

2025

LOTTE CHEMICAL ESG REPORT

EVERY STEP FOR GREEN



WE LEAD EVERY STEP FOR
A GREENER AND BETTER TOMORROW



ABOUT THIS REPORT

INTERACTIVE PDF

This report is published in both Korean and English and is available in an interactive PDF format to facilitate effective communication with global stakeholders.

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ESG Report



Homepage



Overview

LOTTE Chemical has been publishing annual ESG Reports since 2007 to transparently share our sustainability management efforts and major achievements to the public and actively communicate with our stakeholders. In June 2026, we released our 19th report, titled the 2025 LOTTE Chemical ESG Report. We will continue to communicate our ESG management strategy and performance through the report, gather feedback from stakeholders, and reflect them in our management activities.

**Reporting
Period, Scope,
and Boundaries**

This report covers the period of January 1, 2025 through December 31, 2025, with some qualitative performances also including activities from the first half of 2026 to take into account the timeliness of information. As for quantitative performance, the report includes data of the last three years to illustrate recent annual trends. The main scope of the report is LOTTE Chemical’s Seoul headquarters, Future Technology Center, R&D Division, Uiwang Office, Incheon Complex, Yeosu Complex (Basic Chemicals), Yeosu Complex (Advanced Materials), Ulsan Complex, and Daesan Complex. The activities and performances of subsidiaries are also included in some categories. Any necessary information about the reporting scope and boundaries are provided in the footnotes.

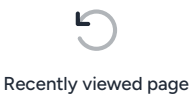
**Reporting
Principles and
Framework**

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, which is a worldwide standard for publishing ESG reports. The report also takes into account the recommendation from the Task Force on Climate-related Financial Disclosure (TCFD) and the Sustainability Accounting Standards Board (SASB), particularly for the chemicals sector. The financial data presented in this report were prepared based on the Korean International Financial Reporting Standards (K-IFRS) using consolidated financial statements.

**Data
Assurance**

This report is published after being reviewed by the ESG Committee under the Board of Directors of LOTTE Chemical. In addition, British Standards Institution (BSI), an independent verification agency, verified the reliability of the writing process, data, and contents to enhance the credibility of the report.

**Navigator
Button**



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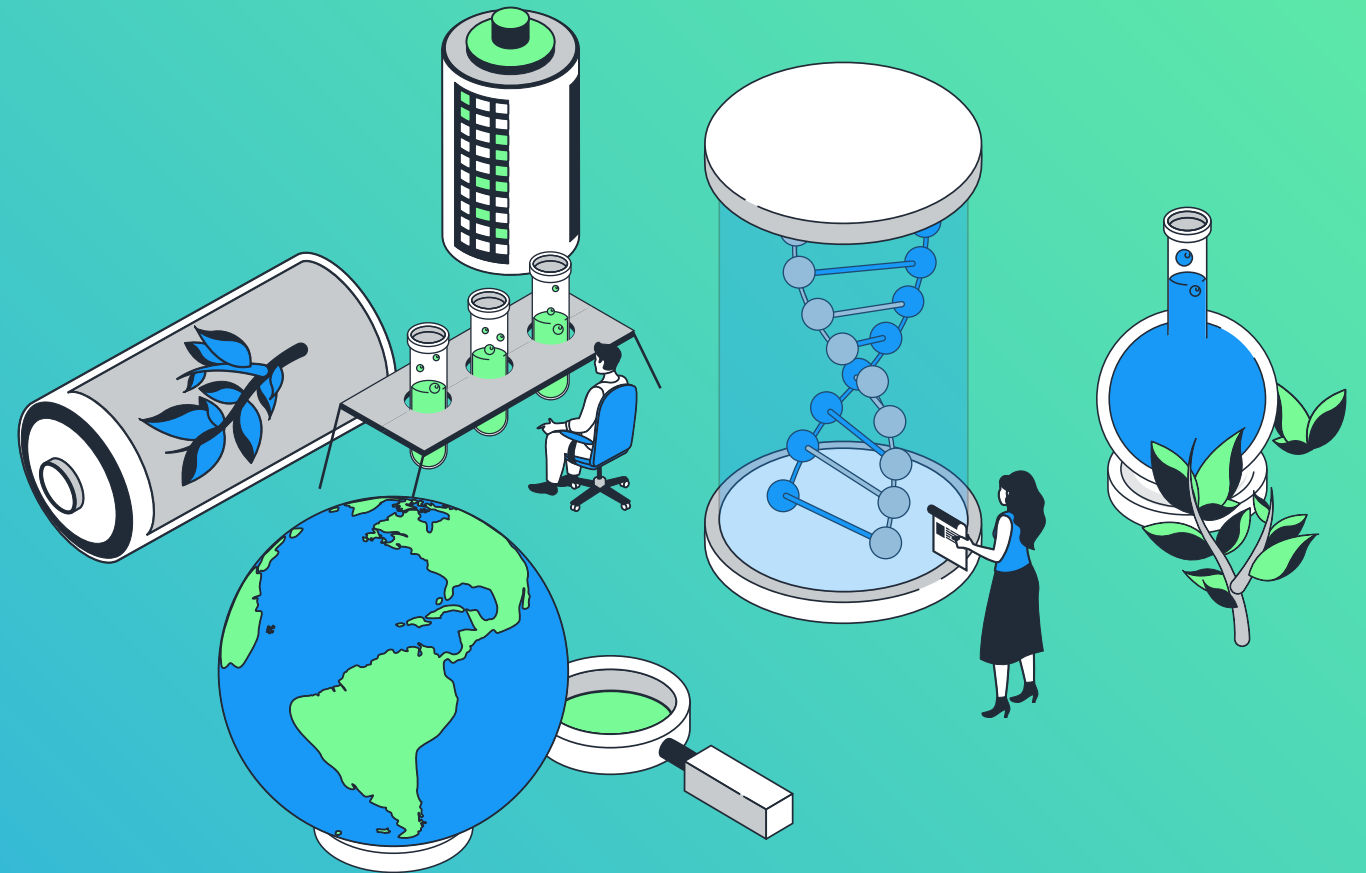
1 INTRODUCTION

CEO MESSAGE

BUSINESS PORTFOLIO & VALUE-CHAIN

GLOBAL NETWORK

VISION & MISSION



CEO MESSAGE

**WE LEAD EVERY STEP FOR
A GREENER AND BETTER TOMORROW**

**LOTTE CHEMICAL CREATES A BETTER WORLD AND
SUSTAINABLE FUTURE THROUGH CHEMISTRY.**



June 2026
LOTTE Chemical CEO
Lee Young-jun

Dear esteemed LOTTE Chemical stakeholders,

In 2026, the global business environment continues to face significant uncertainty. Prolonged geopolitical tensions and increasingly stringent climate regulations are demanding structural transformation across all industries. The chemical industry, in particular, faces a complex set of challenges, including large-scale capacity expansions and oversupply from China and the Middle East, as well as intensifying cost competition. As a result, companies are being tested on their fundamental competitiveness and sustainability.

Amid this challenging landscape, LOTTE Chemical is creating a new turning point for growth by executing our Business Transformation. While further sharpening the competitiveness of our core businesses, we are focusing our investments in high-synergy areas, expanding our business portfolio, and strengthening our R&D capabilities to secure future growth engines. Above all, we place sustainability as a top priority in all of our business decisions based on our corporate vision of “Every Step for GREEN.”

**We will strengthen our sustainable competitiveness by
shifting toward a low-carbon business portfolio.**

LOTTE Chemical is delivering tangible results by steadily implementing its carbon neutrality roadmap as part of the global effort to address climate change.

We are accelerating the transition of our business portfolio to center around low-carbon and eco-friendly products and solutions. While actively fostering high-growth and sustainable businesses, we are decisively restructuring high-carbon, low-efficiency operations. Through these efforts, we will enhance both our environmental and financial resilience over the mid- to long-term.

**We will further advance the execution of our ESG management based on
our GREEN PROMISE 2030 strategy.**

To deliver meaningful outcomes from LOTTE Chemical’s ESG strategy, “GREEN PROMISE 2030,” we have strengthened our governance framework led by the Board of Directors and senior management while establishing a seamless collaboration system across all business functions.

We are systematically managing the chemical industry’s key ESG priorities, including carbon emissions reduction, expanded use of renewable energy, and the advancement of a circular economy. In line with domestic mandatory disclosure roadmaps, we will continue to strengthen stakeholder trust through rigorous and transparent data management and disclosures.

**We will continue to expand social value through mutual growth
and coexistence.**

Recognizing the impact of our business activities on the environment and society, LOTTE Chemical embraces shared growth with all stakeholders as a fundamental management principle.

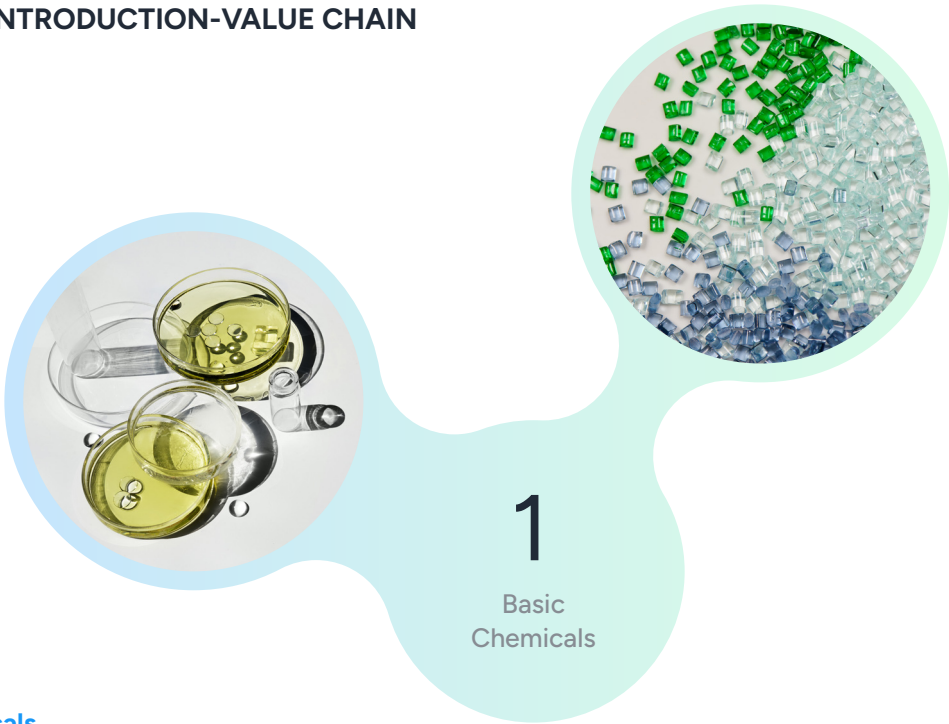
We will strengthen partnerships that foster the mutual growth of our business partners, deepen our engagement with local communities, and provide our customers with safer and more responsible products and services. Furthermore, we will continue to invest in safety as our top priority, reinforce our internal control systems to ensure transparent and fair management, and cultivate talent that will drive our future growth.

Since its founding in 1976, LOTTE Chemical has grown by transforming countless challenges and crises into opportunities. The changes we face today are no exception. Drawing on the innovation, experience, and execution capabilities we have built over the years, we will turn these changes into new opportunities for growth.

LOTTE Chemical will continue to move forward with unwavering commitment toward our vision of becoming a sustainable global leader. We deeply appreciate your continued interest and warm support on this journey. Thank you.

BUSINESS PORTFOLIO & VALUE-CHAIN

BUSINESS INTRODUCTION-VALUE CHAIN



Basic Chemicals

LOTTE Chemical's Basic Chemicals Business, LOTTE Chemical Titan Holding Berhad (LC TITAN), LOTTE Chemical USA Corp.(LC USA) and two other subsidiary companies

The basic chemicals business involves the large-scale process industry that produces petrochemical products. We produce and sell basic chemicals such as ethylene, propylene, and xylene produced from naphtha cracking facilities, as well as monomer products such as polyethylene (PE) and polypropylene (PP). We are also continuously conducting research and development, exporting our products to China and various countries in Asia and Europe. LOTTE Chemical has joint ventures with Hyundai Oil Bank and GS Energy and is sharpening our competitiveness through a new cracking business in Indonesia. We are also expanding our eco-friendly/specialty chemicals business that include organic solvents for batteries, the membrane material business, and hydrogen energy business.

LOTTE Chemical recorded approximately KRW 18.483 trillion in consolidated revenues as of end-2025. By business division, revenue was broken down into Basic Chemicals at 67.5%, Advanced Materials at 27.5%, Fine Chemicals at 9.5%, and 3.7% from Battery Materials.



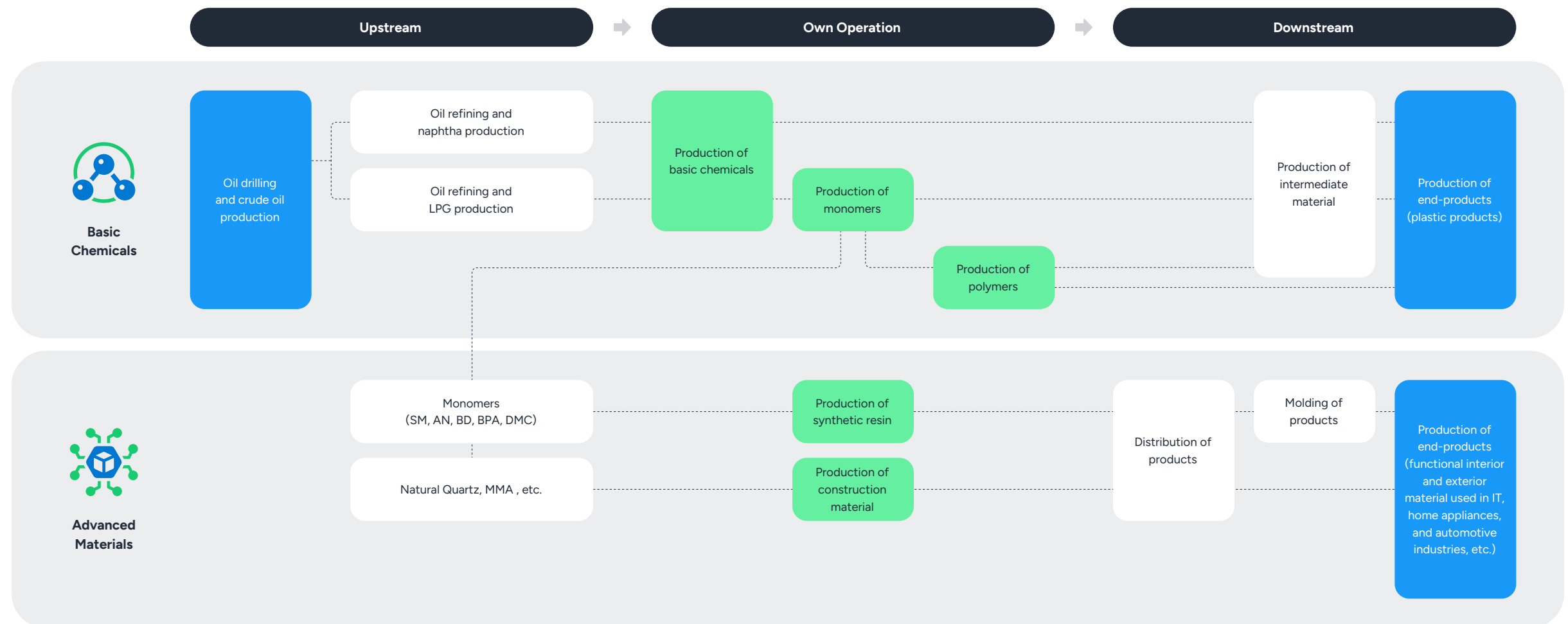
Advanced Materials

LOTTE Chemical Advanced Materials, LOTTE Engineering Plastic, LOTTE Chemical Hungary Ltd. and 14 other subsidiary companies

Advanced materials is a capital and technology intensive industry that creates added value by offering additional functionality such as high heat resistance/rigidity/shock resistance to meet the demands of consumer goods (home appliances, IT, automotive, etc.) manufacturers. Leveraging, SM, BD, and MMA feedstock, LOTTE Chemical produces and sells ABS, PC, and construction materials, while also conducting related R&D activities. With business sites across the globe such as in China, Mexico, Hungary, and Vietnam, we offer various products that tailor to the needs of global end consumers. We are also expanding our portfolio of specialty materials for home appliances, IT, and automotive applications, with the vision of becoming a world-class leader in the global specialty materials industry.

Business Value-Chain (Basic Chemicals, Advanced Materials)

LOTTE Chemical provides chemical products and advanced material solutions based on a diverse product portfolio that ranges from common household products, such as synthetic resin, basic petrochemicals, base chemicals, and construction/interior design material to applications for agriculture, industry, healthcare, automotive vehicles, and cutting-edge new materials. We are also continuously expanding to the hydrogen energy business, fine chemicals, and battery materials to secure sustainable growth engines.



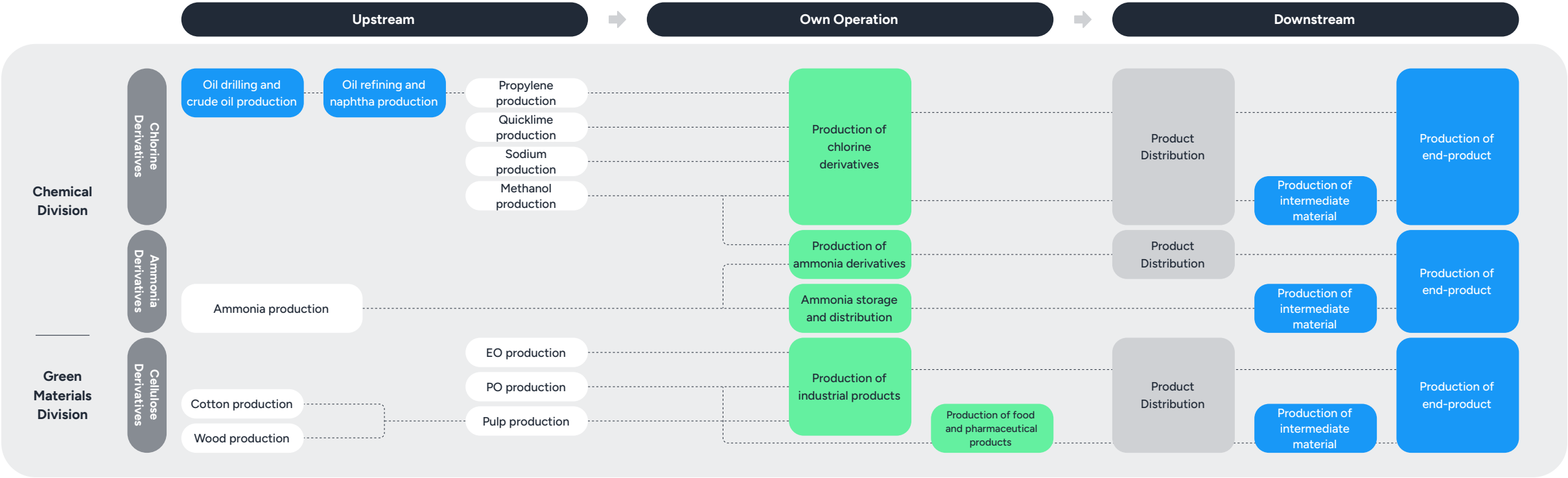
Fine Chemicals

LOTTE Fine Chemical

LOTTE Fine Chemical sells chlorine derivatives, ammonia products, cellulose derivatives, and related solutions. Within the chlorine category, ECH is used as a feedstock resin for waterproof and anticorrosive paints while caustic soda serves as a foundational material for various chemical products including textile, pharmaceuticals, paper, and surfactants. In the ammonia segment, widely-used applications include fertilizers, synthetic fibers, and ABS resins. In fact, LOTTE Fine Chemical currently operates the largest ammonia storage facility in Korea. As for our cellulose derivatives, which are functional additives derived from pulp extracted from wood or cotton, the lineup consists of industrial products such as MECELLOSE® and HECELLOSE®, along with food and pharmaceutical lines AnyCoat® and AnyAddy®. These high-performance products add value and functionality, such as viscosity, water solubility, and water retention, to final applications.

