| Accumulated other comprehensive loss | (200,777,123) | (102,425,945,955) |
| Retained earnings (deficit) | 1,522,219,698,501 | 1,186,950,661,958 |
| Non-controlling interest | 609,282,119,939 | 420,153,309,831 |
| Total equity | 2,384,244,343,246 | 1,758,330,997,569 |
| Total liabilities and equity | 6,746,889,021,744 | 5,395,942,204,029 |

Consolidated Income Statements

(Unit: KRW)

| | The 69 th (2021) | The 68 th (2020) |
|-------------------------------------|-----------------------------|-----------------------------|
| Sales | 16,686,532,633,651 | 11,282,632,389,570 |
| Cost of sales | 15,335,138,520,772 | 10,550,255,568,000 |
| Gross profit | 1,351,394,112,879 | 732,376,821,570 |
| Selling and administrative expenses | 695,177,026,293 | 572,541,350,734 |
| Operating profit (loss) | 656,217,086,586 | 159,835,470,836 |
| Non-operating income | 78,479,833,900 | 296,027,899,037 |
| Financial income | 272,413,545,377 | 292,143,072,815 |
| Financial costs | (289,032,767,981) | (358,176,426,188) |
| Gains (losses) from equity method | 89,683,129,719 | 339,422,155,232 |
| Other non-operating income | 5,415,926,785 | 22,639,097,178 |
| Profit before income tax (loss) | 734,696,920,486 | 455,863,369,873 |
| Income tax expense | 194,365,293,032 | 94,256,870,951 |
| Net profit (loss) attributable to | | |
| Shareholders of the Company | 350,069,144,537 | 297,586,971,040 |
| Non-controlling interest | 190,262,482,917 | 64,019,527,882 |
| Earnings (loss) per share | | |
| Basic (unit: KRW) | 9,733 | 7,932 |
| Diluted (unit: KRW) | 9,733 | 7,932 |
| Net profit (loss) | 540,331,627,454 | 361,606,498,922 |

Consolidated Statements of Comprehensive Income

(Unit: KRW)

| | The 69 th (2021) | The 68 th (2020) |
|---|-----------------------------|-----------------------------|
| Net profit (loss) | 540,331,627,454 | 361,606,498,922 |
| Other comprehensive income | 120,655,624,536 | (93,894,060,316) |
| Items that will be reclassified to profit or loss subsequently | 111,428,279,391 | (57,477,953,369) |
| Net gain (loss) in valuation of derivatives for cash flow hedge | 5,916,868,065 | (7,537,708,001) |
| Change in equity method | 3,559,915,682 | (9,382,956,616) |
| Loss on valuation of equity method | 6,731,603,123 | 10,125,194,460 |
| Change of retained earnings in equity method | | (20,844,042) |
| Gain (loss) on overseas operations translation | 95,219,892,521 | (50,661,639,170) |
| Items that will not be reclassified to profit or loss subsequently | 9,227,345,145 | (36,416,106,947) |
| Gain (loss) on financial assets/liabilities at fair value through other comprehensive profit (loss) | 10,542,458,650 | (39,093,634,498) |
| Remeasurements of net defined benefit scheme | (1,315,113,505) | 2,677,527,551 |
| Total comprehensive income | 660,987,251,990 | 267,712,438,606 |
| Total comprehensive income for the year attributable to | | |
| Shareholders of the Company | 451,881,375,775 | 218,054,580,217 |
| Non-controlling interest | 209,105,876,215 | 49,657,858,389 |



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

- Financial Performance
- Materiality Assessment
- Awards · Memberships · Certifications
- GRI Index
- Third-party Assurance Statement

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Homepage: www.lxinternational.com
E-mail: bcan@lxintl.co.kr

Materiality Assessment

Materiality Assessment Process

LX International conducted a material assessment for the selection of the most material issues regarding sustainability for its business and stakeholders. This report details our activities and progress in regard to a total of ten issues selected through this assessment.

Step 1 ESG Issue Pool Formation

In line with the requirements of various ESG initiatives and evaluation standards, we carried out a range of activities including media research and same industry benchmarking. Based on the results, we have created an ESG pool consisting of 22 issues in four areas.