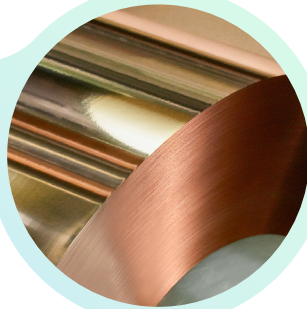


Business Value-Chain (Fine Chemicals)



4

Battery
Materials



Battery Materials

LOTTE Energy Materials,
LOTTE Battery Materials USA Corporation (LBM)

LOTTE Chemical has positioned the battery materials business as a key pillar for mid- to long-term growth, guided by a phased roadmap aligned with evolving market dynamics. Our objective is to achieve KRW 3 trillion in revenue by 2030 by responding flexibly to shifts in industry trends. To this end, we are progressively establishing global production bases for aluminum foil and copper foil, while also building an integrated local supply chain network. In parallel, we are actively exploring joint development projects and strategic partnerships with leading Korean and international technology firms known for their cutting-edge battery material technology to address advanced trends in lithium-ion batteries and its next-generation technologies. We are also involved in technology developments and open innovation with various startups regarding next-generation battery material technologies applied to solid-state batteries to secure a leading position in the global battery materials market.

Lithium Ion Battery Material

Next Generation Battery Material

Hyper Very Low Profile (HVLP)
Copper Foil

Copper foil

LFP cathode active material
Aluminum foil
Electrolyte organic solvents
HDPE/PP for battery separators

Sulfide solid electrolytes
Nickel-applied copper foil
Coated foil

Circuit films for
AI-semiconductors

5

Hydrogen
Energy

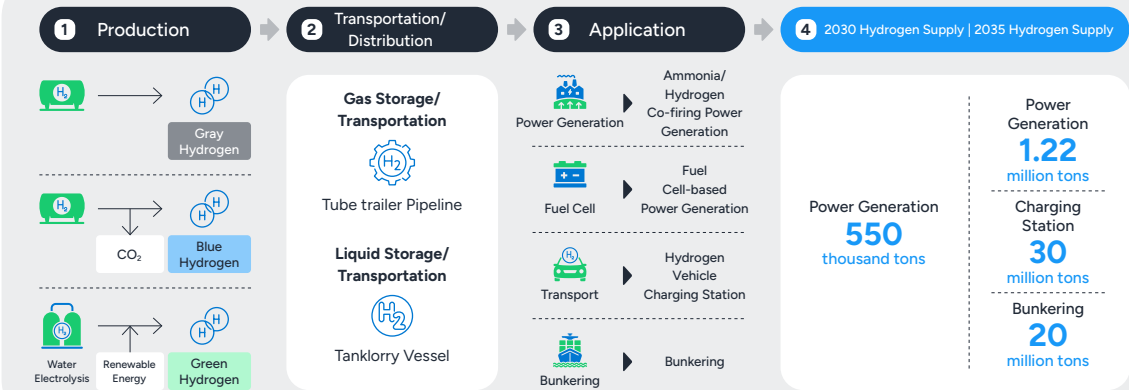


Hydrogen Energy Business

LOTTE SK Eneroot, LOTTE-Air Liquide Energy/Hy,
LOTTE Fine Chemical

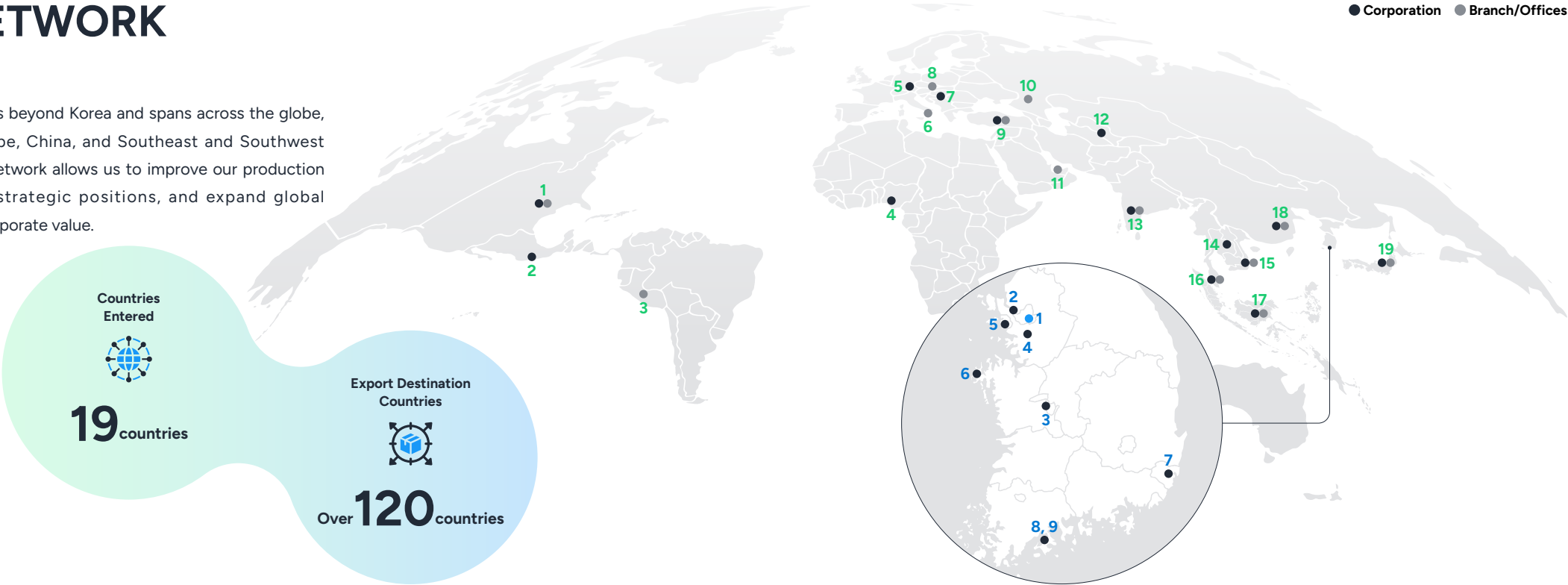
LOTTE Chemical aims to seize business opportunities in responding to ESG trends by laying a foundation for future growth through leadership in the hydrogen market. Hydrogen energy is essential for expanding a carbon-neutral and eco-friendly energy market and a key factor in creating a shift in the energy paradigm. To this end, we plan to supply 550,000 tons of hydrogen by 2030 and 1.27 million tons by 2035 for various applications, while also developing infrastructure across the hydrogen value chain including hydrogen delivery centers and charging stations. Based on cumulative investments of KRW 1 trillion across various projects, our goal is to achieve KRW 3 trillion in revenues by 2030. In the longer-term, we aim to reach KRW 7 trillion in revenue by 2035 through business expansion supported by investments totaling KRW 3 trillion.

Target to Supply 550,000 Tons of Hydrogen by 2030



GLOBAL NETWORK

LOTTE Chemical's network goes beyond Korea and spans across the globe, including the Americas, Europe, China, and Southeast and Southwest Asia. This extensive business network allows us to improve our production efficiency, strengthen our strategic positions, and expand global partnerships to increase our corporate value.



LOTTE Chemical Global Network

(Based on subsidiaries subject to consolidated reporting as of end-2025)

	All Business Sites	Basic Chemicals	Advanced Materials	Battery Materials
Overseas Manufacturing/ Sales Corporations	14	2	11	1
Overseas Sales Corporations	6	2	4	-
Overseas Branch/Offices	22	4	18	-

Domestic

- 1 Seoul Headquarters
- 2 Future Technology Center
- 3 R&D Division
- 4 Uiwang Office
- 5 Incheon Complex
- 6 Daesan Complex
- 7 Ulsan Plant
- 8 Yeosu Plant (Basic Chemicals)
- 9 Yeosu Plant (Advanced Materials)

Overseas

- 1 United States – West Lake, La Palma, San Diego, Detroit, Auburn
- 2 Mexico – Tijuana
- 3 Peru – Lima
- 4 Nigeria – Lagos
- 5 Germany – Frankfurt
- 6 Italy – Milano
- 7 Hungary – Tatabanya
- 8 Slovakia – Bratislava
- 9 Türkiye – Manisa, Istanbul
- 10 Russia – Moscow
- 11 United Arab Emirates – Dubai
- 12 Uzbekistan – Surgil
- 13 India – Mumbai, Chennai, Gurgaon, Haryana
- 14 Thailand – Bangkok
- 15 Vietnam – Hanoi, Ho Chi Minh, Dong Nai, Bac Ninh
- 16 Malaysia – Kuala Lumpur, Johor
- 17 Indonesia – Jakarta, Jawa Barat, Cilegon
- 18 China – Shanghai, Tianjin, Shenzhen, Weihai, Suzhou, Qingdao, Dongguan, Jiaying, Shenyang
- 19 Japan – Tokyo

VISION AND MISSION

Corporate Vision

A Company that Creates a Better World through Chemistry

Founded in 1976, LOTTE Chemical is a leading company in Korea that has secured outstanding competitiveness through continuous business expansion. Based on such growth, we are building a stable business operation and an efficiency business portfolio. In 2022, with the support and interest of our stakeholders, we established our 2030 vision, "Every Step for GREEN" that demonstrates our commitment to lead every step for a greener and better tomorrow.



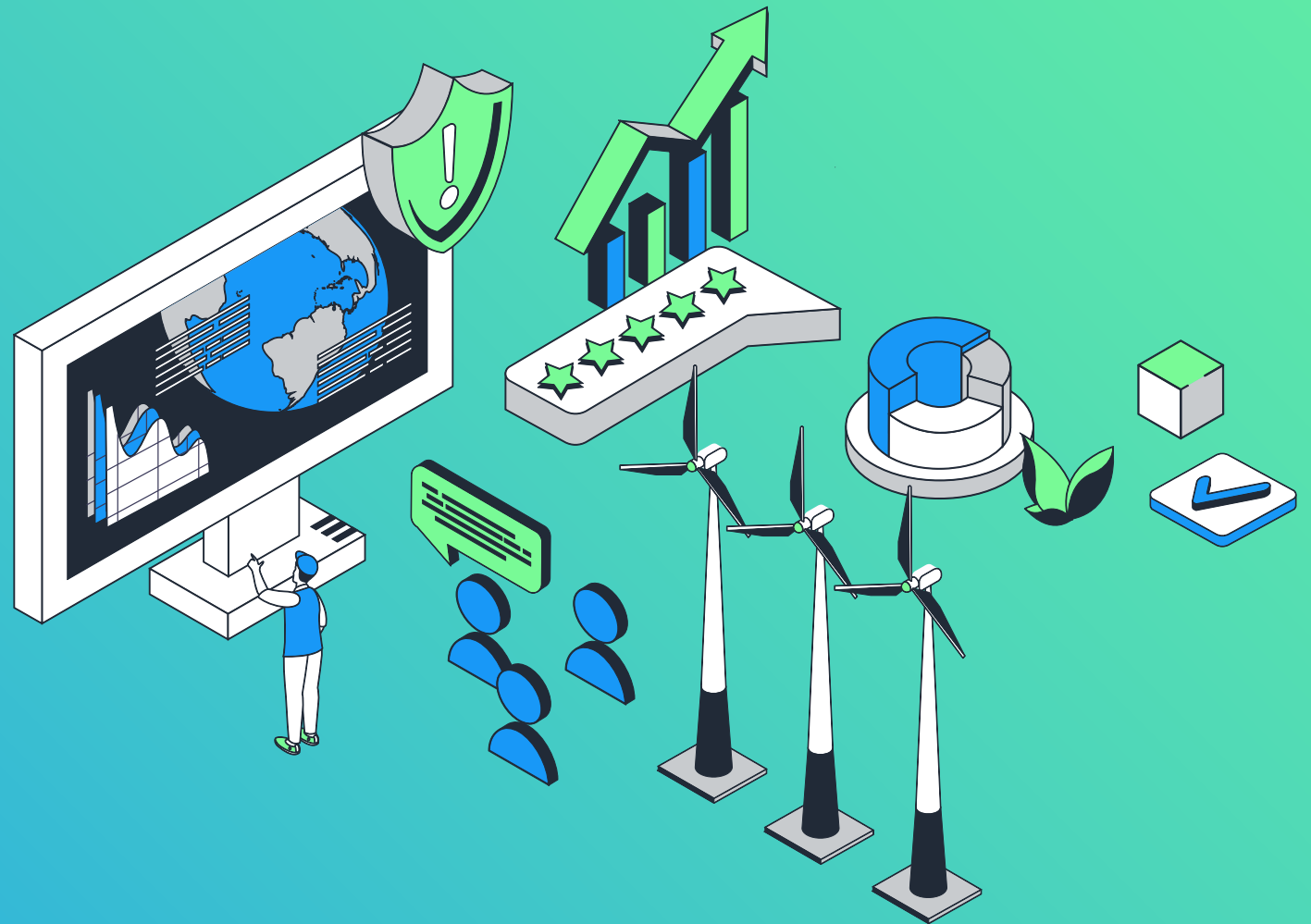
2 OUR APPROACH TO ESG

ESG STRATEGY AND GOVERNANCE SYSTEM

2025 ESG PERFORMANCE SUMMARY

STAKEHOLDER ENGAGEMENT AND COMMUNICATION

DOUBLE MATERIALITY ASSESSMENT



ESG STRATEGY AND GOVERNANCE

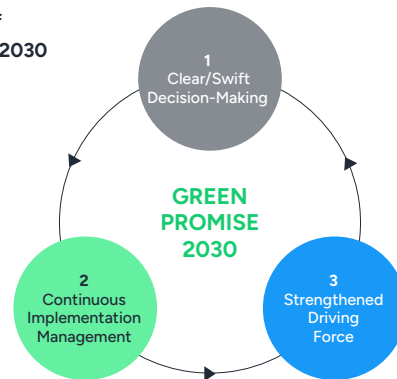
ESG Strategy and Governance System

Our Sustainable Management Strategy “GREEN PROMISE 2030”

LOTTE Chemical's ESG Vision and Strategy

LOTTE Chemical unveiled its ESG strategy, “GREEN PROMISE 2030,” in 2022. Since then, we have strived to achieve future-oriented growth by focusing on carbon neutrality, eco-management, and creating social value rooted in circularity and coexistence. In addition, we are expanding the implementation of “GREEN PROMISE 2030” key ESG strategies to our consolidated companies as part of our ongoing ESG management efforts. Going forward, we will continue to evolve our ESG strategies through transparent communication and close collaboration with all our stakeholders.

Three Elements of GREEN PROMISE 2030



GREEN PROMISE 2030 IMPLEMENTATION SYSTEM

- 1 Establish integrated ESG governance
- 2 Manage systematic strategy roadmap
- 3 Link ESG performance with evaluation and rewards



1 Based on domestic Scope 1&2 emissions

2 Chemical: ▲20% vs. 2018 emissions, Fine Chemicals: ▲14.5% vs. 2018 emissions, LEM: ▲32.7% vs. 2022 emissions

3 Implement Life Cycle Assessment (LCA) framework for all products, transition/reduction of hazardous chemicals in products, etc.

4 Reflecting LOTTE Chemical and LOTTE Fine Chemicals

5 Reduction of environmentally hazardous substances by 2030 (▲50% vs. 2019), recycle water 100% by 2050 (including purchase of recycled water), biodiversity conservation activities, etc.

6 Advance internal management system including carbon and energy management and safety management; implement ESG integrated information management and open system; and apply new IT technologies (linked to AI) to process innovations

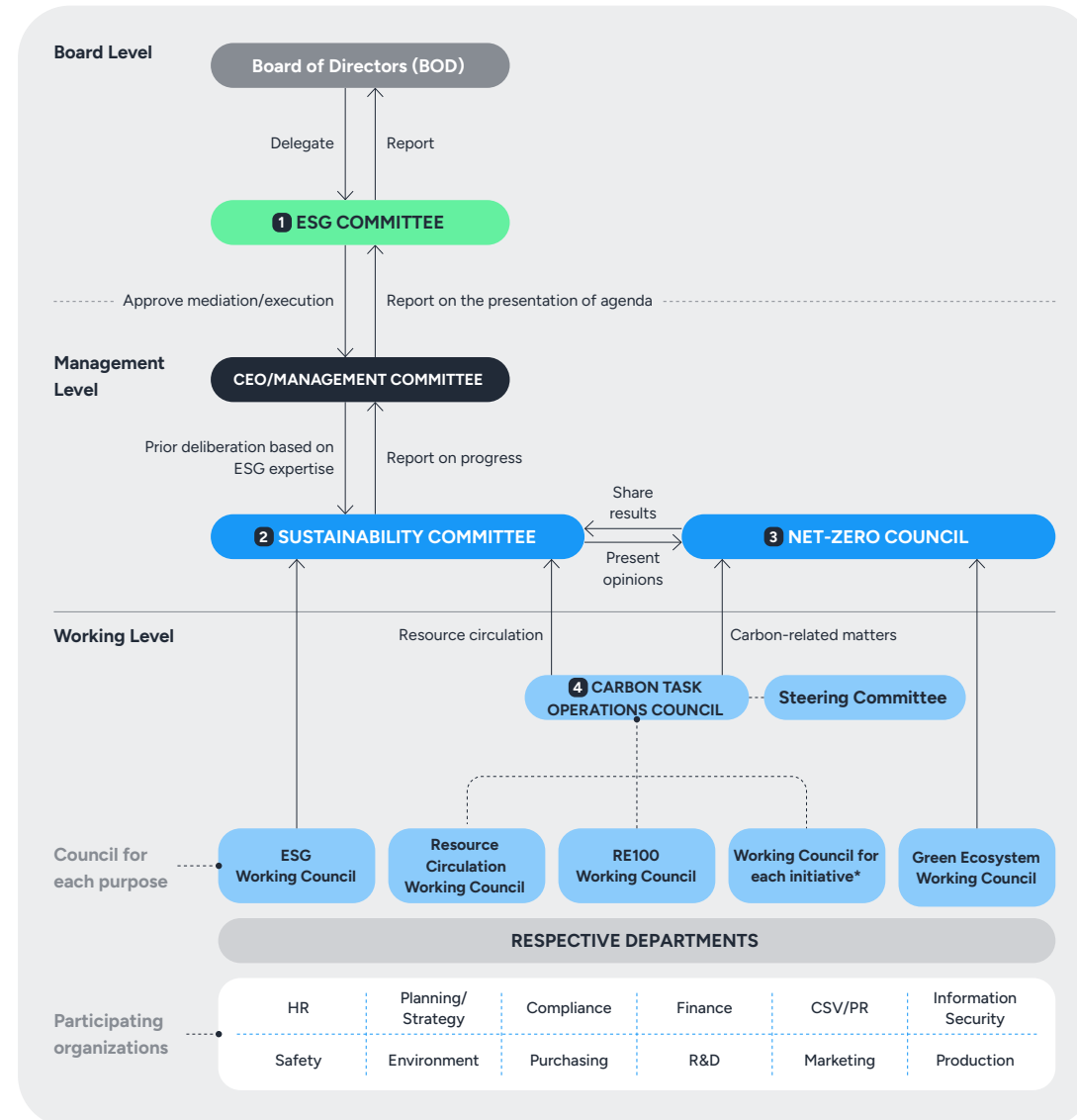
7 Based on 2022~2030 cumulative investments, including LEM acquisition cost and excluding Infracell (based on consolidated statements)

GREEN PROMISE 2030 Implementation System

Integrated ESG Governance

Executing ESG strategies requires clear and prompt decision-making and cross-functional engagement. Therefore, LOTTE Chemical has established an integrated ESG governance framework across all levels, including the Board of Directors (BOD), management, and working-level organizations, to achieve the “Green Promise 2030” goal. Following a BOD resolution in September 2021, we launched the ESG Committee to oversee the direction and performance of our sustainable management. At the management-level, we established the Sustainability Committee and the Net-Zero Council in February 2023 to ensure continuous oversight of strategic tasks and regular monitoring of ESG risk management. In addition, we launched the Carbon Task Operations Council in March 2025, operating working councils beneath it to support high-level committees while facilitating internal open innovation through inter-departmental collaboration and exchanges.

LOTTE Chemical ESG Governance Structure



* Energy/Raw Material, Fuel Transition, CCUS, and R&D Working Councils

1 ESG Committee

- Oversees the direction and performance of sustainability management
- Key agenda: Approval of ESG management strategy, approval of ESG focus area goals and previous year's performance, monitoring critical ESG risks, reviewing materiality assessment, and approval of issuing ESG Report, etc.
- Frequency: At least every quarter
- Secretary/relevant working councils: ESG Management Division/ESG Working Council

2 Sustainability Committee

- Organization led by management to review and oversee key sustainability management matters
- Key agenda: Review of annual ESG strategic initiative plan and implementation performance, regular monitoring of ESG risks, materiality assessment, identification of stakeholder trends and issues
- Frequency: Semi-annual (regular), small-scale occasional meetings by topic
- Secretary/relevant working councils: ESG Management Division's ESG Management Team/Carbon Task Operations Council, ESG Working Council

3 Net-Zero Council

- Manages and oversees carbon neutrality and eco-management targets of the GREEN PROMISE 2030 strategy
- Key agenda: Management of net-zero roadmap, plan and review of annual strategic initiatives for carbon neutrality and creating a green ecosystem, sharing case studies on technology applications, and discussing issues
- Frequency: Semi-annual
- Secretary/relevant working councils: ESG Management Division's Climate, Energy and Environment Team/Carbon Task Operations Council, Green Ecosystem Working Council

4 Carbon Task Operations Council

- Monitors implementation of carbon neutrality initiatives and provides support to address issues
- Key agenda: Reviewing carbon neutrality initiatives and progress of RE100 commitments
- Frequency: Quarterly
- Secretary/relevant working councils: ESG Management Division's Climate, Energy and Environment Team/Resource Circulation, RE100, and individual initiative working councils

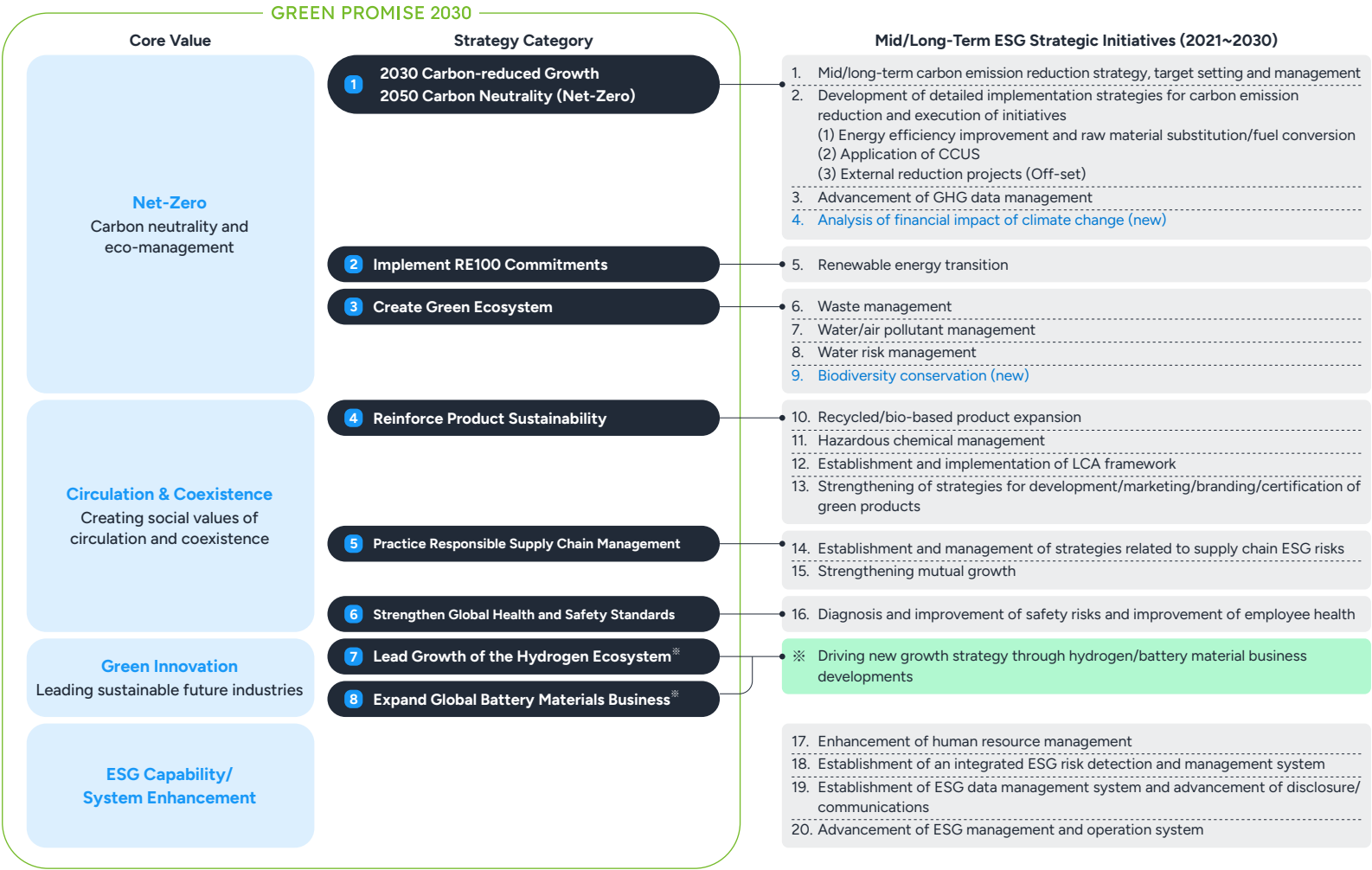
Systematic Management of ESG Strategy Roadmap

LOTTE Chemical operates a systematic roadmap based on 20 strategic initiatives to achieve our ESG strategy, "GREEN PROMISE 2030." In 2026, we refined selected initiatives and introduced new ones to reflect key ESG issues. We also operate a structured annual ESG initiative management process, defining clear roles and responsibilities (R&R) and specific targets for each initiative. Furthermore, we manage our annual plans and performance in close alignment with our integrated ESG governance framework, as well as our evaluation and compensation systems.

Alignment of ESG Performance with Evaluation and Compensation

In 2025, the key performance indicators (KPIs) for LOTTE Chemical's CEO were comprised of 90% financial and strategy related initiatives and 10% ESG-related initiatives. The evaluation covered areas such as the development and implementation of the Net Zero Roadmap, strategies and performance of key ESG indicators, and the reinforcement of information security. Evaluation results were then reflected in the CEO's remuneration. Furthermore, we made it more systemized by aligning the CEO KPIs with those of relevant working-level management and organizational evaluations to ensure ESG goals are managed in an organic manner.

20 Key Strategic Initiatives to Achieve GREEN PROMISE 2030



Annual ESG Planning, Performance Management, and Evaluation Process



2025 ESG PERFORMANCE SUMMARY



2025 ESG PERFORMANCE SUMMARY



STAKEHOLDER ENGAGEMENT AND COMMUNICATION

Stakeholder Engagement and Communication

Stakeholder Classification and Response Activities

LOTTE Chemical defines employees, customers, shareholders, investors, partner companies, government and related agencies, and local communities as its key stakeholders who influence its business activities and corporate social responsibilities. Using ISO 26000 criteria, we classified these stakeholders into three groups- Core Stakeholders, Strategic Stakeholders, and Environmental Stakeholders- based on their legal, financial, and operational responsibilities and influence. We attentively listen to their needs and incorporate them into our business strategies and corporate decision-making while operating various communication channels tailored to each group. With stricter government ESG regulations and growing interest from investors on ESG management, ESG requirements are also being strengthened through mutual influence among stakeholders. We will continue our commitment to fair management practices and enhance transparency by actively communicating with all stakeholders.

Stakeholder Mapping & Grouping



Category	Core	Strategic	Environmental
Definition	Group to whom LOTTE Chemical has legal, financial, and operational responsibilities	Group that influences LOTTE Chemical's performance	Group influenced by LOTTE Chemical's business activities
Features	Essential to the company's survival	Essential to the company in responding to certain issues	Stakeholders other than core and strategic stakeholders
Stakeholder Group	Employees, Customers, and Investors	Partner Companies, Government Bodies, and Local Communities	Media, NPOs, Research Institutes, and Specialists, etc.

Communication Channels by Stakeholder Group

Category	Stakeholder	Issues of Interest	Demands	Communication Channel and Frequency	Response Activity
Internal	Employees	- Promotion of employee health and safety - Work-life balance	- Health and Safety Enhancement - Improved working environments for work-life balance	- Employee Council (quarterly) - Grievance Committee (ongoing) - Organizational Culture TF (ongoing) - HR Presentation (ongoing) - Labor-Management Council (quarterly) - Newsletter (quarterly), Company Culture Newsletter (monthly)	- Supporting work-life balance - Capability-building programs - Employee welfare and benefits - Work environment improvement activity - Health and Safety enhancement activity
	Customers	- Product quality - Stable supply - R&D - Disclosure of ESG management information	- Quality improvement - Assessment of ESG risks in the supply chain - Higher share of recycled raw material - Carbon data and carbon reduction for each product - Use of renewable energy, etc.	- In-person visits (ad-hoc) - Customer invitation program (ongoing) - Customer Complaint Handling Process (ongoing) - Customer ESG survey, evaluation response, ESG management information provision (ongoing)	- Providing customer services (Sales Portal) - Prompt response to product quality and freight claims - Conducting customer satisfaction surveys - Conducting supply chain ESG risk assessments - Developing new products - Offering product LCA information - Introducing renewable energy
	Government and related agencies	- Compliance with environmental/ human rights/ safety legislations - Strengthening ESG-related trade compliance	- Increase in environmental and human rights regulations - Increased regulations in Korea, the US, and other countries	- National Assembly Roundtable (ongoing) - Government hearings (ongoing) - Other (FKI, KBCSD, KCIA, etc.) - Participation in ESG Councils (ongoing)	- Reporting key industry issues - Developing public-private cooperation projects - Reviewing participation in state projects - Identifying global ESG regulations and trends (ongoing)
External	Shareholders and investors	- Economic Performance - Sound governance - ESG washing	- ESG management activities and financial impact disclosure	- General Shareholders' Meeting (at least once a year) - Corporate briefings (at least once a year) - Earnings release (quarterly), disclosures (ongoing) - IR meetings (ongoing) - Posting investment info on website (ongoing) - Response to investor demands for info (ongoing)	- Adopting e-voting systems for shareholder meetings - Disclosure of medium-term shareholder return policies - IR conference, NDRs - Operating BOD subcommittees - CEO IR Day - Korean and English disclosures (management information, ESG Report)
	Partner Companies	- Communication with partner companies - Mutual growth	- Increase in communication channels - Increase in mutual growth programs	- Meetings with partner companies (at least once a year) - In-person visits to partner companies (ongoing) - Hotline channels (ongoing)	- ESG training support for partner companies - Recruitment support - Technical support and protection - Financial, welfare, and productivity enhancement support
	Local Community	CSR activities	- Communication facilitation with local communities	- Alliances (ongoing) - Meetings with local residents (ongoing) - Environmental clean-up/volunteer work (ongoing), CharLOTTE Volunteer Group (ongoing)	- Communicating with local communities - CSR activities

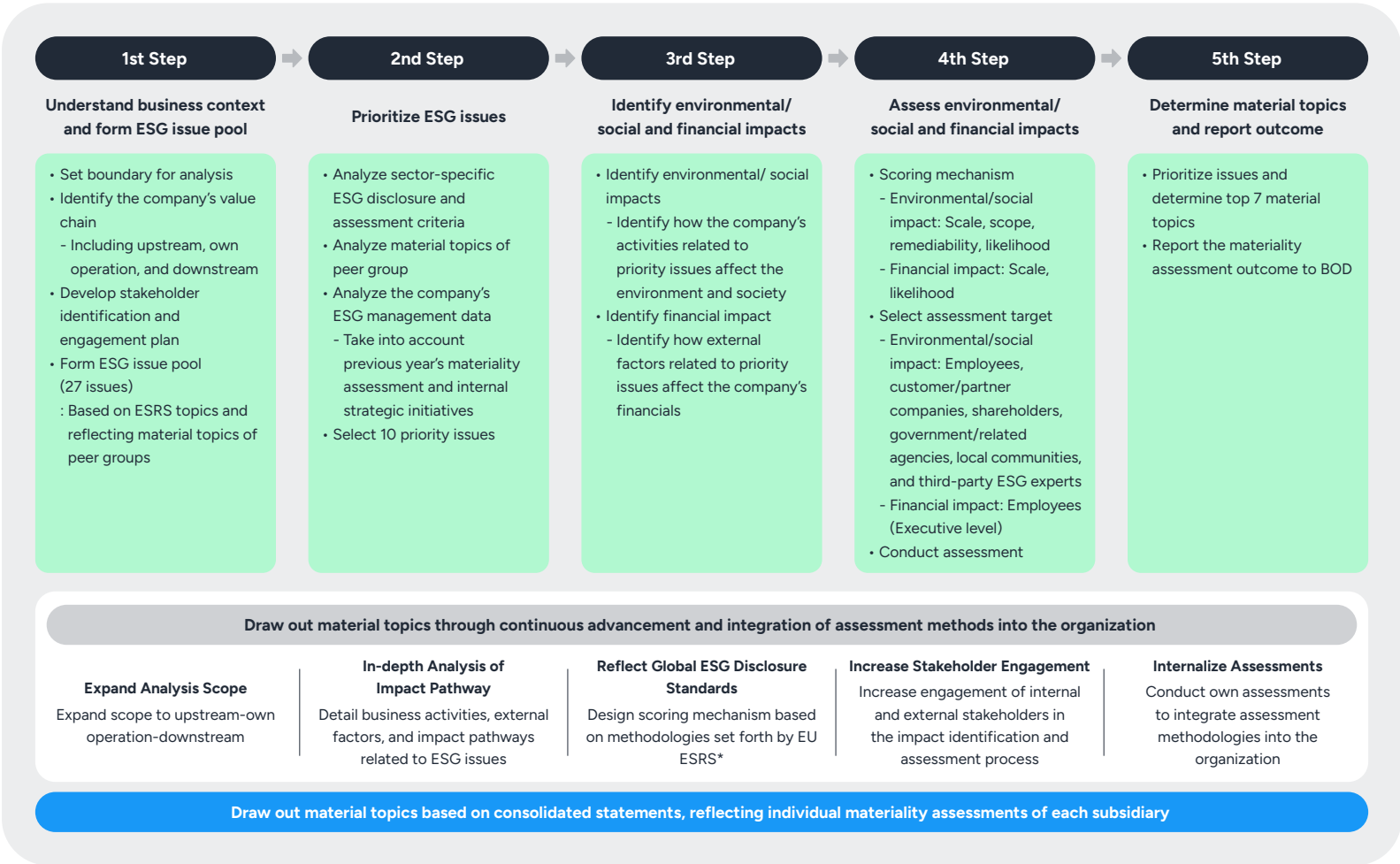
DOUBLE MATERIALITY ASSESSMENT

Double Materiality Assessment

Double Materiality Assessment Result

LOTTE Chemical conducted an in-depth review of the issues derived from its double materiality assessment by reporting them to the Board’s ESG Committee. Following this review, we selected seven material topics based on both their financial and impact materiality. The materiality of each topic was assessed from a financial perspective—based on its impact on profits, costs, risks, and opportunities—and from an environmental and social perspective, based on its impacts across the value chain, while also considering effects on key stakeholder groups. The assessment results indicated that climate change, energy, hazardous chemicals, resource circulation, and product environmental impact were material topics in the environmental area. In particular, although hazardous chemicals continue to be managed under our ESG strategy, this topic was reidentified as material due to the tightening of domestic and international regulations and growing demands to restrict the use of high-risk chemicals. In the social area, supply chain and employee and process safety were identified as material topics, consistent with the previous year. In the governance area, no separate material topics were identified, taking into account their relative importance and level of management compared with the environmental and social areas. Detailed analysis of each material topic is reported in relation to LOTTE Chemical’s key initiatives. In addition, we piloted a consolidated-based materiality assessment that included selected subsidiaries* and resulted in the same seven material topics. Going forward, we plan to gradually expand the scope of our materiality assessment and material topic management to include subsidiaries under our consolidated financial statements.

* LOTTE FINE CHEMICALS, LOTTE ENERGY MATERIALS



* EU ESRS: European Sustainability Reporting Standards

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Category		ESG Issue	Consolidated Material Topic*	Impact Materiality	Degree of Impact	Financial Materiality	Degree of Impact
Priority Topics (10)	Material Topics (7)	Climate Change	●	Climate change caused by GHG emissions generated during fuel and electricity consumption when operating production facilities	●●●●●	Disruptions to plant operations and damage to facilities due to physical risks, such as intense tropical cyclones, floods, and wildfires	●●
				Climate change caused by GHG emissions in the upstream value chain regarding raw material production/procurement, etc.	●●●●●	Undermined productivity due to physical risks, such as rise in average temperatures, etc. Rise in costs for responding to stricter climate change related legislations	●●●●●
		Energy	●	Climate change caused by Scope 2 GHG emissions from using fossil fuel-based energy	●●●●●	Higher costs for sourcing raw material due to carbon regulations and carbon taxes in the supply chain	●●●●●
						Stricter environmental regulations on ecofriendly features of products and higher response costs	●●●●●
		Hazardous Chemicals	●	Destruction of nearby ecosystems and health harms to local communities in case of accidents related to hazardous chemicals generated during the product production process	●●	Increase in investments for eco-friendly/low-carbon technology conversion	●●●●●
						Higher costs to address consumer demands for eco-friendly certified products	●●●●●
		Resource Circulation	●	Reduction of GHG emissions and mitigation of climate change caused with the disposal of single-use plastics by expanding the recycled product business	●●●	Revenue growth from introducing and expanding the renewable energy brokerage business (PPA and REC sales)	●●●●●
	General Topics (3)	Product Lifecycle Management	●	Reduction of microplastics and biodiversity loss resulting from the production and disposal of single-use plastics when expanding the recycled products business	●●●	Higher costs for sourcing energy in line with accelerated energy transition and instability in the global supply chain	●●●●●
		Employee and Process Safety	●	Climate change caused by GHG emissions along the product lifecycle from sourcing raw material to manufacturing, distribution, use, and disposal of products	●●●●●	Reduction in operating expenses by converting to more energy efficient processes	●●●●●
		Supply Chain	●	Physical injuries of employees/partner company workers or social losses incurred in the case of industrial accidents due to poor health and safety management	●●●	Legal expenses in case of hazardous chemical leak incidents as a result of stringent domestic/overseas regulations on hazardous chemicals and rise in capital expenditures for safety facilities in line with stricter management of chemical substances	●●●●●
		Pollutants (air/water/soil) and Waste		Supply disruptions, legal liability for contractors, and social consequences when legal or ethical issues involving suppliers arise due to poor ESG risk management in the supply chain	●●	Drop in revenue and capital inflow due to decline in product sales when failing to respond to external stakeholder (client, rating agency, etc.) demands on not using high-risk chemicals and transition to alternative material	●●●●●
		Water		Pollution in nearby ecosystems and health harms to local communities when pollutant concentration levels in the product production process exceed guidelines	●●	Growth of the resource circulation market and resulting increase in revenues of the recycled plastics business in connection to the rise in demands of external stakeholders (shareholders/investors/ customers, etc.) for reduction in the amount of waste plastic generated	●●●●●
		Ethics Management/ Compliance		Health harms to local communities caused by GHG emissions and pollutants released in waste landfilling/incineration due to insufficient waste recycling practices	●	Rise in revenue driven by growing demand from external stakeholders (investor/customers, etc.) for low-carbon products	●●●●●
				Increased water stress and domestic water shortages in communities near business sites in case of lack of water sources due to water used in business operations	●	With stricter health and safety legislations, legal expenses (penalties and fines, etc.) and non-operating expenses (damage compensation costs, etc.) caused by setbacks in business operations in case of safety accidents at business sites of the company or within its supply chain	●●●●●
Other Topics (17)				Disturbances to the sound order of transactions across society caused by unethical/corruptive behavior such as unfair trade, embezzlement, and breach of trust	●●	Setbacks in business operations and rise in costs due to legal sanctions in case of poor management of ESG risks in the supply chain	●●●●●
						Higher management and investment costs as pollution and waste management systems advance in response to stricter legislations and administrative actions on pollution and waste management	●●●●●
						Decline in revenue due to business operation disruptions caused by global rainfall variability and increased water scarcity that lead to failing to secure a stable water supply	●●●●●
						Drop in revenue resulting from business operation disruptions caused by sanctions in the case of violations of ESG-related laws and regulations	●●●●●
						Drop in revenues and capital inflow due to damaged company reputation and customer churn in the event of unethical/corruptive practices such as unfair trade, embezzlement, and breach of trust	●●●●●

* Material topics selected from the materiality assessment on a consolidated basis that includes LOTTE Chemical and some subsidiaries (LOTTE Fine Chemicals, LOTTE Energy Materials)

Material Topic Management Initiatives and Performance

LOTTE Chemical specifically identifies and analyzes risks and opportunities by actively engaging with stakeholders on its seven material topics. Based on this analysis, we define management goals and systematically align them with Key Performance Indicators (KPIs).