Step 2 Analysis of Internal and External Environments

Business Relevance

| | |
|--|--|
| Survey on industrial trends and global ESG initiatives | Examining and breaking down ESG trends & emerging issues, requirements of ESG initiatives, and evaluation indicators by agency (KCGS, DJSI, GRI, TCFD, SASB, ISO26000, UNGC, UN SDGs) from the macroscopic perspective |
| Same industry benchmarking | Analyzing the report structure and content of eight of the best ESG companies, and producing key report issues & implications |

Stakeholder Interest

| | |
|--------------------|---|
| Stakeholder survey | Surveying internal and external stakeholders on our ESG management status to grasp their perception, and producing salient issues |
| Media analysis | Analyzing articles released from January 1, 2021 through March 1, 2022 to select overarching issues |

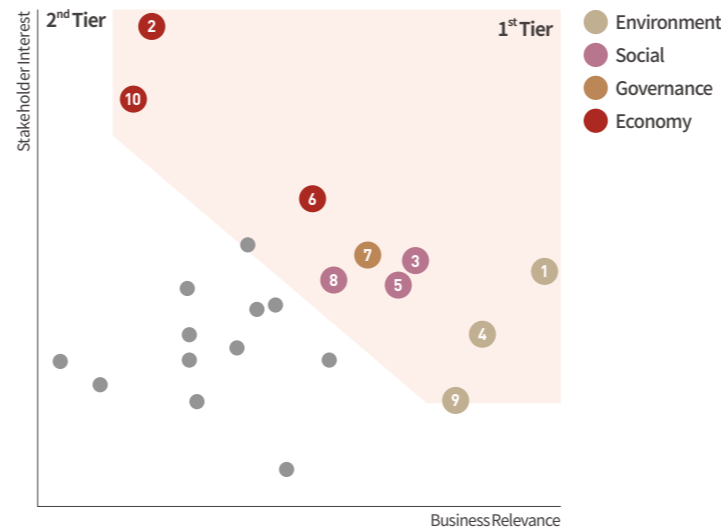
Step 3 Prioritization of Selected Material Issues

Based on the results of internal and external environment analysis, we have selected top 10 material issues that need constant management and improvement following the review by the ESG TFT and the management.

Results of Materiality Assessment

The top 10 material issues selected through the materiality assessment is as follows. For the report of the previous year, we assessed based on the impact on our business, and the result showed that the issues selected were associated with the environment and society. This year, we considered the impact not only on our management but also on the stakeholders' interest into account, which led to the identification of overarching issues over the whole ESG sector. This report provides more detailed account of our activities over the selected material issues, reflecting the stakeholders' growing interest in ESG.

Materiality Assessment Result Matrix



Top 10 Material Issues

| Ranking | Material Issue | GRI Standard | Page |
|---------|--|--------------|--------|
| 1 | Establishment and operation of environmental management system | - | 35-36 |
| 2 | Economic value creation | 201 | 24-26 |
| 3 | Putting human rights management into action | 412 | 46 |
| 4 | Action on climate change | 304 | 39 |
| 5 | Talent development and work-life balance | 404 | 42, 44 |
| 6 | Product and service innovation in consideration of environmental and social impact | - | 20-27 |
| 7 | Ensuring ethical management and compliance | 102 | 58-60 |
| 8 | Workplace safety & health and employee wellness management | 403 | 33-34 |
| 9 | Environmental impact reduction | 305, 306 | 35-39 |
| 10 | Investment and financial risk management | 102 | 66 |

- Financial Performance
- Materiality Assessment**
- Awards · Memberships · Certifications
- GRI Index
- Third-party Assurance Statement



Materiality Assessment

Management Approach

Establishment and Operation of Environmental Management System

Why? Exacerbating environmental crisis poses risks, but at the same time, presents opportunities, which requires companies to establish systematic management system to respond to the crisis. And investors and global rating agencies put emphasis on this as well. As we are seeing the acceleration of the transition to a sustainable growth, we need to pay close attention to this issue.

How? It is essential to build the company-wide environment system and improve the firm's capabilities through governance to make and promote short-, mid-, and long-term environmental plans, management of targets and performance, internalization of a culture of environment, and communication with internal and external stakeholders.

What? LX International endeavors to expand the scope of its environmental management built on its system for health, safety and environment, and to manage environmentally through its eco-friendly portfolio.