Material Topic	Risk and Opportunity Management Measure	Strategic Initiative	KPI	2025 Performance	2026 Target	2030 Target	Page
Climate Change	Collection and disclosure of GHG emissions to respond to climate change, analysis of climate risks, 2030 carbon-reduced growth, development of 2050 net-zero targets and roadmap, and implementation management (GHG mitigation initiatives)	Net-Zero Roadmap Implementation	Execution of GHG mitigation and other carbon-related initiatives	5.37 million tons/year (▲14.2% vs. 2018 1e)	5.77 million/tons* (▲7.8% vs. 2018)	20% reduction (5.01 million tons) vs. 2018 emissions (6.26 million tons)	p.52~54
Energy	Collection and disclosure of energy usage data, improvement in energy efficiency, joining RE100 and setting targets to increase renewable energy consumption, monitoring progress	Increased Adoption of Renewable Energy	Increased adoption of renewable energy	Signed adoption contract (solar energy)	Continued adoption contracts (solar energy) and collaboration with Group affiliates for renewable energy supply	Implementation of RE100 commitments (60% renewable energy adoption by 2030, 100% by 2050)	p.43
Hazardous Chemicals	Comprehensive management activities, including compliance with domestic and international hazardous chemical regulations, such as EU REACH and Korea's Act on Registration and Evaluation of Chemical Substances (K-REACH), monitoring the usage volume of hazardous chemicals, implementing reduction and disposal measures, and conducting inspections of facilities handling these substances	High-risk Chemicals Transition Planning and Implementation	Review of high-risk chemical transitions	Transition of 15 high-risk chemicals	Transition of 6 high-risk chemicals	Development and implementation of high-risk chemical transition plans	p.90
Resource Circulation	Development of resource circulation system to reduce waste plastic and expansion of recycled plastic business (mechanical and chemical recycling, pyrolysis)	Recycling Business Target Development and Implementation	Achievement of recycled products target sales rate	81,000 tons/year	116,000 tons/year	Sales of 206,000 tons of recycled plastic in 2030	p.32~33
Product Lifecycle Management	Product lifecycle assessment considering the internal supply chain and internal/external utilization measures, and measurement of product impact on the environment and resource and energy consumption, etc.	Eco-friendly Product Development/Marketing/Branding/Certifications	Implementation of LCA framework and increased green certifications	LCA internalization and management system improvements (Basic Chemicals), LCA assessment framework advancement and ISCC Plus certification management standardization (Advanced Materials)	LCA advancement (Basic Chemicals), LCA automation (Advanced Materials)	Strengthened eco-friendly product developments/marketing/branding/certification strategy	p.34
Employee and Process Safety	Development of a health and safety management system and overall activities related to creating a safe working environment and organizational culture by preventing industrial accidents through the discovery and management of hazardous and harmful factors at business sites	Risk Assessment to Strengthen a Preventive Management System	Risk assessment implementation rate	100.7%	100%	Strengthened Global Health and Safety (Target LTIR ≤ 0.060)	p.61
Supply Chain	Setup of a supply chain ESG risk management framework and evaluation management methods	Supply Chain ESG Risk Management	Supply chain ESG risk management	Completion of partner company self-assessments and third-party due diligence of high-risk groups; development and implementation of corrective action plans	Subsidiary self-assessments, partner company self-assessments, and third-party due diligence for high-risk groups	Driving risk improvement through ESG risk assessment and due diligence at all partner companies	p.81~85

* Reason for higher target compared with 2025 performance: Reflecting changes in emission factors under the 4th planning period and increased utilization rates, etc.

3 ESG PERFORMANCE

ENVIRONMENTAL

SOCIAL

GOVERNANCE



ENVIRONMENTAL

LOTTE Chemical continues to carry out eco-friendly management for the future of our planet. We are striving to build sound and sustainable management through various programs, such as curbing carbon emissions to strengthen our business fundamentals and implementing a resource circulation system along with citizens. We are dedicated to creating harmony with nature and ensuring a clean and healthy Earth for future generations. We believe that the actions we take today will make a positive difference for tomorrow.



ECO-FRIENDLY
MANAGEMENT



MANAGEMENT FOR
RESOURCE CIRCULATION



IFRS S2 DISCLOSURES



BIODIVERSITY



CREATION OF
GREEN ECOSYSTEM

ECO-FRIENDLY MANAGEMENT

Eco-friendly Management

Governance

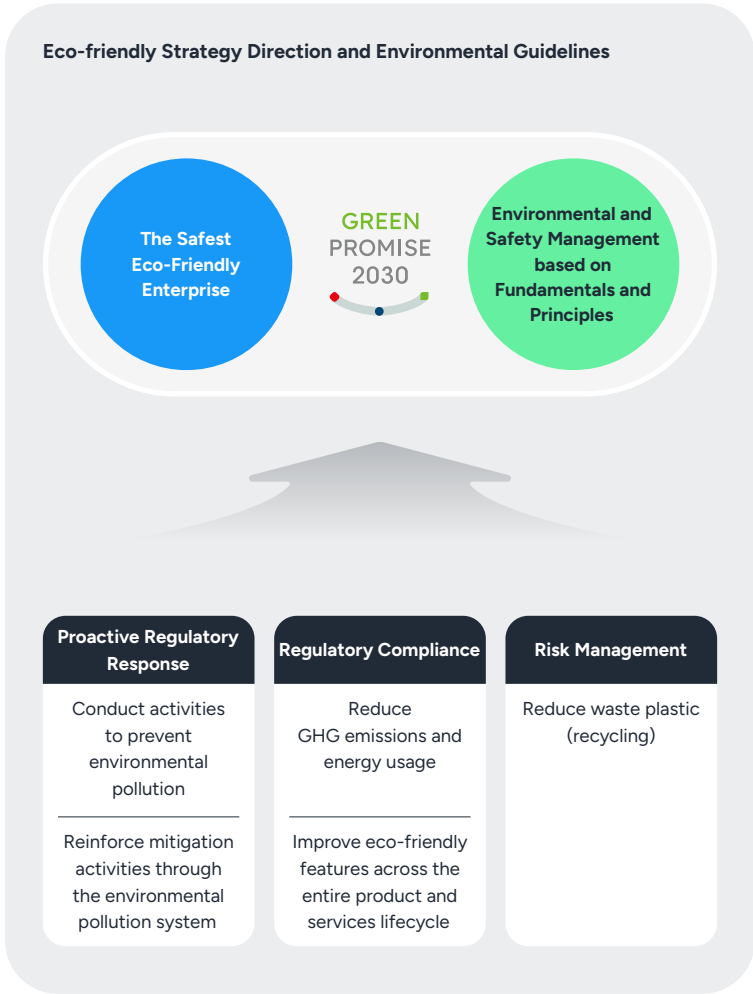
Governance for Eco-friendly Management

LOTTE Chemical integrates its governance for eco-friendly management and ESG management, and also operates different working councils for specialized management of key environmental issues, such as responding to climate change, creating a green ecosystem, adopting renewable energy, and expanding resource circulation (recycling). The ESG Committee under the Board of Directors makes decisions on major ESG strategies and targets and performance management, including environmental issues, and regularly reports the results to the Board of Directors. In addition, the Sustainability Committee, composed of the company's executives, addresses monitoring ESG management initiatives and environmental management and stakeholder risks as its key agenda. In particular, a separate Net-Zero Council was launched consisting of members with relevant expertise to promote efforts on carbon neutrality and creating a green ecosystem. The Council meets quarterly to oversee target management and discuss issues, serving as a window for environmental management by sharing know-how among business sites to strengthen capabilities and encourage prompt decision-making among executives.

Strategy

Environmental Management Strategy and Guidelines

We manage the performance of our environmental management efforts not only based on compliance with legal requirements and regulations, but also



by devising an eco-friendly strategy in line with “Every Step for GREEN” to achieve carbon-reduced growth (20%) by 2030 and Net-Zero by 2050. We are managing the performance of our environmental management by setting targets to reduce environmentally hazardous substances by 50% by 2030 compared to 2019 levels to create a green ecosystem at all our business sites while carrying out sales of recycled plastic through a resource circulation system. Moreover, we are aiming to make a transition to 60% renewable energy by 2030 and 100% by 2050 after joining RE100 in 2023.

Operation of Environmental Management System (ISO14001)

LOTTE Chemical conducts rigorous monitoring to support various government-led inspections to ensure compliance with environmental regulations and prevent violations. Accordingly, all business sites carry out environmental impact assessments and compliance evaluations regularly in line with ISO 14001 requirements and report the results. The Climate, Energy, and Environment Team at our headquarters works along with external environmental specialists and our own monitoring group to regularly diagnose environmental compliance and support strict management of our business site environments. The environment teams at each individual business site are also doing their utmost to enhance compliance with environmental regulations. In this process, we not only prepare against potential risks, but also contribute to internally and externally promoting a culture of environmental awareness through system improvements. LOTTE Chemical's PDCA* for the environmental impact assessment can be verified through the third-party assurance and ISO 14001 certification.

* PDCA (Plan-Do-Check-Action): An interactive process by organizations to achieve continuous improvement by planning, doing, checking, acting and then planning improved goals again

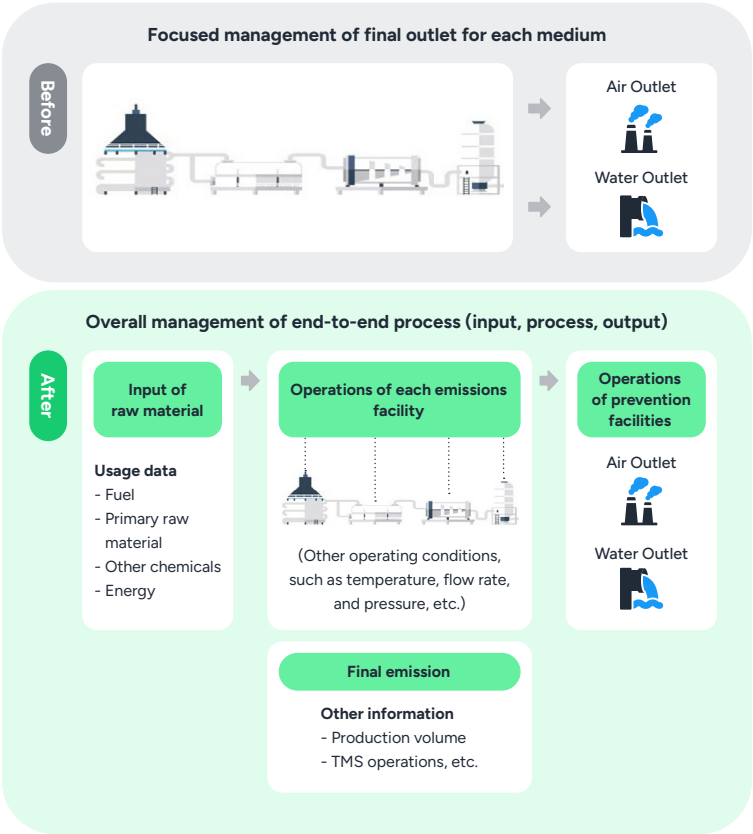
Advancement of the Environmental Management System

LOTTE Chemical implemented the Environment Management System (EMS) in 2024 to respond to global ESG disclosure requirements by unifying various environment related data. By adopting this approach, we ensure compliance with the mandate to maintain records as outlined in the Act on the Integrated Control of Pollutant-Discharging Facilities while managing the full lifecycle of operations at business sites spanning input, process, and output. Through this system, basic data such as release of environmentally hazardous substances and fuel/raw material/energy usage, as well as information on facility operations can be secured. Based on this information, we review the internal and external environment and utilize it to make key decisions such as on environmental investments. In addition, further system enhancements in 2025 enabled automatic integration with the government’s Allbaro system as we continue to strengthen our systematic environmental management.

Effect of Environmental Management System Implementation

Category	Expected Effect
Improved work convenience	Enhanced efficiency in preparing and managing record preservation documents through an automated system
Reduced compliance risks	Reduced risks such as human errors/mistakes in history management with a prior verification system
Advanced management of integrated permits	Easy to respond to government inspections with collective management of massive data regarding permits
Unified company-wide environmental management	System-based unified environment management across the company

Response to New Environment Management System



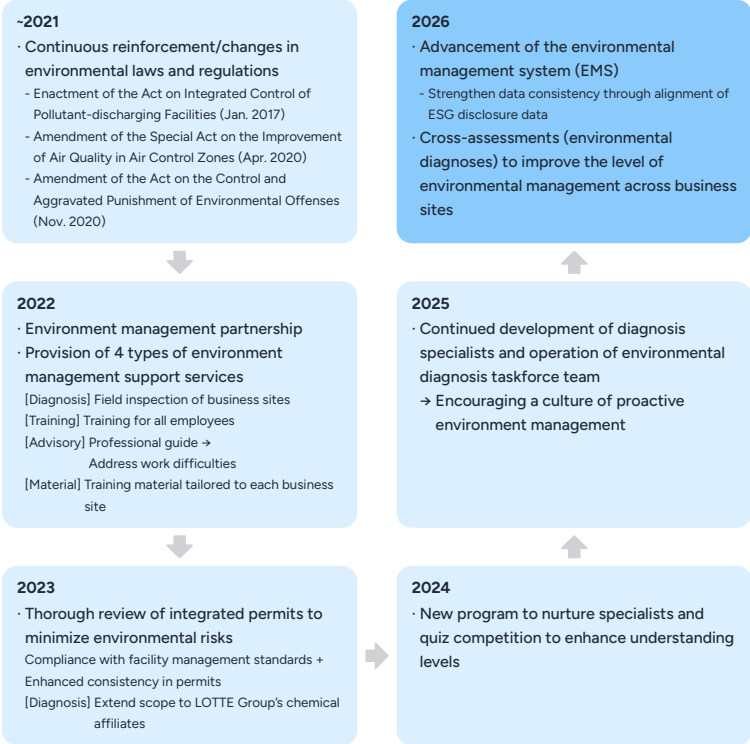
* Current target sites: LOTTE Chemical [Basic Chemicals] Yeosu, [Advanced Materials] Yeosu, Daesan, Ulsan

Environment Management System

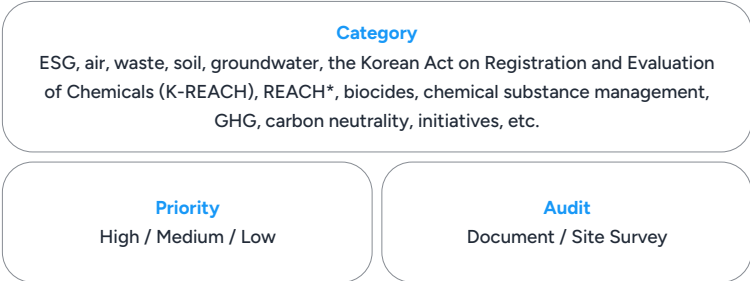
Acknowledging the need to enhance employee understanding of environmental laws and regulations, we have been partnering with a professional environmental consulting firm since 2022. Through this partnership, we provide four types of environment management support services (training, diagnosis, training material, advisory), along with timely policies based on identified annual focuses and specialized items. When pursuing mergers and acquisitions, LOTTE Chemical assesses potential environmental, health, and safety (EHS) risks. In addition, from the early stages of reviewing new investment projects, we identify and manage material environmental issues and applicable regulatory requirements.



Environmental Management Roadmap



M&A Due Diligence Questions



* REACH: Registration, Evaluation, Authorization and Restriction of Chemicals

Risk Management

Environmental Risk Management

LOTTE Chemical regularly monitors the enactment and amendments of environmental laws and regulations, as well as relevant social issues, to understand the impact on our business and proactively address potential risks. Through internal inspections and external environmental diagnoses, we check our environmental management status each year. Through this approach, we operate a practical environment management system that includes risk management and a string of procedures for making improvements to the identified risks.

Environmental Performance Evaluation

LOTTE Chemical selects various metrics to evaluate the environmental performance of the organization and operates a compensation system based on the evaluation. This way, we encourage voluntary motivation from our employees for them to come together to work towards protecting the environment.

Compensation System

Target KPI Management by Business Site		Department KPI Evaluation	
Evaluation Criteria	Pollutant reduction targets and sum of actual reduction performance	Evaluation Criteria	Comprehensive evaluation of environmental activities (proactiveness/performance, etc.)
Evaluator	HQ Climate, Energy and Environment Team	Evaluator	Business Site Environment Team
Evaluatee	Production Plants*	Evaluatee	Production/Support Departments
Compensation Cycle	Once a year	Compensation Cycle	Once a year

* Production plants: Basic Materials (Yeosu/Daesan/Ulsan), Advanced Materials (Yeosu)

Metrics and Targets

ESG Fund Performance and Plan

1 ESG Fund Formation

LOTTE Chemical formed and has been operating a KRW 22 billion (adjusted 2025 commitment amount) ESG Fund since September 2021 to achieve its GREEN PROMISE 2030 vision. The purpose of the ESG Fund is to secure core carbon neutrality technologies related to hydrogen, CCUS (Carbon Capture, Utilization and Storage), transition of waste plastic into raw material, and energy efficiency ahead of others. We were the first chemical company in Korea to create a dedicated fund for meeting carbon neutral targets and are looking forward to its role in improving our corporate image, as well.

2 ESG Fund Investment Cases

Around KRW 14 billion worth of investments have been made until now from the ESG Fund to seven promising companies. The invested companies have either direct or indirect collaborative ties with LOTTE Chemical. Airrane, a company with gas separation membrane technology, installed carbon capture facilities and carried out a pilot project at LOTTE Chemical Yeosu Complex. Also, Eco Marine, an inhouse venture spin-off, is building eco-friendly ships using LOTTE Chemical's HDPE products.

3 Overview of ESG Fund Investments

LOTTE Chemical has been executing investments each year through its ESG Fund. We will continue to use our ESG Funds to secure new technologies related to carbon neutrality and take the lead in ESG activities.

External Cooperation for Research and Development

In August 2022, LOTTE Chemical launched the LINK (LOTTE Innovation Network) project to secure core technologies and facilitate early commercialization in order to achieve “GREEN PROMISE 2030.” The LINK project was planned as an open innovation initiative based on cooperation with universities (U-LINK), research institutes (R-LINK), companies (C-LINK), and advisory groups (A-LINK) to proactively secure future technologies and drive technological expansion through cross-industry collaboration with non-adjacent sectors.

As of 2025, we have successfully completed a total of seven research projects under this initiative. Currently, we are advancing our operations to focus on individual projects to achieve tangible commercialization outcomes from the developed technologies. In addition, we have expanded our collaboration beyond carbon neutrality and hydrogen to include the sustainable materials sector. We are developing PFAS*-free, polyolefin-based eco-friendly apparel materials to reduce the use of hazardous industrial substances while also collaborating with a wire and cable company to develop and certify recyclable, eco-friendly wire materials for easier recycling. In addition, we plan to expand the use of eco-friendly materials through joint development with our clients, contributing to carbon reduction across the entire product lifecycle. LOTTE Chemical will continue to strengthen sustainable innovation and cross-industry collaboration to build future competitiveness based on ESG values.

* PFAS: Per-and Polyfluoroalkyl Substances

Eco-Friendly Research and Development

Guided by our “Every Step for GREEN” corporate vision and “GREEN PROMISE 2030” ESG strategy, LOTTE Chemical is advancing eco-friendly R&D focused on resource circulation, GHG emission reduction, and the transition to clean energy to contribute to a more sustainable future. To realize a sustainable plastics industry, we are actively expanding our recycling business by expanding mechanical recycling of materials used in electronics,

automotive, and home appliances while developing chemical recycling and pyrolysis technologies over the mid- to long-term through marine plastic waste collection. Furthermore, we are developing and validating carbon capture technologies to achieve our goal of reaching Net-Zero by 2050. We aim to enhance resource circulation by researching high-purity separation technologies that upcycle by-product gases, such as CO₂ and H₂ generated during petrochemical processes, into high-value-added applications.

Lastly, we are developing clean hydrogen production technologies to support the global transition to clean energy. We aim to secure core technologies for importing overseas clean ammonia into Korea by developing ammonia pyrolysis catalysts and electrolysis technologies. In addition, through collaboration with leading domestic industry and academic partners on the development of SOEC* technology, we are focusing on securing a leading position in next-generation hydrogen production.

* Solid oxide Electrolysis Cell



Environmental Training

In addition to statutory mandatory training, LOTTE Chemical operates an environmental training program that reflects the needs of different functions, staff levels, and responsibilities to offer all of our employees the opportunity to grow as an environmental specialist. Our training covers the enactment and amendments of key environmental laws and regulations and shares inappropriate practices of other companies. In addition, we are continuously expanding both online and offline training to meet the needs of our employees and raise environmental awareness.