Economic Value Creation

Why? Economic growth not only underpins the growth of a company itself but also allow a company to redistribute a portion of its economic value to communities and to move towards sustainable growth with stakeholders. In particular, in the face of the rapidly changing environment marked by relenting COVID-19 situation, international disputes, and intensifying climate change, it is required to respond in every facet to make economic progress..

How? To survive amid the uncertain business environment, securing business competitiveness and portfolio diversification based on profound analysis of internal and external circumstances become an integral part of constant economic development.

What? LX International has redefined our business directions on the basis of demand from external and internal stakeholders while diversifying its business portfolio by identifying new business opportunities and broadening its scope to generate stable profits.

Putting Human Rights Management into Action

Why? There has been a growing demand for the protection of employee human rights from external and internal stakeholders. Respect for human rights and compliance with regarding regulations are essential to promoting our our employee satisfaction, and at the same time, directly lead to the realization of human dignity. Accordingly, human rights management is an overarching element in discharging corporate social responsibilities and delivering ESG management.

How? Many efforts are required including the establishment of systems and policies to promote human rights management, monitoring and the operation of grievance handling process. It is also required to make a culture of human rights respect permeate every corner of the Company and all our employees.

What? With an aim to create an environment where the human rights of our employees are protected without discrimination due to unreasonable factors, built on 'Jeong-Do' management, we set out and comply with the Code of Ethics and Code of Conduct.

Action on Climate Change

Why? The world is experiencing abnormal climate events with increasingly severe intensity and frequency, such as extreme weather events and drastic temperature differences. Climate change is no longer a future issue but an immediate and existential threat to humanity. A series of nations declare carbon neutrality while the goals are established at a global level. Various stakeholders, including investors, are demanding an active response of the industry.

How? Recognizing that it is essential to prepare at a corporate level for the transition risks to a carbon-free society as well as the physical risks posed by climate change, we should make efforts for growth that can be aligned with the future of the Earth, for example, by actively exploring new growth engines related to climate change.

What? LX International takes part in international efforts such as CTCN to respond to climate change. Beyond carbon mitigation and climate change crisis management in existing businesses, we will redouble our positive contribution activities on the basis of our active advancement into eco-friendly businesses, including rechargeable batteries and biodegradable plastics.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

- Financial Performance
- Materiality Assessment**
- Awards · Memberships · Certifications
- GRI Index
- Third-party Assurance Statement

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Materiality Assessment

Management Approach

Talent Development and Work-Life Balance

Why? Creating a work environment where employees can maximize their capabilities while maintaining a work-life balance is getting more emphasized these days. This is because it is the crucial competitiveness of a company to realize sustainable growth while growing together in a great environment suitable for work and capacity building.

How? Many companies are making multi-faceted efforts to develop human resources and ensure work-life balance. For instance, they provide systematic training programs, fair performance evaluation and reasonable compensation, and various welfare systems while improving a work environment and organizational culture.

What? LX International especially puts special efforts into sharpening the capabilities of its employees through training by position, various special lectures, and in-house study groups. We also offer reasonable compensation depending on individual efforts and performance. In recognition of our efforts to promote flexible working systems such as remote work, various welfare benefits, and childbirth and childcare support systems, we obtained a family-friendly company certification.

Ensuring Ethical Management and Compliance

Why? There are growing stakeholder demands for ethical and compliance management, and at the same time, relevant laws in and outside Korea are getting more stringent. Particularly for companies with a global network, maintaining ethical management and legal compliance at the level required by the international community is of great significance.

How? Reinforcement and internalization of ethical and compliance management in various areas enable the preemptive prevention and control of risks related to unethical behaviors. As part of the efforts, companies can raise the ethical awareness of employees, create an anti-corruption and integrity culture, promote fair and transparent transactions with partners and competitors, and reinforce compliance with local laws by the country. Furthermore, it is a critical factor that gives opportunities to elevate corporate value, such as building trust with stakeholders, including customers, and securing business sustainability.

What? We are carrying out thorough ethical and compliance management by spreading an ethical culture built on the Jeong-Do management philosophy as the cornerstone and managing compliance based on the compliance control system. We also manage related risks, preemptively responding to them.