Company-wide Environmental Training

Category	Training Topic	Participants	2025 Performance
Recent Environmental Trends	- Environmental awareness through training on trends in environmental legislations - Share recent diagnosis cases	Business site executives and managers	3 sessions
Environmental Cautions during Site Facility Operations	- Case studies on inappropriate facility management and site management best practices - Share recent diagnosis cases	Business site engineers	4 sessions
Fostering Assessment Specialist	- Effective site environmental assessments - How to prepare diagnosis/assessment reports	Chemical and Chemical Business Environment Team	1 session
Environment Quiz Competition	- Environmental compliance requirements and site management best practices	All employees	3 sessions
Environmental Seminar for Partner Companies	- Environmental legislative trends and case studies - K-REACH - Understanding and utilizing LCA - Supply chain ESG support program	Partner company employees (53 companies)	1 sessions

CREATION OF GREEN ECOSYSTEM

Creation of Green Ecosystem

Strategy

Air Pollutant Management

LOTTE Chemical assigns numbers to the vents of each facility to manage the release of air pollutants. We apply stricter standards than legal requirements to manage the concentration level of pollutants and have built internal guidelines to ensure higher standards are met than what is demanded by law when making investments in environmental facilities to lower the release of pollutants (lower than 80% of regulatory limits). We have also implemented a leak detection and repair (LDAR) system across all plants to strengthen the monitoring and maintenance of air pollutants, further reinforcing our efforts to reduce emissions. In addition, we are taking part in a wide range of activities to achieve the common goal of improving the nation’s air quality through agreements (Voluntary Agreement on Emission Caps for Air Pollution Control etc.) and MOUs (participation in government research initiatives etc.) with government agencies.

In relation to the Green Ecosystem, we set internal targets to reduce air pollutants to 50% of our 2019 levels by 2030 and achieved this goal ahead of schedule through ongoing mitigation efforts and investments.

Water Resource Management

1 Water Use and Recycling

LOTTE Chemical responds to global water resource issues by building an efficient water resource management system to reduce wastewater discharge and water inflow. To this end, we have implemented a system for retrieving coolants that can be reused with relatively little treatment to be recycled for cooling systems. Moreover, we are reusing gathered rainwater and cooling tower discharge as fire extinguishing water for the company as part of our efforts to do our utmost in managing water resources.

2 Community Partnerships

LOTTE Chemical has been actively cooperating in a 2021–2027 project to replace aging pipelines to ensure the stable supply of industrial water within the Yeosu National Industrial Complex. In addition, we plan to continue working closely with local communities to address water-related challenges, including water shortages.

3 Consistent Water Resource Management Policies

Through the following processes, LOTTE Chemical is working to ensure that direct and indirect activities which affect water resources management policies are in line with our policies and commitments. We work closely with policymakers to analyze how water related policies impact society and business operations and help shape appropriate policies. At LOTTE Chemical, the ESG Management Division reports directly to the CEO to strengthen our compliance with water resource management policies and we operate our organization and councils to make sure our policy

engagement goals are in line with the overall water strategies defined by the CEO, Board of Directors, and ESG Committee.

Policy engagement goals are designed with consideration of the company-wide organization including each business unit to highlight its corporate significance. When discrepancies are found, internal processes and policies are reviewed and revised to confirm alignment with our water commitment with such changes being reviewed and approved by the Board of Directors.

Water Pollutant Management

LOTTE Chemical manages natural rainwater and wastewater generated from plant production activities through separate systems. We directly discharge uncontaminated rainwater, but this process is monitored by installing pH sensors and oil detectors on rainwater drains with an emergency shutdown system to prevent water pollutants from leaking when unexpected situations anomalies are detected. As for wastewater from our plant processes, bumps and dikes are set up on concrete pavements to block water pollutants from spilling outside or into groundwater. Wastewater gathered here is treated through our own wastewater treatment plant, and internal standards that are stricter than legal requirements are applied for when treated water is discharged (lower than 80% of regulatory limits). Our Yeosu and Ulsan Complexes send wastewater to final wastewater treatment facilities only after they qualify for discharge conditions. Moreover, our system prevents environmental accidents caused by wastewater by immediately blocking discharge when there is possibility of water pollutant concentrations exceeding permitted levels and retrieving it to be retreated.

Noise and Odor Management

LOTTE Chemical installs soundproof covers over relatively loud equipment to prevent and manage noise and set up soundproof fences along the outline of our business sites. We also survey nearby communities and measure noise levels annually at points where noise impact is expected to be the greatest to minimize consequences on areas near our business sites. To reduce odors, we operate stationary odor meters at production plants for real-time monitoring and also use handheld meters to measure odor levels at worksites. When odors are expected such as during regular maintenance periods, we plan ahead and prepare deodorizers and handle waste promptly to minimize odor emissions.

Waste Management

1 Current Waste Management

LOTTE Chemical has strict management practices for waste generated from its business, tracking and analyzing the entire process of waste from its source to disposal, and conducting regular inspections on waste treatment companies to check if waste treatment is being carried out appropriately. In addition, we continue to develop recycling partners to convert waste that goes to incinerators and landfills to be recycled to promote green management.

Through the ‘Allbaro System,’ we manage and report the waste discharge process and waste volume to the Korea Environment Corporation. Meanwhile, we are also striving to increase resource circulation rates by closely managing whether waste from the company is being recycled through the ‘Resource Circulation Information System.’ With regard to the Green Ecosystem, we have set internal standards and targets to reduce waste sent to incinerators and landfills to 50% of 2019 levels by 2030.

2 Recognition of Waste as a Circulated Resource

LOTTE Chemical actively participates in the Ministry of Environment’s Circular Resource Recognition Program* to promote the circular economy through our key business sites (Yeosu, Daesan, Ulsan). We have achieved our goal of having at least one circulated resource recognized at each of our business sites with five cases certified in 2023 and three in 2024. Upon being recognized, we continue to review various measures for utilizing recycled material to build a resource circulation system.

In addition, beginning in 2026, we plan to actively pursue Zero Waste to Landfill (ZWTL) verification for the Ulsan Complex.

* Circular Resource Recognition Program: A program where waste materials that have reuse value and are non-hazardous to human health and the environment are recognized as circular resources and exempt from regulation under the Waste Control Act, no longer classified as waste. They may be generated, transported, stored, used, and sold without restrictions

* (List of items subject to circular resources (8 types): PE Scrap, PP Scarp-1, PP Scarp-2, PC Scrap-1, PC Scrap-2, PET Scrap-1, PET Scrap-2, sludge)

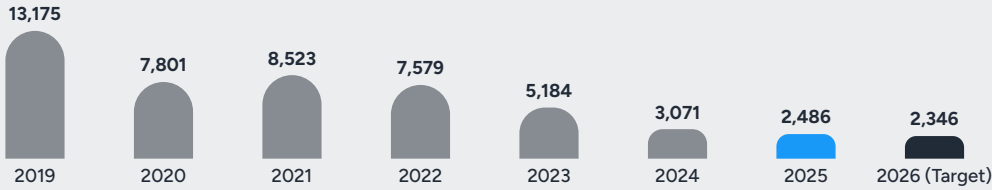
Category	2019	2025			Cause of Increase/Decrease	2026	2030
		Annual Target	Performance	Achievement Rate		Annual Target	Target
Air (Unit: Tons)	13,175	3,117	2,486	125%	• Investment in pollutant reduction facilities - Continuous investments in Ultra-Low-Nox burners to reduce NOx emissions	2,346	6,588
Waste (Unit: Tons)	23,349	12,215	9,556	128%	• Continuous waste recycling efforts - Continuous development of measures to convert incinerated and landfill waste into recyclable materials	9,679	11,675
Water Quality (Unit: Tons)	1,072	882	831	106%	• Water pollutant and wastewater reduction - Management of monthly generated volume, etc.	833	536
Wastewater (Unit: 1,000 Tons)	14,300	11,118	10,551	105%	• Review expansion of wastewater recycling applications - Identification of additional applications for low-concentration wastewater	10,066	7,150

* Achievement rate (%) = Annual target/performance*100

** Air pollutant and waste targets and performance include data from LOTTE Engineering Plastic's Yeosu Complex

Air Pollutant Emissions

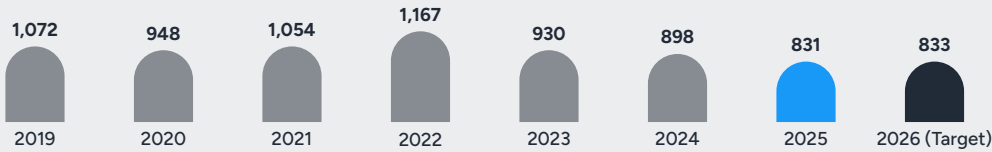
(Unit: Tons)



Mid/Long-term Target
6,588tons

Water Pollutant Discharge

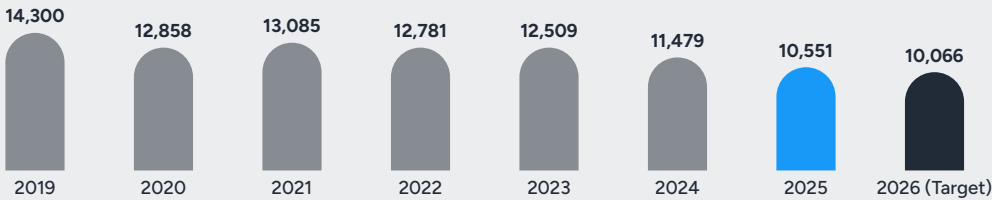
(Unit: Tons)



Mid/Long-term Target
536tons

Wastewater Volume

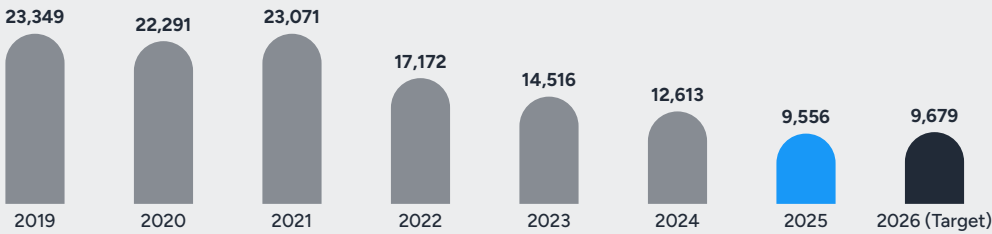
(Unit: 1,000 Tons)



Mid/Long-term Target
7,150tons

Waste Volume

(Unit: Tons)



Mid/Long-term Target
11,675tons

Metrics and Targets

LOTTE Chemical has set a target to reduce four types of environmentally hazardous substances (air pollutants, waste, water pollutants, and wastewater) to 50% of 2019 levels by 2030 to create a green ecosystem. To this end, we are continuously expanding efforts to track pollutants and develop mitigation technologies. We are continuously investing in installing ultra-low NOx burners and catalytic facilities to reduce air pollutants and actively recycling to reduce waste, continuously exploring measures to support transitioning to resource circulation and a circular economy. In addition, we are installing new wastewater treatment plants and facilities for recycling low-concentration wastewater, as well as developing applications for reuse of wastewater. Through such ongoing investments and technology developments, we aim to achieve our 2030 goals.

MANAGEMENT FOR RESOURCE CIRCULATION

Resource Circulation Strategy Development and Management

Strategy

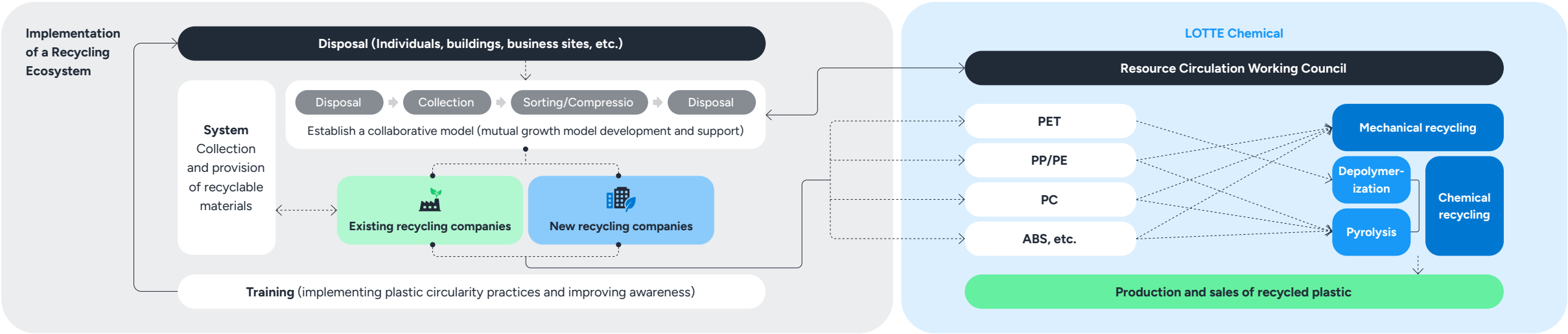
Resource Circulation Strategy

Demands for managing the entire plastic lifecycle are on the rise due to stricter global regulations, such as the EU PPWR*, ESPR**, and ELV***, as well as strengthening domestic resource circulation policies, including the EPR**** scheme. This underscores the vital importance of managing plastic from production to post-treatment. While plastic has enhanced our quality of life and improved resource efficiency, low recycling rates remain a significant downside. Considering that completely substituting plastic is unrealistic, building a resource circulation system is considered an inevitable solution.

As a producer of plastic feedstocks and high-performance materials, we are actively strengthening a resource circularity ecosystem to ensure sustainable business operations and growth. The sustainability of the plastic circular economy depends on the collective efficiency of waste collection, sorting, and recycling - a challenge that no single company can tackle alone. Therefore, we partner with a diverse range of stakeholders to build a domestic resource circulation framework through collaborative initiatives such as Project LOOP. The plastic circular value chain consists of the three stages of securing waste plastic feedstocks, producing recycled materials, and applying them to end products. We continuously develop tailored recycling technologies for each stage to enhance the quality of our recycled materials and expand their applications.

Furthermore, we are reinforcing our operational foundations to ensure seamless integration across the entire process. Going forward, we will continue our efforts to implement a sustainable plastic recycling ecosystem in cooperation with our stakeholders.

* PPWR (Packaging and Packaging Waste Regulation): Regulation on the volume, reuse, and recyclability of all packaging distributed in the EU
** ESPR (Ecodesign for Sustainable Products Regulation) : EU environmental product regulation designed to enhance sustainability and circularity across the entire product lifecycle, from design to disposal.
*** ELV (End-of-life Vehicles) : Regulation that manages the entire lifecycle of vehicles distributed in the EU from design to disposal, while enforcing a phased mandate for the use of recycled plastics
**** EPR: Extended Producer Responsibility



Roadmap for Expansion of Recycled/Bio-based Resource Circulation Products

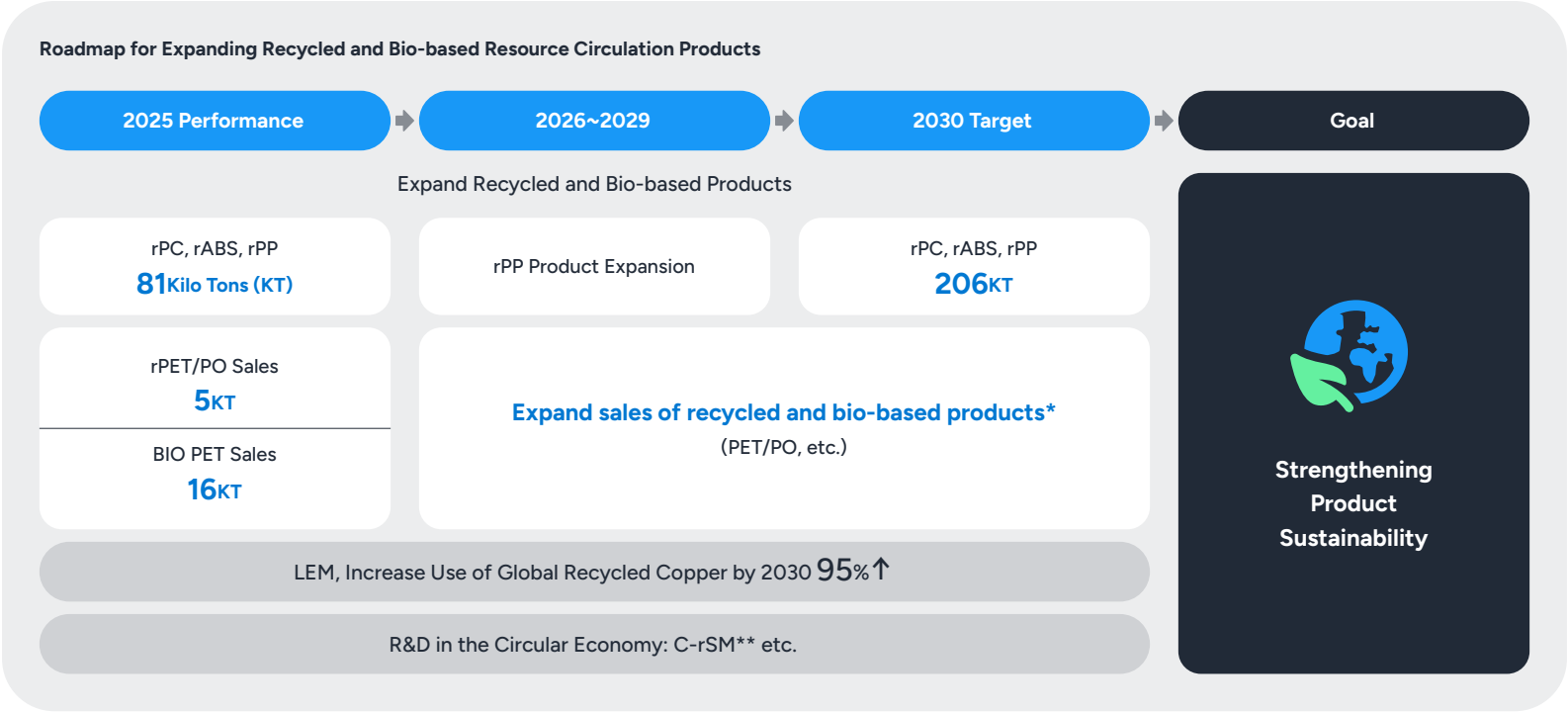
Demands for increased use of recycled material and eco-friendly products are spreading rapidly in the global market. Demand for recycled and low-carbon materials is also on the rise across electronics, automotive, home appliance, and consumer goods sectors.

We incorporate ‘product sustainability’ as a key component of our product competitiveness and built a mid/long-term roadmap to expand recycled and bio-based products. The roadmap reflects resource circulation elements

across the entire product portfolio, setting the direction for addressing market demands for low-carbon products.

The roadmap is in its implementation stage, expanding sales of recycled and bio-based products, and systematically enhancing product sustainability by developing and validating new recycling technologies.

Consequently, we are carrying out initiatives for ▲increasing sales of recycled and bio-based products, ▲enhancing recycled copper usage rate, and ▲developing and validating technologies for the circular economy.

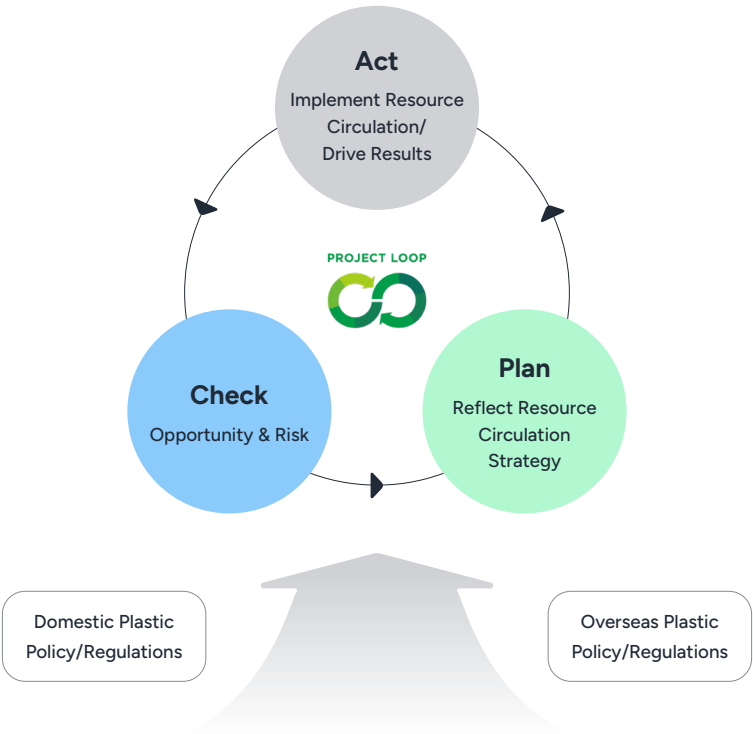


* Monitoring regulatory expansion and market shifts → To reset specific execution targets

** Target early implementation of C-rSM business initiatives (pilot project and securing ISCC-certified products)

Risk Management

Risk Management Process



Plastics Treaty

In March 2022, a resolution was adopted at the 5th session of the UN Environment Assembly (UNEA) to develop a legally binding instrument as part of global efforts to end plastic pollution. It has been followed by continuous discussions led by the INC*, but a consensus has not yet been reached. While discussions for the treaty are expected to continue, talks are underway for a regulatory framework that covers the entire plastic lifecycle from production and use to disposal, forecast to have far-reaching implications across all industries involved in the plastic value chain.