Product and Service Innovation in Consideration of Environmental and Social Impact

Why? According to a survey on consumption trends under the COVID-19 pandemic conducted by the Korea Chamber of Commerce and Industry, 40.4% of respondents said they started to take into account the compact of their consumption behavior on other people, society, or the environment when purchasing, rather than only looking at prices and qualities of the product, compared to pre-COVID-19 era. As such, more people are focusing on 'value consumption,' in which interest in environmental and social issues plays an integral role in selecting actual products and services.

How? We are required to seek innovation for creating environmental and social values on top of economic performance under the circumstances that there are growing demands of global investors and evaluation agencies for ESG management, and consumer culture has changed to prefer eco-friendly products and boycott companies violating human rights.

What? With an aim to minimize adverse environmental impacts, we actively expand into the eco-friendly raw material development business. In addition, we strive to create positive social values by diversifying our existing CSR activities in Korea and beyond into various fields and encouraging the direct participation of our employees.

Workplace Safety and Health and Employee Wellness Management

Why? As we experience the enforcement of the Serious Disaster Punishment Act and severe health crises such as the COVID-19 pandemic, the efforts of businesses are all the more underscored to promote safety and health. In terms of human rights, it is increasingly integral to establish a safety and health management system that enables all employees to enjoy a safe and healthy work environment and manage employees' health. Accordingly, the level of demand from various stakeholders and authorities is also rising.

How? As a response, companies are providing more support in various ways for improving the health of employees and preemptively preventing risks through thorough safety and health management and internalization of a safety culture in business sites of their own and even business partners.

What? We conduct safety and health management, such as regular safety environment inspections at domestic and overseas business sites and on-site inspections by head office employees. On top of that, we do our best to create an environment in which all employees can work safely by continuously monitoring and evaluating the identified areas for improvement.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

- Financial Performance
- Materiality Assessment**
- Awards · Memberships · Certifications
- GRI Index
- Third-party Assurance Statement

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E-mail: bcant@lxintl.co.kr



Materiality Assessment

Management Approach

Environmental Impact Reduction

Why? There is a growing demand for lessening negative environmental impacts incurred in the course of business beyond reducing GHG emissions. In particular, as interest in the circular economy through the reuse of resources rises, more and more people are focusing on the need for minimizing environmental impact and recycling resources from not only the products and services provided by companies but also in the overall operation process.

How? There are various ways to minimize the negative impact on the environment while raising corporate value and business sustainability. For example, companies can manage the environment around the local community where the business sites are located, meet the relevant needs of internal and external stakeholders, enter into the circular economy and eco-friendly fuel/material fields that can lead to new business opportunities, and introduce reused and recycled raw materials.

What? We continuously monitor the ecosystem and water quality of the local river to manage the negative impact of our business sites on the surrounding environment. In addition, we carry out various activities to reduce environmental impact, such as preserving and managing high conservation value (HCV) and high carbon stock (HCS) areas and giving assistance to bring resource circulation in local communities.

Investment and Financial Risk Management

Why? Due to business diversification, global expansion, and rising uncertainty, it is increasingly more significant to identify the corporate's financial risks in advance and manage them. Systematic risk management is indispensable for preventing financial loss and securing resilience.

How? For investment and financial risk management, companies are required to identify and understand the related risks that may cause loss to management, establish a company-wide integrated risk management system for preemptive and flexible responses, and set out strategies and plans for continuous monitoring and mitigation to enhance effectiveness.

What? LX International has prepared and operated management procedures and measures for each risk. We identify potential risks and preemptively respond to them through continuous monitoring in the decision-making and promotion of new investments and the implementation of existing investment projects on top of foreign exchange and credit risks.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

- Financial Performance
- Materiality Assessment**
- Awards · Memberships · Certifications
- GRI Index
- Third-party Assurance Statement

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Awards · Memberships · Certifications

Awards

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

Memberships

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

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

- Financial Performance
- Materiality Assessment
- Awards · Memberships · Certifications**
- GRI Index
- Third-party Assurance Statement

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Awards · Memberships · Certifications