* INC (Intergovernmental Negotiating Committee): Convenes meetings where participating countries collaborate to draft treaties by negotiating based on their respective interests and policy positions

Regulatory Changes for the Transition to a Circular Economy

Domestic and global plastic policies and environmental regulations may present new challenges for our business, but they also create opportunities to strengthen our competitiveness through resource circulation. In the EU, discussions on the implementation and revision of regulations such as the EU PPWR, ESPR, and ELV are driving more demands for comprehensive plastic lifecycle management while in Korea, policy shifts are also taking place to reduce plastic use and expand the use of recycled materials. Although securing recycled feedstocks, ensuring quality consistency, and maintaining compliance can be a burden to companies, they can also lay the foundation to expand our portfolio of recycled and bio-based products, develop and validate innovative recycling technologies, and build a more sustainable product portfolio. We will continue to incorporate these external regulatory developments into our resource circulation strategy to enhance product sustainability and strengthen our long-term competitiveness.

Performance of Resource Circulation Initiatives

1 LOOP Alliance

Logistics represents one of the largest costs in the process of converting waste plastic into reusable resources. To make improvements, we are

continuously operating small compressor pilot projects in cooperation with various partner companies in Ulsan, Busan, and Seoul. This project involves compressing and transporting disposed PET bottles to be processed into recycled raw materials, enhancing overall logistics efficiency and currently showing cost-savings effects. Based on our experience, we plan to further enhance efficiency in the recycling system.

2 LOOP LOTTE

We are continuously working with other Group affiliates to develop and commercialize products using recycled plastics. We partnered with LOTTE Hotel, continuously applying recycled material to bath amenity containers that are certified with our ECOSEED brand mark.

3 C-rSM, Circular Feedstock Derived from Waste-PS

Marine waste buoys are plastic products composed of EPS* and have been traditionally recycled through mechanical recycling. However, this has limitations in terms of application and value creation. To address such limitations, we evaluated the conversion of PS-based waste plastics into feedstock through chemical recycling, piloting and validating the relevant processes. Through pyrolysis and purification processes, we successfully produced high-purity (99.9%) C-rSM** from marine waste buoys. This demonstrates the successful conversion of PS-based waste plastics into high-value-added feedstock, representing a meaningful achievement in advancing resource circularity. Compared with conventional petroleum-based feedstocks and feedstocks derived from mixed waste plastics, this is expected to deliver improved environmental performance from a life cycle assessment (LCA) perspective. In addition, we acquired ISCC PLUS certification for the C-rSM product, securing traceability and sustainability across the entire value chain from feedstock sourcing and manufacturing to the final product. In addition, we developed technologies for feedstock management and yield improvement and verified their applicability through process demonstration.

Sales of Recycled and Bio-based Products

Under LOTTE Chemical's "GREEN PROMISE 2030" ESG Vision, we have developed a roadmap to increase sales of recycled and bio-based products by expanding our green business for carbon neutrality and creating social value based on circulation and coexistence. In addition, we aim to become a global leader in resource circulation technologies to obtain technology licenses and secure a premium on recycled and bio-based products. Meanwhile, 23,480 tons of renewable resources were used in 2025.

* EPS (Expanded Polystyrene): Material produced by expanding polystyrene (PS) using a blowing agent
** C-rSM (Chemical-recycled Styrene monomer): Styrene monomer (SM) is the fundamental monomer of polystyrene (PS). In the context of our pilot project, C-rSM specifically refers to styrene monomer derived from the chemical recycling of waste polystyrene

Sales Performance of Recycled and Bio-based Products (Unit: Tons)

Category	2023	2024	2025	K-Taxonomy-aligned Economic Activities
r-PO	2,154	3,342	4,694	4. Shift to Circular Economy A. Production-(2): Production of products that use recycled material and circular resources D. Recycled-(4) Chemical recycling of waste
r-PET	285	882	214	
r-PC	68,606	72,255	59,335	
r-ABS	5,033	12,068	15,873	
r-PP	1,572	4,820	5,699	
Subtotal	77,650	93,367	85,815	
Bio-PET	13,350	17,975	15,865	
Total Sales	91,000	111,342	101,680	
Total Revenue	KRW 312.6 billion	KRW 379.1 billion	KRW 355.3 billion	

※ This performance includes sales volumes generated by LOTTE Chemical's sales activities for chemically recycled products produced by HD Hyundai Chemical, a joint venture between LOTTE Chemical and HD Hyundai Oilbank

ECOSEED Brand

We have been operating ECOSEED, an integrated brand for mechanically and chemically recycled materials and bio plastic materials since its launch in 2023. Through the brand, we are expanding our recycled plastic and low-carbon products.

Brand Category

RECYCLED PLASTICS



MECHANICAL RECYCLING

Raw plastic material that is mechanically recycled from plastic discarded from common everyday products.

Key Materials
r-PC, r-ABS, r-PE, r-PP
Solvent purification: r-SAN, r-ABS



CHEMICAL RECYCLING

Raw plastic material with enhanced purity and utility by chemically recycling plastic.

Key Materials
Depolymerization: r-PET, r-ABS
Pyrolysis: r-ABS, r-PC, r-PP, r-PE, r-BD, r-SM, r-MMA

BIO PLASTICS



BIO-BASED

ECOSEED Bio-PET is produced using Bio-MEG material extracted from sugarcane.

Product Life Cycle Assessment (LCA)

Global customers have been requesting LCA data for each product to obtain quantitative figures on environmental impact, resource use, and energy consumption across the end-to-end production process. In 2025, LOTTE Chemical calculated and provided LCA data for 369 products which is approximately 14.5% of our total products (2,549 product types sold in 2025). LCA results are used widely, including for our response to client demands, green product certifications, internal impact analyses, integrating environmental considerations early in product development, and guiding continuous improvement efforts. We are actively advancing our internal LCA framework to improve data quality and ensure greater reliability. Additionally, we are committed to systematically managing all of our products and expanding the use of assessment methodologies that meet international standards. Within the Chemical Division, LOTTE Aluminum and LOTTE Energy Materials have completed implementing the LCA system at their operations with further expansion plans underway.

ISCC Plus Certification

LOTTE Chemical received and renewed its ISCC Plus certification, an international green product certification, for synthetic resin products produced using pyrolysis oil naphtha obtained from chemical recycling of waste plastic and bio-based recycled naphtha sourced from waste biomass. Including renewed certifications, certification was acquired for 44 products such as ABS, PC, and PP as we maintain compliance with eco-friendly certifications through annual audits conducted by the certification bodies.

[ISCC PLUS Certificate](#)

Recycled Content Verification

LOTTE Chemical obtained UL ECV* to meet growing global customer demand for eco-friendly products. UL ECV is a globally recognized third-party verification program that validates the recycled and bio-based content of products, enhancing the credibility of product environmental claims. As global customers increasingly require independent verification of sustainable raw material use and sustainability information throughout the supply chain, LOTTE Chemical is proactively addressing these demands through UL ECV. By establishing a certification-based portfolio of eco-friendly products, the company aims to expand its sustainable product offerings and strengthen its competitiveness in the circular economy.

* UL ECV (Environmental Claim Validation)

IFRS S2 REPORT

OVERVIEW

General

[\(A\) Report Overview](#)

LOTTE Chemical is committed to sustainability by minimizing the negative impacts of its business activities on the environment and society and ensuring sound governance practices. While our ESG Report is composed of our key achievements and plans across the areas of Environment (E), Society (S), and Governance (G), this report has been prepared in alignment with the IFRS S2 Climate-related Disclosures to voluntarily disclose our current response to climate change. It covers activities carried out during the reporting period, including some achievements from the first half of 2026.

[\(B\) Reporting Entity and Scope](#)

This report provides climate-related financial information of LOTTE Chemical and its subsidiaries. Of the information included in the report, those regarding LOTTE Chemical are separately indicated as ‘parent company.’ When categorized as ‘consolidated company,’ it includes information for the parent company and two key subsidiaries of LOTTE Fine Chemicals and LOTTE Energy Materials.

[\(C\) Reporting Framework](#)

This report has been prepared in accordance with the requirements of the IFRS S2 Climate-related Disclosures of the International Sustainability Standards Board (ISSB). Financial data presented in this report were prepared based on the parent company’s Annual Report prepared in line with the Korean International Financial Reporting Standards (K-IFRS).

[\(D\) Reporting Period](#)

This report covers the climate-related activities and achievements of the parent company for the period of January 1, 2025 through December 31, 2025 which is the same reporting period for the parent company’s consolidated financial statements.

[\(E\) Presentation Currency](#)

The presentation currency used in this report is Korean Won (KRW), the same currency used in the parent company’s consolidated financial statements.

[\(F\) Connected Information](#)

The data and assumptions used by the parent company in preparing climate-related financial data are consistent with the data and assumptions used in the consolidated financial statements prepared based on K-IFRS requirements.

[\(G\) Sources of Guidance](#)

In preparing climate-related disclosures of the parent company, industry-based guidance was provided for the application of IFRS S2. The business model and activities of the parent company were determined to be in alignment with the ‘Resource Transformation Sector –Chemicals’ industry and referred to the relevant industry-specific guidance.

[\(H\) Comparative Information](#)

Disclosure of comparative information for the preceding period is required in accordance with sustainability disclosure standards. Therefore, this report discloses three years of comparative information for GHG emissions.

[\(I\) Limitations](#)

This report contains climate-related financial data based on forward-looking projections and internal assumptions of the parent company. These

projections rely on various hypotheses with the underlying assumptions qualitatively disclosed in this report. This report was prepared solely on facts, conditions, and assumptions available as of the reporting date. As such, information in the report is subject to change based on future developments. The parent company undertakes no obligations to update or revise these projections to reflect events or circumstances arising after the date of the report. The parent company shall neither be held accountable for any costs, losses, or damages incurred from changes in the information contained in this report resulting from unforeseen events.

Judgements, Uncertainties, and Errors

[\(A\) Significant Judgements](#)

Where judgements have been made on specific situations in preparing climate-related financial data, the parent company discloses relevant information to support user understanding.

1 Identifying Climate-related Risks and Opportunities

Climate-related risks and opportunities may arise through interactions with nature, society, the economy, and stakeholders across the parent company’s entire value chain. The parent company defines the scope of its value chain to identify climate-related risks and opportunities. The parent company reasonably estimates climate-related risks and opportunities that can impact the company’s financial state, financial performance, and cash flow in the short, medium, and long-term, incorporating management’s judgement to manage climate-related risks and opportunities such as access to financing.

2 Identifying Material Information

The parent company has assessed whether the information identified by the IFRS S2 Climate-related Disclosure requirements issued by the ISSB is material in the context of the parent company’s climate-related financial disclosures.

3 Reassessing the Scope of Climate-related Risks and Opportunities across the Value Chain

In the event of significant changes such as changes to the parent company's value chain, business model, corporate structure, or the degree of exposure to sustainability-related risks and opportunities, the parent company reassesses all impacted sustainability-related risks and opportunities across its value chain.

(B) Measurement Uncertainty

Measurement uncertainties arise when climate-related financial disclosure values cannot be directly measured and must be estimated instead. In some cases, these estimations rely on assumptions of future events which may lead to uncertain outcomes. Such assumptions and estimates are based on data available at the time of preparing the disclosures. These assumptions on current conditions and future developments may change due to factors beyond the parent company's control, such as market fluctuations. Below outlines climate-related financial data subject to significant measurement uncertainty along with the cause of uncertainty.

1 Estimated Impact of Climate-related Risks and Opportunities on Financial Data in the Short, Medium, and Long-term

The parent company discloses information on climate-related risks and opportunities that may affect the company's financial state, financial performance, and cash flow over the short, medium, and long-term. In measuring such data, the parent company utilizes all reasonably available data that can be obtained without incurring excessive costs or efforts as of the reporting date, but both quantitative and qualitative data used accompany assumptions on future events and may be subject to significant uncertainties.

2 Scope 3 GHG Emission Estimations

The parent company measures Scope 3 GHG emissions in accordance with the 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard.' The measurement of Scope 3 emissions is influenced by the availability and quality of data across the value chain and includes the use of estimates. The parent company applies input variables and assumptions

using reasonable and supporting information at the reporting date that can be obtained without incurring excessive cost or effort to measure Scope 3 emissions. In prioritizing input variables and assumptions, the parent company comprehensively considers factors, such as the availability of direct measurements, the scope and granularity of data, its timeliness, and reliability. This requires management judgement, involving significant uncertainty.

3 Drawing Out Financial Losses from Climate-related Physical Risks

The parent company utilizes the S&P Climanomics® tool by inputting data on the company's assets to identify physical risks and estimate associated financial losses. This physical risk analysis is conducted using all reasonably available to the parent company and supporting information at the reporting date, providing it can be obtained without incurring excessive cost or effort. However, the financial loss estimates from the physical risk analysis tool are

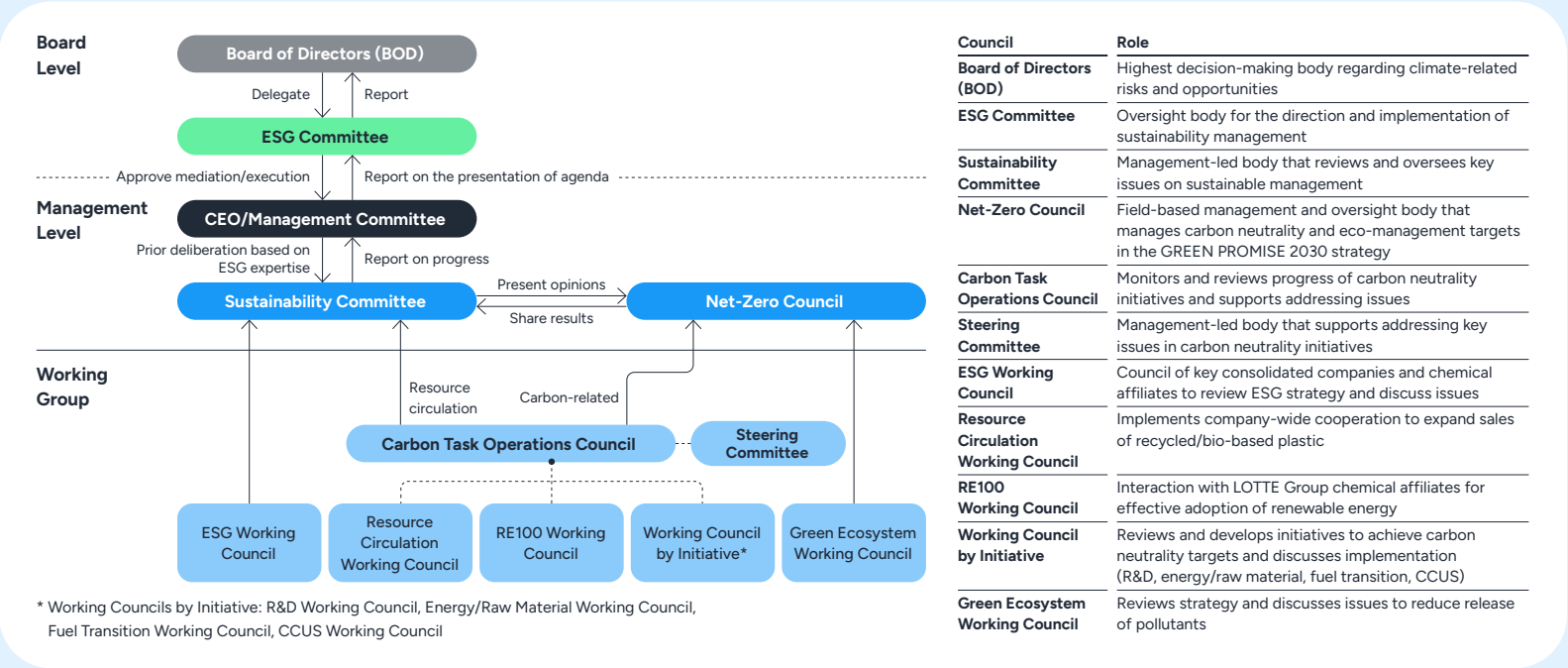
based on embedded assumptions including projections on future events. As these estimates do not account for future changes to corporate assets, the given information involves significant uncertainty.

Governance

1 Risk and Opportunity Management, Oversight, and Decision-Making Body

The parent company's Board of Directors (BOD) serves as the highest decision-making body for the company's mid- to long-term strategy, responsible for overseeing and managing the strategy, goals, and performance regarding climate-related risks and opportunities. To ensure effective strategy implementation, a governance framework that consists of the BOD, management, and relevant working-level teams has been established and is in operation.

Climate Change Response Governance Framework



(A) Policy on Decision-Making Body and Its Responsibilities

1 Board of Directors

The Board of Directors (BOD) is the highest decision-making body regarding climate-related risks and opportunities. Its roles and responsibilities include the ESG strategy and targets related to climate change. The ESG Committee also reports its agenda to the BOD at least twice a year.

2 ESG Committee Under the Board of Directors

The parent company establishes an ESG Committee under the Board of Directors to ensure more professional and systematic oversight of climate-related risks and opportunities. The ESG Committee is responsible for deliberating and approving internal policies and strategies regarding the parent company’s response to climate change and monitoring the target and implementation progress of the Chemical Group’s carbon neutrality roadmap, including subsidiaries. In addition, the ESG Committee oversees financial decisions related to carbon reduction efforts, including the parent company’s transition to renewable energy. Its roles and responsibilities are defined in Article 3 of the ESG Committee Operating Policy.

(B) Judgement and Development of Capabilities for Management and Oversight

1 Judgement on Climate-related Capabilities

The parent company forms an ESG Committee, taking into account expertise and diversity. Seven key skill indicators, including ESG-related competencies, have been identified as essential capabilities for members and are disclosed in the Board Skills Matrix. Further details on the BOD’s skills can be found on p.101 of this report.

2 Development of Climate-related Capabilities

The parent company provides training on climate change to enhance the expertise and capability to manage and oversee responses to climate-related risks and opportunities by the ESG Committee members.

Date	Training Course	Key Details	Participation Rate
May 22, 2025	Introduction to LOTTE Chemical ESG Management	✓ LOTTE Chemical ESG strategy (GREEN PROMISE 2030) 100% ✓ LOTTE Chemical ESG management and governance framework	100%
Jun. 24, 2025	IFRS S2 Report and Biodiversity Assessment	✓ Outcome of climate-related strategy and financial impact analysis ✓ Outcome of biodiversity impact assessment	100%
Dec.16, 2025	LOTTE Chemical Net-Zero Roadmap	✓ Net-Zero Roadmap and carbon reduction initiatives	100%

(C) Risk and Opportunity Information Collection Method and Frequency

The ESG Committee receives reports on information needed to manage and oversee climate-related risks and opportunities. The CEO and Sustainability Committee review annual ESG strategic initiative plans, results of monitoring their implementation, and the Net-Zero Roadmap, drawing on their ESG expertise and report progress regularly to the BOD’s ESG Committee at least twice a year.