Domestic and Overseas Certifications

| Certification | Content | Certificate Authorities | Date of Being Certified | Expiry Date |
|--|--|--|-------------------------|-------------|
| Family-friendly company | Certification for family-friendly management best practice | Ministry of Gender Equality Family | Dec. 2021 | Dec. 2024 |
| ISO 9001 | Quality management system | Korean Register of Shipping | Jan. 2021 | Jul. 2023 |
| ISO 13485 | Quality management system for medical device | SGS | Apr. 2020 | Apr. 2023 |
| ISO 14001 | Environmental management system | Korean Register of Shipping | Jan. 2021 | Jul. 2023 |
| ISO 28000 | Supply chain security management system | Korean Register of Shipping | Oct. 2016 | Oct. 2022 |
| ISO 45001 | Safety and health management system | Korean Register of Shipping | Jul. 2021 | Aug. 2024 |
| AEO – Freight forwarder | Certification for compliance and import & export safety management | Korea Customs Service | May 2013 | May 2023 |
| AEO – Bonded area operators | Certification for compliance and import & export safety management | Korea Customs Service | Jan. 2019 | Dec. 2023 |
| Green Logistics Company | Certification for Green Logistics Company | Ministry of Land, Infrastructure and Transport | Dec. 2015 | Dec. 2022 |
| CELC | Certification for excellent logistics company | Ministry of Land, Infrastructure and Transport | Sep. 2016 | Dec. 2022 |
| CESS | Certification for excellent shipping company and shipper for their win-win cooperation | Ministry of Oceans and Fisheries | May 2021 | May 2024 |
| ISMS-P | Certification for Personal Information and Information Security Management System | Korea Internet & Security Agency | Sep. 2019 | Sep. 2022 |
| (Transported Asset Protection Association) | Certification for logistics security | BUREAU VERITAS | Feb. 2016 | Jan. 2022 |
| ISPO for GUM | Certification for eco-friendly palm oil production in Indonesia | Indonesian Ministry of Agriculture | Jan. 2022 | Jan. 2027 |
| ISPO for TBSM | Certification for eco-friendly palm oil production in Indonesia | Indonesian Ministry of Agriculture | Apr. 2022 | Apr. 2027 |
| CEIV-Pharma | Certification for excellent companies in transporting pharmaceutical air cargo | IATA | May. 2020 | May. 2023 |



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

- Financial Performance
- Materiality Assessment
- Awards · Memberships · Certifications**
- GRI Index
- Third-party Assurance Statement

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E-mail: bcan@lxintl.co.kr



GRI Index

| No. | Indicator | Pages | Remarks |
|------------------------------------|--|----------|---------|
| Universal Standards | | | |
| GRI 102 General Disclosures | | | |
| Organizational Profile | 102-1 Name of the organization | | |
| | 102-2 Activities, brands, products, and services | 6-12 | |
| | 102-3 Location of headquarters | | |
| | 102-4 Location of operations | | |
| | 102-5 Ownership and legal form | 65 | |
| | 102-6 Markets served | 6-12 | |
| | 102-7 Scale of the organization | | |
| | 102-8 Information on employees and other workers | 6-12, 42 | |
| | 102-9 Supply chain | 16 | |
| | 102-10 Significant changes to the organization and its supply chain | 17 | |
| | 102-11 Precautionary Principle or approach | 67 | |
| | 102-12 External initiatives | 40 | |
| | 102-13 Membership of associations | 75 | |
| Strategy | 102-14 Statement from senior decision-maker | 5 | |
| | 102-15 Key impacts, risks, and opportunities | 67 | |
| Ethics and Integrity | 102-16 Values, principles, standards, and norms of behavior | 58-60 | |
| | 102-17 Mechanisms for advice and concerns about ethics | | |
| Governance | 102-18 Governance structure | 61-64 | |
| | 102-20 Executive-level responsibility for economic, environmental, and social topics | 13 | |
| | 102-21 Consulting stakeholders on economic, environmental, and social topics | 18 | |
| | 102-22 Composition of the highest governance body and its committees | 63 | |
| | 102-23 Chair of the highest governance body | 61 | |
| | 102-24 Nominating and selecting the highest governance body | 63 | |
| | 102-26 Role of highest governance body in setting purpose, value, and strategy | 14-15 | |
| | 102-27 Collective knowledge of highest governance body | 61-62 | |
| | 102-28 Evaluating the highest governance body's performance | 64 | |
| | 102-29 Identifying and managing economic, environmental, and social impacts | 13 | |
| | 102-30 Effectiveness of risk management processes | 66 | |
| | 102-31 Review of economic, environmental, and social topics | 69 | |
| | 102-32 Highest governance body's role in sustainability reporting | 13 | |
| | 102-33 Communicating critical concerns | 69 | |
| | 102-34 Nature and total number of critical concerns | 69 | |
| | 102-35 Remuneration policies | 64 | |
| | 102-36 Process for determining remuneration | 64 | |