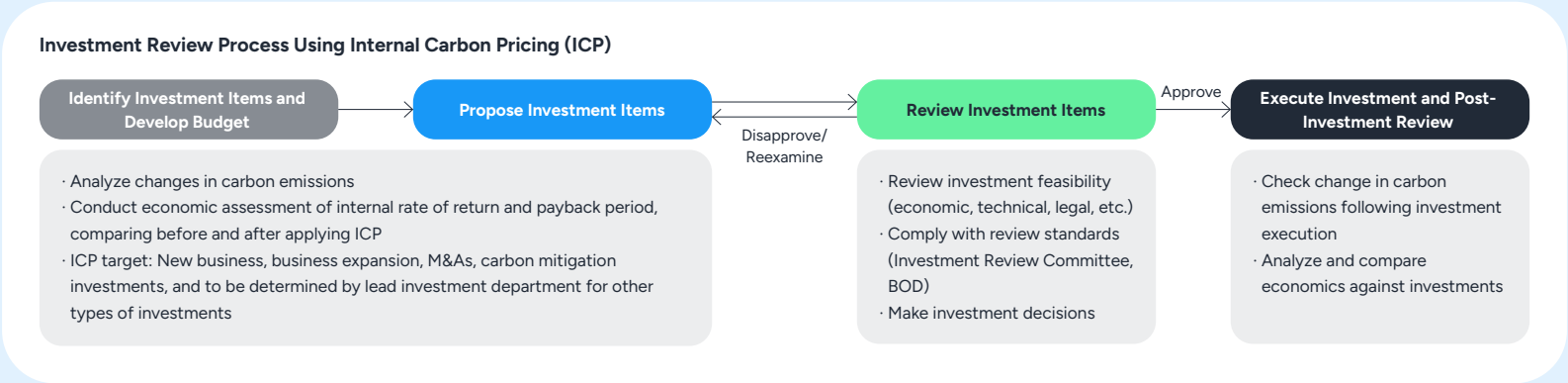
Date	Report To	Agenda
Jan. 22, 2025	ESG Committee	(Resolution) Approval of 2025 ESG target goals and previous year’s performance (Resolution) Approval of raising ceiling for sourcing renewable energy (draft)
May 22, 2025	ESG Committee	(Report) ESG materiality assessment outcome
Jun. 24, 2025	ESG Committee	(Resolution) Approval of ESG integrated strategy (draft)
Sep. 3, 2025	ESG Committee	(Report) Performance of 2025 ESG target goals

(D) How Climate-related Risks and Opportunities are Accounted for in Key Decisions

The ESG Committee considers climate-related risks and opportunities when reviewing strategies, goals, and policies to ensure sustainability is integrated into the company’s business strategy.

The parent company adopted Internal Carbon Pricing (ICP)* to some subsidiaries and the Chemical Group starting in 2025, driving strategic decision-making that consider climate-related risks and opportunities when developing business and investment plans. ICP adoption aims to comprehensively consider the economic impact of carbon emissions when making investment evaluations. The parent company sets carbon prices by country and time horizon (short- and mid- to long-term) based on comprehensive consideration of carbon price projections, benchmarks from domestic and global companies, and regional differences in emissions trading schemes. Carbon pricing is expected to be applied flexibly and reasonably each year, taking into account evolving carbon price trends and relevant internal and external issues.

* Internal Carbon Price (ICP): A mechanism by which companies assign an internally set value to carbon emissions to reflect their economic costs



(E) Oversight of Target-Setting and Progress Management

1 Oversight of Target-Setting and Progress Management

The parent company manages and oversees target-setting and monitors progress to respond to climate-related risks and opportunities through the ESG Committee. The ESG Committee is responsible for developing internal policies and goals to achieve carbon neutrality strategies and the RE100 Roadmap efficiently. The committee regularly receives reports on progress of climate change responses at least twice a year. In 2025, ESG management strategies and implementation plans, including the Net-Zero Roadmap for the Chemical Group were reported.

2 Setting Climate-related KPIs for Management

To strengthen accountability in the implementation of climate-related targets, the parent company links relevant performance to remuneration of senior management including the CEO. Among the CEO's Key Performance Indicators (KPIs), 10% is assigned to ESG initiatives, particularly focusing on progress against annual targets and initiatives related to the Net-zero Roadmap. Specific initiatives include reduction of GHG emissions and setting and achieving sales targets for recycled products. To ensure systematic KPI management, performance outcomes are also incorporated into the evaluations of relevant working-level management organizations, such as the ESG Management Division and the Climate, Energy, and Environment Team.

Role of Management

(A) Delegation and Oversight of Management Roles

To support cohesive and effective decision-making across the organization, the parent company operates a management-level committee. The Sustainability Committee, composed of executives from the parent company and some subsidiaries (LOTTE Fine Chemicals, LOTTE Energy Materials), functions as an oversight body guiding the direction and implementation of strategies to respond to key risks and opportunities related to climate and sustainability. It also reviews progress of carbon neutrality initiatives and oversees the work of the Net-Zero Council, a dedicated body responsible for field-level performance management, quarterly target tracking, discussing issues, and sharing best practices. The parent company also launched a new Carbon Task Operations Council, chaired by the head of the ESG Management Division, and operates six specialized working councils beneath it. The Carbon Task Operations Council convenes on a quarterly basis to review and monitor progress of initiatives aimed at achieving carbon reduction targets and to address any issues that arise during implementation. In addition, the parent company's CEO is supported by the ESG Management Division which is dedicated to overseeing ESG activities including those related to environmental and climate risks. The ESG Management Division is also in charge of overall climate action strategies including GHG reduction strategies, collecting/analyzing energy usage data from each facility, analyzing climate risks and opportunities, and formulating a company-wide plan for participating in the emissions trading scheme. Key metrics such as carbon emissions and energy consumption are reported monthly to key executives including the CEO while changes in climate risks are communicated timely through various internal meetings.

(B) Management Control and Procedures

All business sites of the parent company are certified under ISO 14001 (Environmental Management System), operating environmental management systems that incorporate climate issues. In accordance with regulatory requirements, the company complies with laws and regulations, declares its commitment to environmental management, implements an environmental management system and monitoring mechanisms, and conducts and reports on regular environmental impact assessments and compliance evaluations. The HQ Climate, Energy, and Environment Team collaborates closely with external environmental specialists and an internal inspection group to conduct regular environmental compliance diagnostics, supporting robust environmental management across all business sites. In parallel, the Environment Teams at each site work to continuously improve compliance with applicable environmental laws and regulations. This process, not only prepares against possible risks, but also contributes to internally and externally promoting an environmentally responsible culture. Meanwhile, the parent company also operates a Greenhouse Gas & Energy Management System (GEMS) for the comprehensive management of energy and GHG emissions. GEMS collects and analyzes GHG emissions data across all unit processes of the parent company to be utilized for developing appropriate climate actions. Moreover, since 2025, the standards for the Basic Chemicals and Advanced Materials businesses have been integrated into a unified GHG and Energy Management Standard. This management framework includes the Energy and GHG Management Rules, GHG Data Management Guidelines, and GHG Emissions Allowance Management Guidelines. Based on these standards, monthly GHG and energy performance data are compiled and reported to key executives, including the CEO. Furthermore, the Internal Accounting Team conducts quarterly internal audits to ensure data reliability.

Strategy

Climate-related Risks and Opportunities

(A) Expected Impact Type of Risks and Opportunities

The consolidated company identifies key climate-related risks and opportunities that are expected to affect its business outlook. For further details on the climate-related risk and opportunity assessment process, please refer to ‘3. Risk Management, (A) Climate-related Risk and Opportunity Management Processes and Policies’ (pp. 49–50).

(B) Alignment Across Planning Time Horizons for Strategic Decision-Making

Based on the GREEN PROMISE 2030 strategy and Net-zero Roadmap, the parent company categorizes time horizons for estimated risk and opportunity impacts as short-term (~2026), mid-term (2027~2030), and long-term (2031~).

The parent company’s general strategic decision-making operates on short-term (~1 year) and mid/long-term (~5 year) cycles which differ from the time horizons used for assessing the impact of climate-related risks and opportunities. The distinction appears because climate action strategies are designed to contribute to achieving carbon neutrality targets by 2050, whereas business strategy planning reflects uncertainties in the business environment. For strategies related to climate risks and opportunities, decisions are made aligned to the mid-term (2027~2030) and long-term (2031~). These strategic decisions include the development and implementation of the ESG management strategy that contains the Net-Zero Roadmap and adoption of renewable energy.

Business Model and Value Chain

(A) Current and Anticipated Effects on the Business Model and Value Chain

1 Business Model and Value Chain

Consolidated companies engage in basic chemicals, advanced materials, fine chemicals, and battery material businesses.

The parent company has production facilities within key domestic petrochemical complexes, such as in Yeosu, Daesan, and Ulsan, based on which it operates basic chemicals and advanced materials businesses. The Basic Chemicals business plays a core role in petrochemicals, producing and selling base chemicals such as ethylene and propylene through naphtha cracking facilities, as well as monomer products including polyethylene (PE) and polypropylene (PP). The Advanced Materials business focuses on developing functional materials with properties such as high heat resistance, rigidity, and impact strength to meet the needs of end-user industries including home appliances, IT, and automotive sectors. LOTTE Fine Chemical provides materials for a wide range of industries, including construction, coatings, pharmaceuticals, and food, based on its chlor-alkali, ammonia, and cellulose product portfolio. To respond to the transition to a hydrogen economy and growing demand for low-carbon solutions, it is expanding its business model into clean ammonia and hydrogen value chains as well as renewable resource-based green materials.

LOTTE Energy Materials produces and sells copper foil, a key material for secondary batteries and electronics, while strengthening its competitiveness in high-value-added, high-end products focused on battery foil for EVs and ESS* and circuit foil for electronic devices. Detailed information on the value chains of each business of the consolidated company can be found on p.6~9 of this report.

* ESS: Energy Storage System

Risks and Opportunities		Estimated Impact	Estimated Time Horizon		
			Short-term (~2026)	Mid-term (2027~2030)	Long-term (2031~)
Transition Risks	Policy and Regulations	Increased regulatory compliance costs due to stricter climate change regulations/legislations	●	●	●
		Rise in sourcing price of raw and subsidiary material due to carbon regulations and carbon taxes along the supply chain	●	●	●
		Higher costs to respond to tighter regulations on eco-friendly features in products	●	●	●
	Technology	Increased costs to address low-carbon technology and demands for product conversions	●	●	●
Opportunities	Market	Higher energy sourcing costs due to increased energy transitions and price volatility	●	●	●
	Market	Increased revenue based on low-carbon energy and technology business expansions	●	●	●
	Products/ Services	Increased revenue driven by growing demand for low-carbon products	●	●	●

2 Current and Anticipated Impact to Business Model and Value Chain

The current and anticipated impacts of the identified climate-related risks and opportunities on the consolidated company are as shown on the right side of this page.

(B) Areas with Concentrated Risks and Opportunities

Within the consolidated company’s business model and value chain, climate-related risks and opportunities are mostly concentrated in energy-intensive production processes of its own operations, the raw material and energy supply chain in the upstream phase, and the downstream business areas directly linked to low-carbon products. Key transition risks are concentrated in areas where sourcing costs for electricity, fuel (LNG, etc.) and raw materials may rise due to the accelerated energy transition and unstable global supply chain. In particular, energy-intensive production processes and the raw material/energy procurement phases are directly exposed to energy price volatility and supply chain disruptions, which could drive up the cost of goods sold (COGS) and operating expenses (OpEx). These transition risks have been identified as core factors that could impact the overall cost structure and profitability of our consolidated subsidiaries. Furthermore, as a result of conducting a physical risk analysis on our asset portfolio, no assets were identified where the potential financial loss from natural disasters exceeded the materiality threshold.

Climate-related opportunities are concentrated in business areas aligned with the growing demands of external stakeholders (investors, customers, etc.) for low-carbon products. Increasing demand for eco-friendly, low-carbon products is directly linked to the expansion of battery material and high-value-added material product portfolios which can serve as opportunities for potential revenue increases in the mid/long-term. The consolidated company is responding to such market changes by shifting its product developments and business model, managing the opportunity by increasing its share of low-carbon products.

Identified Material Risks and Opportunities		Value Chain	Current and Anticipated Impacts
Transition Risk (Policy and Regulations)	Increased regulatory compliance costs due to stricter climate change regulations/legislations	Own Operation	(Current-Anticipated) Across major business segments, capital expenditure required for energy transition and GHG reduction initiatives to achieve carbon neutrality is expected to increase over the mid/long-term (Current) Across major business segments, revenue generation from sales of surplus carbon credits by maintaining actual emissions below allocated allowances through GHG reduction activities(Anticipated) Across major business segments, projected increase in carbon credit procurement costs due to tightening regulations, including a higher paid-allocation ratio under ETS and rising carbon credit prices
Transition Risk (Policy and Regulations)	Increased regulatory compliance costs due to stricter climate change regulations/legislations	Downstream	(Anticipated) Due to the nature of LOTTE Energy Material's business, which supplies materials to the global electric vehicle (EV) and battery value chain, tightening requirements under the EU Battery Regulation—such as the need to demonstrate and reduce product-level carbon footprints—are expected to increase regulatory compliance costs (Anticipated) Across major business segments, the potential application of the U.S. Clean Competition Act (CCA) may result in additional tax liabilities
Transition Risk (Policy and Regulations)	Rise in sourcing price of raw and subsidiary material due to carbon regulations and carbon taxes along the supply chain	Upstream	(Current-Anticipated) Increased use of copper scrap-based recycled materials by LOTTE Energy Materials may change the cost structure relative to conventional raw materials and affect profitability (Anticipated) Across major business segments, the introduction of supply chain carbon regulations, including CBAM, is expected to increase raw material costs (COGS) as suppliers pass through carbon reduction costs
Transition Risk (Policy and Regulations)	Higher costs to respond to tighter regulations on eco-friendly features in products	Downstream	(Current-Anticipated) Due to the nature of the parent company's business supplying plastic resins and materials to end-product manufacturers in industries such as packaging, automotive, and electronics, operating expenses (R&D expenses) are incurred for developing recycled product items along with costs for obtaining eco-friendly certifications (Anticipated) Due to the nature of the parent company's business, tightening regulations related to circular economy and carbon emissions reduction across the value chain, such as the EU PPWR, and rising demand for low-carbon products are expected to increase raw material costs (COGS) through greater use of recycled materials and renewable feedstocks
Transition Risk (Technology)	Increased costs to address low-carbon technology and demands for product conversions	Own Operation	(Current-Anticipated) Across major business segments, Rising operating expenses (R&D costs) are driven by expanded R&D activities in response to growing demand for low-carbon technologies and products, and an increasing investment burden from facility and fuel transitions
Transition Risk (Technology)	Increased costs to address low-carbon technology and demands for product conversions	Downstream	(Anticipated) Across major business segments, increasing demand for low-carbon products and stricter supply chain decarbonization requirements may result in loss of business relationships if unmet, leading to reduced revenue and operating profits
Transition Risk (Market)	Higher energy sourcing costs due to increased energy transitions and price volatility	Upstream	(Anticipated) Across major business segments, heavy reliance on power-intensive supply chains exposes the company to rising electricity costs driven by energy transition policies and carbon pricing, which are expected to be passed through to suppliers and increase raw and subsidiary material costs (COGS).
Transition Risk (Market)	Higher energy sourcing costs due to increased energy transitions and price volatility	Own Operation	(Anticipated) Across major business segments, rising electricity costs triggered by the implementation of energy transition policies and ongoing energy price volatility during the transition to renewable energy may increase COGS and reduce profitability
Opportunity (Market)	Increase in revenues driven by the expansion of the low-carbon energy and technology business	Downstream	(Current-Anticipated) The parent company responds to increased demand for renewable energy and undergoes revenue growth due to the introduction and expansion of the renewable energy brokerage business (PPA, REC) (Current-Anticipated) LOTTE Fine Chemicals' clean ammonia hub business is anticipated to expand new revenue streams by taking advantage of the low-carbon transition opportunity (Current-Anticipated) LOTTE Energy Materials anticipates revenue growth driven by rising EV demand, as eco-friendly product preferences increase, through the commercialization of next-generation battery foils and materials (solid-state electrolytes and high-capacity LFP cathode active materials)
Opportunity (Product and Services)	Increased revenue driven by growing demand for low-carbon products	Downstream	(Current-Anticipated) The parent company's expansion of its product portfolio based on resource circulation and bio-based products increases revenue of eco-friendly products

Strategy and Decision-Making

(A) Current Response and Plans

1 Current and Anticipated Changes to Business Model

The consolidated company is expanding its green business to enhance resilience to risks associated with GHG emissions and respond to growing demand for eco-friendly products and services. In particular, the company is strengthening its low-carbon product portfolio reflecting its business characteristics, and managing the impact of climate-related risks and opportunities on its business. The parent company is shifting to a low-carbon product portfolio, focusing on recycled plastics and bio-based materials. It launched ECOSEED, an integrated brand for mechanically and chemically recycled materials, such as the Basic Chemical’s r-PET·r-PP and Advanced Materials’ r-ABS·r-PC products. As global regulations on eco-friendly product features and demand for low-carbon materials increase, the company plans to continuously expand its product portfolio based on the ECOSEED brand.

LOTTE Fine Chemicals is restructuring its business model to respond to the transition toward a hydrogen economy and growing demand for low-carbon raw materials. The company is expanding its existing ammonia business into a clean ammonia and hydrogen value chain, and is reviewing mid- to long-term business opportunities, including the commercial import and supply chain operation of green ammonia, entry into the domestic ammonia and hydrogen co-firing power generation market, and clean hydrogen production based on ammonia cracking. In addition, the company is expanding its green materials business, which utilizes cellulose derived from wood pulp as a feedstock, across applications, including industrial materials for construction and coatings (MECELLOSE®, HECCELLOSE®) and materials for pharmaceutical and food applications (AnyCoat®, AnyAddy®). Through this expansion, the company is broadening its business model into a low-carbon, high-value-added portfolio based on renewable resources.

LOTTE Energy Materials is addressing climate-related opportunities through its copper foil business, a core material for secondary batteries and electronic products. The company is strengthening its competitiveness in

high-value-added, high-end products, focusing on battery foils for EVs and ESS, as well as circuit foils for electronics. Furthermore, it is expanding its supply capacity to meet the growing demand for the low-carbon transition, leveraging its global manufacturing hubs in Korea, Malaysia, and Europe.

In addition, the company is developing next-generation battery materials, including sulfide-based solid electrolytes and LFP cathode materials, expanding its business portfolio from copper foil-centered products into future battery material applications. As shown, the consolidated company is transitioning its business model toward core low-carbon business areas of each

subsidiary and as the global low-carbon transition accelerates, the company plans to further increase the share of related products and businesses.

2 Current and Anticipated Measures for Direct Mitigation and Adaptation

(1) Transition Risks

The consolidated company carries out mitigation and adaptation activities across its key business areas to respond to the identified climate-related risks. The response measures reflect the features of each business and are as follows.

	Identified Material Risks	Current and Anticipated Measures
Transition Risks (Policy and Regulations)	Increased regulatory compliance costs due to stricter climate change regulations/legislations	[Common] (Current-Anticipated) Increased use of renewable energy through on-site solar power generations, PPA (Power Purchasing Agreement), REC (Renewable Energy Certificate) [Key Strategy ①] ※ Detailed strategy by company - (Parent company) RE100 commitments (transition to 60% renewable energy by 2030 and 100% by 2050) - (LOTTE Fine Chemicals) Increase adoption to 161MW by 2030 - (LOTTE Energy Materials) Differentiated renewable energy transition plans by business site (Iksan Site to introduce PPAs in 2028)
	Rise in sourcing price of primary raw material due to carbon regulations and taxes throughout the supply chain	
	Higher costs to respond to tighter regulations on eco-friendly features in products	(Current-Anticipated) GHG reductions through energy-saving initiatives [Key Strategy ②] ※ Detailed strategy by company - (Parent company) GHG reduction through process improvements, zero-emission vehicles, CCUS (carbon capture, utilization, storage) technologies, and green hydrogen power generation - (LOTTE Fine Chemicals) Implement energy-saving initiatives, such as adopting low-carbon facilities, process transitions, and changing operating conditions, etc. - (LOTTE Energy Materials) GHG reduction through production process-specific energy efficiency improvements, including air compressor inverters and waste heat recovery heat exchangers
Transition Risks (Technology)	Growing demand for low-carbon technologies and products	[LOTTE Energy Materials] (Current-Anticipated) Increase the use and share of recycled raw materials (copper scrap) (domestic target of 100%)
Transition Risks (Market)		[Parent company] (Current-Anticipated) Expand recycled materials and plastics through physical and chemical recycling processes
	Increased energy sourcing costs due to higher energy transition and price volatility	[Common] (Current-Anticipated) Invest in low-carbon technology R&D and strengthen product sustainability ※ Detailed strategy by company - (Parent company) Conduct R&D and investments for strengthening product sustainability, clean energy R&D, and eco-friendly material developments using waste-EPS - (LOTTE Fine Chemicals) Implement energy-saving initiatives, such as adopting low-carbon facilities and process transitions, etc. - (LOTTE Energy Materials) Develop copper foil and high value-added circuit foil products for next-generation batteries
		[Common] (Current-Anticipated) Respond to energy price volatility by diversifying renewable energy sourcing (both PPAs and RECs)

(2) Opportunity

The consolidated company is expanding its business portfolio around recycled materials, renewable energy brokerage business, clean hydrogen, and next-generation battery materials to address the market opportunity from transitioning to a low-carbon economy. Current and anticipated measures for key areas are as follows.