| No. | Indicator | Pages | Remarks |
|------------------------------------|---|--------|----------------|
| Stakeholder Engagement | 102-40 List of stakeholder groups | 18 | |
| | 102-41 Collective bargaining agreements | 48-49 | No labor union |
| | 102-42 Identifying and selecting stakeholders | 18 | |
| | 102-43 Approach to stakeholder engagement | 18, 69 | |
| | 102-44 Key topics and concerns raised | 69 | |
| Reporting Practice | 102-45 Entities included in the consolidated financial statements | 68 | |
| | 102-46 Defining report content and topic Boundaries | 69 | |
| | 102-47 List of material topics | 69 | |
| | 102-48 Restatements of information | - | Not applicable |
| | 102-49 Changes in reporting | 69 | |
| | 102-50 Reporting period | | |
| | 102-51 Date of most recent report | | August 2021 |
| | 102-52 Reporting cycle | 2 | |
| | 102-53 Contact point for questions regarding the report | | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | | |
| 102-55 GRI content index | 75-76 | | |
| 102-56 External assurance | 77-78 | | |
| GRI 103 Management Approach | | | |
| Management Approach | 103-1 Explanation of the material topic and its Boundary | | |
| | 103-2 The management approach and its components | 69-72 | |
| | 103-3 Evaluation of the management approach | | |

| No. | Indicator | Pages | Remarks |
|-------------------------------------|---|----------------|---------|
| Topic Specific Standards | | | |
| GRI 200 Economic Performance | | | |
| Economic Performance | 201-1 Direct economic value generated and distributed | 11, 43, 45, 68 | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 42 | |
| Indirect Economic Impacts | 203-1 Infrastructure investments and services supported | 24-26 | |
| | 203-2 Significant indirect economic impacts | 24-26 | |
| Anti-corruption | 205-2 Communication and training about anti-corruption policies and procedures | 59-60 | |
| | 205-3 Confirmed incidents of corruption and actions taken | 60 | |
| Anti-competitive Behavior | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 59 | |



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

- Financial Performance
- Materiality Assessment
- Awards · Memberships · Certifications
- GRI Index**
- Third-party Assurance Statement

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E-mail: bcan@lxintl.co.kr



GRI Index

| No. | Indicator | Pages | Remarks |
|--|---|--------|--------------------|
| GRI 300 Environmental Performance | | | |
| Energy | 302-1 Energy consumption within the organization | 36 | |
| | 302-4 Reduction of energy consumption | 36 | |
| Biodiversity | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 39 | |
| Emissions | 305-2 Energy indirect (Scope 2) GHG emissions | 35 | |
| | 305-5 Reduction of GHG emissions | 35 | |
| Waste (2020) | 306-1 Waste generation and significant waste-related impacts | 36, 39 | |
| | 306-2 Management of significant waste-related impacts | 36, 39 | |
| | 306-3 Waste generated | 36 | |
| Environmental Compliance | 307-1 Non-compliance with environmental laws and regulations | - | No violation cases |
| Supplier Environmental Assessment | 308-1 New suppliers that were screened using environmental criteria | 32 | |
| | 308-2 Negative environmental impacts in the supply chain and actions taken | 32 | |

| No. | Indicator | Pages | Remarks |
|--|--|--------|---|
| GRI 400 Social Performance | | | |
| Employment | 401-1 New employee hires and employee turnover | 42 | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 45 | |
| | 401-3 Parental leave | 45 | |
| Occupational Health and Safety (2018) | 403-1 Occupational health and safety management system | 30 | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 31-32 | |
| | 403-3 Occupational health services | 34 | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | - | No applicable activities |
| | 403-5 Worker training on occupational health and safety | 33-34 | |
| | 403-6 Promotion of worker health | 45 | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 31-32 | |
| | 403-9 Work-related injuries | 33 | |
| | 403-10 Work-related ill health | 33 | |
| | 404-1 Average hours of training per year per employee | 44 | |
| Training and Education | 404-2 Programs for upgrading employees skills and transition | 42, 44 | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 43 | |
| Diversity and Equal Opportunity | 405-1 Diversity of governance bodies and employees | 42-43 | |
| | 405-2 Ratio of basic salary and remuneration of women to men | 42-43 | |
| Non-discrimination | 406-1 Incidents of discrimination and corrective actions taken | - | No discrimination cases |
| Freedom of Association and Collective Bargaining | 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | - | No applicable business sites or suppliers |
| Child Labor | 408-1 Operations and suppliers at significant risk for incidents of child labor | - | No applicable business sites or suppliers |
| Forced or Compulsory Labor | 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | - | No applicable business sites or suppliers |
| Human Rights Assessment | 412-1 Operations that have been subject to human rights reviews or impacts assessments | - | No applicable business sites or suppliers |
| | 412-2 Employee training on human rights policies or procedures | 46 | |
| Local Communities | 413-1 Operations with local community engagement, impact assessments, and development programs | - | No applicable business sites or suppliers |
| | 413-2 Operations with significant actual and potential negative impacts on local communities | - | No applicable business sites or suppliers |
| Supplier Social Assessment | 414-1 New suppliers that were screened using social criteria | 32 | |
| Marketing and Labeling | 417-2 Incidents of non-compliance concerning product and service information and labeling | - | No violation cases |
| | 417-3 Incidents of non-compliance concerning marketing communications | - | No violation cases |
| Customer Privacy | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 56 | No violation cases and complaints |
| Socioeconomic Compliance | 419-1 Non-compliance with laws and regulations in the social and economic area | 60 | |

LX International

2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

- Financial Performance
- Materiality Assessment
- Awards · Memberships · Certifications
- GRI Index
- Third-party Assurance Statement

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- Financial Performance
- Materiality Assessment
- Awards · Memberships · Certifications
- GRI Index
- Third-party Assurance Statement**

Third-party Assurance Statement

Dear Management and Stakeholders of LX International

Introduction

The Korean Standards Association (“KSA”) was commissioned by LX International (“LX International”) to perform a third-party Assurance Engagement of ‘2022 LX International Sustainability Report’ (the “Report”) KSA presents independent opinions as follows as a result of feasibility of the data contained in this Report. LX International has sole responsibility for content and performance contained in this Report.

Independence

As an independent assurance agency, KSA does not have any kinds of commercial interest in businesses of LX International apart from undertaking a third-party assurance on the Report. We have no other contract with LX International that may undermine credibility and integrity as an independent assurance agency.

Assurance Standards and Level

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Moderate Level assurance. We checked the four principles of inclusivity, materiality, responsiveness and impact in combination with information credibility of the Report. We also reviewed whether the Report content was created in accordance with the GRI Standards.

Assurance Type and Scope

This Assurance Engagement followed the AA1000AS v3 assurance standards to provide Type 2 assurance, which means that the assurance assessed the accuracy and reliability of the company’s statements and performance data provided in the Report. The assurance scope is from January 1 2021 to December 31 2021 and the assurance focused on systems and activities including policies and goals, businesses and programs, standards, and achievements of the Company’s sustainability management. While the company’s environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality assessment process.

Assurance Methodology

We used the following methods to gather information, documents and evidence with respect to the assurance scope.

- Analyses of articles related to LX International’s sustainability management published by domestic media outlets
- Review of management system and process used in improving the performance of sustainability management and preparing the Report
- Review of the consistency between the financial performance data and the company’s audit report/publicly announced data
- Examination of internal documents and basic materials

Assurance Results and Opinions [On an assurance principle/process level]

KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the Report content if deemed necessary. We were not aware of any significant errors or inappropriate descriptions in this Report as a result of our Assurance Engagement. As such, we present our opinions of the 2022 LX International Sustainability Report as follows.

Inclusivity Has LX International engaged its stakeholders in strategically responding to sustainability?

KSA believe LX International is aware of the importance of stakeholder participation and is making an all-out effort to establish a process that will increase their participation. LX International has selected stakeholders including government and related customers, stakeholders and investors, employees, partner companies, local communities to receive diverse feedbacks and opinions.

Materiality Has LX International included material information in the Report to help stakeholders make informed decisions?

We are not aware of any significant omissions or exclusions of data that is material to stakeholders. We verified that LX International conducted materiality assessment with issues identified from analyses of internal and external environments and reported according to the result.

Responsiveness Has LX International appropriately responded to stakeholder requirements and interest in this Report?

We verified that LX International responded stakeholders’ needs and interests through reflecting stakeholders’ opinions in the Report. We are not aware of any evidence that LX International’s response to significant issues of stakeholders was reported inappropriately.

Impact Has LX International appropriately monitored its impact on the stakeholders?

We verified that the Company is monitoring and assessing its impact on the stakeholders by conducting an enhanced verification of its standard business activities. Furthermore, it has been verified that the Company appropriately publishes its findings in the Report.

The details on LX International are available on its website. For more information, please contact us using the details below.

Homepage: www.lxinternational.com
E-mail: bcan@lxintl.co.kr



Third-party Assurance Statement

GRI Standards Disclosure

We confirmed that this Report was prepared in accordance with GRI Standards Core Option. Based on data LX International provided, we also confirmed a validity of the contents related to General Standard Disclosure and Specific Standard Disclosure.

Universal Standards

We have verified that the Report complied(s) with the requirements of the Universal Standards of Core Option, and (have) reviewed the following disclosures:

102-1 ~ 102-13(Organizational profile), 102-14~15(Strategy), 102-16 ~ 102-17(Ethics and integrity), 102-18, 102-20, 102-21,102-22, 102-23, 102-24, 102-26, 102-27, 102-28, 102-33, 102-35,102-36(Governance), 102-40 ~ 102-44(Stakeholder engagement), 102-45 ~ 102-56(Reporting practice), 103(Management Approach)

Topic-specific Standards

We have checked the material topics identified from a materiality test process in which content to be disclosed. We examined disclosures below:

201-3, 304-1, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 404-1, 412-2

Opinions and Recommendations [Performance /Issues]

We present the following recommendations to help LX International establish a company-wide sustainability management strategy and respond to continuous issues of sustainability.

Economy

By disclosing details on its business activities and ESG management through this assurance report (hereinafter, “the Report”), LX International communicates and builds trust with internal and external stakeholders. This Report explains the company’s future economic sustainability in accordance with its business performance, and discloses its overall business direction by presenting areas of business for discovery of future growth engines, including renewable power generation, logistics, real estate, and secondary cell batteries. It is recommended that the company should strengthen communication with stakeholders including customers, partner companies, investors, local community, and employees; and continue to disclose information on social and economic performance generated as a result of business activities in accordance with the global guidelines.

Environment

Recognizing the impact of its business activities on the environment, society, and the economy — and in line with the global environmental trends — LX International has continued to publish the Sustainability Report. Collecting and disclosing environmental indicators as part of the company’s efforts to fulfill its environmental responsibility and respond to global climate change are seen as positive efforts. These efforts are expected to contribute to reducing environmental pollution and mitigating climate change. However, in relation to some quantitative indicators, LX International needs to establish standard calculation standards and strengthen the effectiveness of its data collection system in accordance with the GRI standards. These efforts will contribute to reducing environmental pollution and mitigating climate change. We recommend that the company should expand its scope of indicators to manage, to include environmental indicators, and establish objectives for each issue, as well as a performance management system.

Society

LX International carries out safety and health management consulting activities together with a specialized institution across three different regions in order to actively respond to the reinforced Serious Accidents Punishment Act (SAPA). Through a risk assessment, we have identified safety risks that could possibly arise from the company’s major business activities, and have viewed the company’s plans to preemptively prevent and mitigate the risks. Going forward, we expect to see the company internalize the occupational health and safety management system and apply it to not only the company itself, but also the entire supply chain. To that end, the scope of the company’s major partner companies would have to be defined. It is recommended that the company should identify the list of core partner companies that it should actively support and manage, taking into account the diversity of its business operations, and disseminate the ESG values, including health and safety management, ethics, human rights, and environmental impact.

July 2022

KSA Chairman & CEO **Myung Soo Kang**



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The Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, serves as a knowledge service provider that distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. The KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, and UN CDM DOE (development operational entity), and as an assurance provider of the Korean government’s greenhouse gas energy target management system.



2022 Sustainability Report

OVERVIEW

SPECIAL FEATURES

ESG ACTIVITIES AND ACHIEVEMENTS

APPENDIX

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E-mail: bcan@lxintl.co.kr



(03184) LXInternational, 58 Saemunan-ro, Jongno-gu, Seoul