Identified Material Opportunities		Current and Anticipated Measures	
Products/ Services	Increase in revenues driven by growing demand for low-carbon products	[Parent company] (Current-Anticipated): Expand ECOSEED brand and increase development and sales of recycled products	
Market	Increase in revenues driven by the expansion of the low-carbon energy and technology business	[Common] (Current-Anticipated) Expansion of low-carbon business portfolio and new revenue streams [Key Strategy ③] ※ Detailed strategy by company - (Parent company) Expand renewable energy brokerage services (REC and PPA sales) for subsidiaries through the development of a renewable energy supply platform - (LOTTE Fine Chemicals) Commence commercial imports of green ammonia and establish the supply chain, enter the domestic ammonia co-firing power generation market, and evaluate clean hydrogen production through ammonia cracking - (LOTTE Energy Materials) Accelerate conversion of the Iksan Plant's circuit foil lines and secure new business areas through R&D investments in sulfide-based solid electrolytes and high-capacity LFP cathode active materials	

3 Current and Anticipated Measures for Indirect Mitigation and Adaptation

Identified Material Risks and Opportunities		Current and Anticipated Measures	
Transition Risks	Policy and Regulations	Increased regulatory compliance costs due to stricter climate change regulations/ legislations	
Opportunity	Market	Rise in sourcing price of raw and subsidiary material due to carbon regulations and carbon taxes along the supply chain Stricter eco-friendly product regulations and higher response costs Increase in revenues driven by the expansion of the low-carbon energy and technology business	

[Common]
(Current-Anticipated): Operate decision-making framework for internal carbon pricing
(Current-Anticipated) Advance GHG emission management and analyze future emission projections
(Current-Anticipated) Analyze impact of global carbon regulations and develop marketing strategy

[Parent company]
(Current-Anticipated) Voluntary mitigation and increased carbon credits for carbon offsetting
[Key Strategy ④]
(Current) Engage in climate actions to respond to ETS [Key Strategy ⑤]
(Current) Practice internal energy conservation through employee training on carbon neutrality
(Current) Operate GEMS and manage GHG emission (Scope 1 and Scope 2) of domestic and overseas subsidiaries

[LOTTE Energy Materials]
(Current-Anticipated) 'Copper Mark' ESG certification to meet global supply chain due diligence requirements and customer demands for responsible sourcing [Key Strategy ⑥]

[LOTTE Fine Chemicals]
(Current-Anticipated) Continue monitoring carbon risks of key raw material supplier partners
(Current-Anticipated) Develop a raw material price forecasting AI model to strengthen negotiating power when purchasing raw materials

[Parent company]
(Current-Anticipated): Secure and expand eco-friendly certifications (ISCC Plus, UL EPD, eco-label, etc.)

[LOTTE Fine Chemicals]
(Current) Optimization of overseas clean ammonia supply chain [Key Strategy ⑦]

4 Climate-related Transition Plan, Key Assumptions, Key Dependencies, and Company Plan to Meet Targets

The consolidated company has a transition plan to achieve net-zero by 2050. The parent company also has a transition plan to reduce Scope 1 and Scope 2 emissions by 20% of 2018 levels by 2030 and to achieve carbon neutrality by 2050. LOTTE Fine Chemicals has set interim reduction targets at 14.5% by 2030 compared to 2018 levels while LOTTE Energy Materials aims to reduce carbon emissions by 32.7% compared to 2022 levels by 2030. Both LOTTE Fine Chemicals and LOTTE Energy Materials plan to reach carbon neutrality by 2050.

The consolidated company's transition plans are based on key reduction measures, including energy efficiency improvements, fuel and feedstock transitions, CCUS technology adoptions, and offsets, taking a phased implementation approach considering the business characteristics and conditions of each of its companies.

Details on the transition plan are provided on the following page.

[Key Strategy ①] Increased Use of Renewable Energy through On-Site Solar Power Generation and PPAs

The consolidated company is adopting renewable energy as a key lever to achieve its GHG reduction targets and RE100 commitments. By utilizing diverse procurement methods, including direct Power Purchase Agreements (PPAs), Renewable Energy Certificate (REC) purchases, and the construction of on-site solar power facilities, it is reducing emissions from electricity consumption while implementing phased transition plans tailored to site-specific conditions and local regulatory environments.

The parent company aims to transition 60% of its electricity to renewable energy by 2030 and 100% by 2050. In 2025, it reduced approximately 2,700 tCO₂-eq through a long-term REC supply agreement with a 5 MW solar power plant. It also installed 1.1 MW of on-site solar capacity by utilizing idle rooftop and parking lot space. To further optimize renewable energy utilization, the R&D Center integrated ESS with its solar generation facilities in 2025.

LOTTE Fine Chemical signed an 11.3MW solar PPA in July 2024, introducing renewable energy power from August 2024. It also signed a 19.2MW wind PPA in September 2025 and a 9MW solar PPA in December 2025. Through these initiatives, a total of 19.5GWh of electricity was transitioned to renewable energy in 2025, mitigating 8,900 tCO₂-eq of GHG emissions. Furthermore, it completed the construction of a 1MW solar power facility at the Ulsan Complex, which has been in operations since April 2025, and installed an additional 187kW solar power system at the Incheon Complex in September 2025, operating a total operating capacity of 217kW.

Considering that electricity represents more than 96% of its total energy consumption, LOTTE Energy Materials has identified sourcing renewable energy as a key abatement measure. In line with its phased transition strategy, the Iksan Plant plans to begin procuring renewable energy through Direct and Third-Party PPAs starting in 2027.

[Key Strategy ②] GHG Reductions through Energy-Saving Initiatives

The consolidated company continuously identifies and implements site-specific energy-saving initiatives to reduce energy consumption and GHG

emissions across its production operations. As the chemicals and materials industries have a high share of utility consumption, including electricity, steam, and fuel, the company pursues both emissions reduction and energy cost savings through equipment efficiency improvements, process optimization, and fuel switching.

The parent company was the first in the industry to implement a Greenhouse Gas and Energy Management System (GEMS*), which analyzes emissions activities at the unit process level to monitor and manage energy consumption and GHG performance. In 2025, the company implemented 109 energy-saving initiatives, including five energy efficiency investment projects, reducing approximately 200,000 tCO₂-eq of GHG emissions. Key initiatives included switching the primary feedstock from naphtha to LPG and converting GTG** fuel at the Basic Chemical's Daesan Complex, optimizing process operations to reduce fuel consumption at the Basic Chemical's Ulsan Complex, and recovering waste heat through the operation of a MVR*** system at the Advanced Materials' Yeosu Complex.

LOTTE Fine Chemicals implemented 44 energy efficiency projects in 2025, reducing approximately 64,000 tCO₂-eq of GHG emissions. Initiatives included increasing the use of low-carbon steam, introducing low-power membrane technology, replacing electrolyzer electrodes, upgrading aging equipment with high-efficiency systems, and optimizing operating conditions such as production temperatures, chiller operations, and transformer standby power losses. The company also continues to strengthen energy management through process-level operational data analysis.

LOTTE Energy Materials is implementing 14 energy-saving initiatives across its Iksan and Malaysia operations. These include equipment upgrades such as high-efficiency blowers and inverter installations, process improvements through reduced operating voltage, and the recovery and reuse of hot water and waste heat generated during production at the Malaysia business site.

[Key Strategy ③] Expansion of Low-Carbon Business Portfolio and New Revenue Streams

The consolidated company is expanding its low-carbon business portfolio

and creating new revenue streams by pursuing businesses aligned with the characteristics of each business division, including renewable energy supply, the development of clean hydrogen and ammonia value chains, and R&D for next-generation battery materials.

The parent company obtained status of an electricity provider as a renewable energy intermediary in March 2024 and has since been supplying renewable energy. As it secures additional renewable energy sources, it plans to expand its brokerage business by supplying renewable energy to the Chemical Group affiliates and other group companies with renewable energy demand to support carbon neutrality and RE100 efforts.

LOTTE Fine Chemical is building a clean hydrogen and ammonia value chain to expand its low-carbon business portfolio and secure new revenue streams. As ammonia is used as a key energy source across various fields, including eco-friendly marine fuel, carbon-free fuel for power generation, and hydrogen carriers, the company is pursuing new revenue sources based on these applications. In 2026, the company commenced the commercial import of green ammonia and the supply of ammonia marine fuel, planning to expand its eco-friendly marine fuel supply business by expanding ammonia bunkering infrastructure linked with Ulsan Port and establishing a multi-channel sales platform. It is also reviewing entry into the domestic ammonia co-firing power generation market and the production of clean hydrogen based on ammonia cracking.

LOTTE Energy Materials is driving R&D investments to develop next-generation battery copper foil and high-value-added circuit foil products, converting the circuit foil line at its Iksan Plant and diversifying the high-end battery foil portfolio at its Malaysia operations. Furthermore, the company is securing new business domains through R&D investments in sulfide-based solid electrolytes and high-capacity LFP cathode active material.

* GEMS: Greenhouse Gas & Energy Management System for efficient management of GHG and energy to achieve targets

** GTG: Gas Turbine Generator

*** MVR: Mechanical Vapor Recompression that maximizes energy recovery by taking low-temperature waste heat generated from production processes (towers, reactors) and processes it through an evaporator heat exchanger to generate low-pressure steam or waste steam, which is then pressurized by the MVR to the required level of production processes

[Key Strategy ④] Voluntary Mitigation and Increased Carbon Credits for Carbon Offsetting

The parent company operates an offset credit management system utilizing carbon credits secured through external emission reduction projects to manage cost exposure from tightening climate regulations and rising carbon allowance prices. This strategy serves as a complementary means to address uncertainties in carbon allowance supply and price volatility. Through an overseas clean cooking emission reduction project, the parent company has secured a total of 347,000 tCO₂-eq of certified emission reductions generated from the external mitigation project* (KOC, Korean Offset Credits) and retains the entire volume as of 2025. In accordance with the Regulations on the Operation of the Korean Emissions Trading Scheme, these credits may be converted into Korean Credit Units (KCUs) by 2028. They are managed to partially substitute emission allowance purchase demand when fulfilling future compliance obligations. Regarding external emission reduction projects, the parent company previously conducted a preliminary feasibility assessment of an Indonesia REDD+ project, reviewing the project development framework and credit issuance. The company also conducts regular monitoring of voluntary carbon markets and international mitigation projects, focusing on regulatory eligibility, credit quality standards, market prices, and trading structures. In managing carbon credits, regulatory eligibility is the primary consideration. Credits generated from external mitigation projects are included in the company's portfolio only if they satisfy recognized certification standards and independent verification requirements. This approach helps ensure that the credits remain compliant with applicable regulations and are eligible for future use. Going forward, the parent company plans to utilize existing carbon credits to enhance flexibility in meeting regulatory obligations. Decisions regarding participation in additional external mitigation projects will be incorporated into its carbon management strategy based on a comprehensive assessment of carbon market prices, regulatory developments, and the cost-effectiveness of various reduction methods.

* External Mitigation Project Credits: Certified emission reductions or removals generated through approved the external mitigation project, Korean Offset Credits (KOC) conducted by entities subject to the Korean Emissions Trading Scheme (K-ETS). These reductions may be converted into Korean Credit Units (KCUs) for compliance purposes or traded in the emissions trading market

[Key Strategy ⑤] Engagement in Climate Actions to Respond to ETS

The parent company systematically participates in climate policy engagements with the government and relevant bodies to respond to stricter emissions trading regulations and climate policies, as well as potential rising costs. Rather than reacting after measures are implemented, the company seeks to contribute industry perspectives during the policy design and revision process to enhance regulatory predictability and mitigate volatility in carbon allowance-related costs. In 2025, the parent company worked with the government to review the feasibility and reduction potentials of key abatement technologies, such as fuel switching and process efficiency improvements. The company also provided industry input on the sector's reduction pathways, technology integration levels, and implementation schedules during the development of the Nationally Determined Contribution (NDC) and Net-Zero Roadmap. In this process, we contributed to discussions on the appropriate scope of reduction measures reflecting industry-specific characteristics and the expected timeline for technology commercialization. With respect to ETS operations, the parent company continues to provide recommendations on key policy elements, including allowance allocation methodologies, adjustments to free allocation ratios, benchmark (BM) calculation methodologies, and the criteria for applying activity data and emission factors. The company also proactively assesses the potential impacts of regulatory changes on business operations and the supply and demand balance of carbon allowances. Through these policy engagement activities, the parent company is able to preemptively secure information on future ETS restructuring and strengthen its ability to anticipate and manage the financial implications of regulatory changes, including fluctuations in allowance allocations and carbon allowance procurement costs. Furthermore, by contributing practical industry perspectives during the policy development process, the company helps reduce uncertainties throughout its implementation.

[Key Strategy ⑥] 'Copper Mark' ESG Certification to Meet Global Supply Chain Due Diligence Requirements and Customer Demands for Responsible Sourcing

With global supply chain due diligence regulations growing stringent in line with the EU CSDDD and battery regulations, global clients are demanding

more responsible sourcing of raw materials. Copper, a key battery material, is especially under scrutiny regarding responsible management across its entire lifecycle, from mining to product manufacturing, in areas such as GHG emissions, environmental impacts, and human rights. To address the regulatory environment and implement a responsible sourcing system, LOTTE Energy Materials has been pursuing the Copper Mark certification, the International Copper Association's (ICA) responsible sourcing assurance system, at its Malaysia Plant since February 2025. Introduced in 2019, the Copper Mark is awarded to companies that comprehensively satisfy criteria for environmental protection, respect for human rights, coexistence with local communities, and ethical management across the entire supply chain, from mining to product manufacturing and sales. Through the Copper Mark certification, the company plans to secure credibility as a battery materials company, establish a responsible supply chain with global clients, and preemptively respond to international supply chain standards and regulatory changes."

[Key Strategy ⑦] Optimization of Overseas Clean Ammonia Supply Chain

To respond to the low-carbon energy market centered on clean ammonia, LOTTE Fine Chemical is optimizing its overseas clean ammonia supply chain by leveraging the annual 700,000 ton ammonia distribution business and Asia's largest ammonia storage infrastructure, with a storage capacity of 93,000 tons. In August 2024, the company signed a Joint Collaboration Agreement (JCA) with Japan's JERA to strengthen the clean ammonia value chain. Under the agreement, the two companies are collaborating to optimize overseas clean ammonia supply chains, establish low-carbon fuel standards for both Korea and Japan, and expand the value chain. Beginning in 2026, we are expanding the overseas clean ammonia supply chain by commencing the commercial import of green ammonia powered by 100% renewable energy. To establish the foundation for the clean ammonia business, the company also completed the construction of re-export facilities and the acquisition of ammonia transport vessels in February 2024. The company plans to expand domestic and international brokerage of ammonia in the short-term and expand into new low-carbon energy businesses, including supplying raw materials for power generation, marine fuel bunkering, and feedstocks for hydrogen production, in the mid/long-term.

(B) Resource Sourcing Plan

The consolidated company establishes carbon reduction initiatives aligned with its carbon neutrality targets. To support these initiatives, the company plans to secure necessary funds through existing internal reserves and the operation of an ESG fund. As of 2025, the parent company has executed a cumulative total of KRW 128.7 billion in investments to switch to low-carbon fuel as a key carbon reduction measure.

Financial State, Financial Performance, and Cash Flow

(A) Impact on Financial State, Financial Performance, and Cash Flow across the Reporting Period and Short-/Medium-/Long-term

The financial state, financial performance, and resulting impacts from climate-

related risks and opportunities identified from the business model are as follows. As for the recorded quantitative data, asset and revenue growth, cost reduction, and cash flow increase are recorded in positive figures while revenue decline, liability and cost increase, and cash flow decrease are recorded in negative figures.

(Unit: KRW Million)

Climate Risks and Opportunities		Financial State	Financial Performance	Cash Flow		Estimated Financial Impact
	Category	Asset	Cost	Cash Flow from Operating Activities	Cash Flow from Investing Activities	
Transition Risks	(Policy and Regulations) Increased regulatory compliance costs due to stricter climate change regulations/legislations		3,344	3,344		The consolidated company is subject to the ETS and currently has revenue from selling surplus emission allowances through its GHG reduction activities. However, in the future, surplus allowances may decline and emission allowance procurement costs may increase due to tightening ETS regulations and reductions in allocation volumes. To address these transition risks, the company has conducted financial impact analyses based on IEA scenarios. The analysis indicates that effective implementation of the GHG reduction strategy could significantly mitigate potential allowance procurement costs. Further details on the resilience assessment can be found under the 'Strategy: Climate Resilience (p.47)' section of this report.
	(Policy and Regulations) Rise in sourcing price of raw and subsidiary material due to carbon regulations and carbon taxes along the supply chain					The parent company is participating in the K-EV100 initiative and plans to transition 100% of its corporate fleet to zero-emission vehicles by 2030. In the next year, the company intends to introduce a total of 16 hybrid and electric vehicles. However, financial impacts may vary depending on the annual roll-out schedule.
	(Policy and Regulations) Increased regulatory compliance costs due to stricter climate change regulations/legislations					LOTTE Energy Materials is enhancing its raw material procurement efficiency and improving COGS through cost reductions achieved by expanding the use of copper scrap-based recycled materials. However, future financial impacts may vary depending on factors such as the procurement unit price of recycled materials, supply and demand stability, and their application share within the production process.
	(Market) Higher energy sourcing costs due to increased energy transitions and price volatility					The parent company plans to expand REC purchases to source renewable energy. However, given that specific purchasing plans and contract details have not been finalized as of the end of the reporting period, this has been excluded from the quantitative disclosure of estimated financial impacts.
						LOTTE Fine Chemical plans to continuously expand its self-generation solar facilities and PPAs with the target of sourcing 161 MW of renewable energy by 2030. Accordingly, this expansion is anticipated to increase PP&E, as well as depreciations related to renewable energy infrastructure, along with an increase in operating expenses from PPA procurement. Meanwhile, the resulting reduction in grid power procurement is expected to savings in electricity costs. However, due to potential adjustments in the specific scale and timing of deployment driven by shifts in the policy environment and business plans, quantitative estimation at this stage remains limited and relevant disclosures will be expanded once future plans are finalized.
						The consolidated company is executing various reduction initiatives to improve energy efficiency. For the upcoming period, the parent company has allocated an investment budget of approximately KRW 2.78 billion to install turbo blowers and adopt high-efficiency fans for energy reduction. This investment is anticipated to result in an increase in PP&E, as well as operating expenses.
						The parent company is undertaking various investment activities to expand resource circulation products, including implementing recycling processes, and is continuously expanding R&D to broaden its recycled product lines. As R&D activities related to climate change response are expected to expand over the mid-/long-term, related costs are also anticipated to increase. However, the investment and R&D scales may vary depending on project progress and business plans.
						The parent company is proving the environmental sustainability of its products by obtaining ISCC PLUS and Eco-Label for synthetic resins produced with bio-recycled naphtha based on chemical recycling. The company plans to continuously increase the number of eco-certified products in the future.
						The consolidated company is pursuing R&D activities to develop eco-friendly and low-carbon products, resulting in ongoing financial impacts that are expected to continue to expand in the future.
						In response to growing low-carbon product demand and eco-friendly strategies, the parent company expects average annual revenues from the ECOSEED brand and resource circulation/bio-materials to reach approximately KRW 422.5 billion in the short-term (2026), KRW 550.4 billion in the mid-term (2027–2030), and KRW 976.0 billion in the long-term (2031–2050).
Opportunity	(Policy and Regulations) Increased regulatory compliance costs due to stricter climate change regulations/legislations					
	(Policy and Regulations) Rise in sourcing price of raw and subsidiary material due to carbon regulations and carbon taxes along the supply chain					
Transition Risks	(Policy and Regulations) Increased regulatory compliance costs due to stricter climate change regulations/legislations					
	(Market) Higher energy sourcing costs due to increased energy transitions and price volatility					
Opportunity	(Products and Services) Increased revenue driven by growing demand for low-carbon products					

* The consolidated company has identified and aggregated investment projects corresponding to energy efficient initiatives for the current period. As for depreciations, only the items invested during the year 2025 have been reflected.

** The parent company has identified and aggregated investment projects corresponding to recycling facilities for the current period. As for depreciations, only the items invested during the year 2025 have been reflected.

(B) Impact on Financial Statements of the Following Fiscal Year

The consolidated company implements energy-saving initiatives every year and plans to continuously introduce related new facilities in the following year. In particular, the parent company is planning to investment an estimated KRW 2.8 billion s to reduce GHG emissions by improving energy efficiency. Consequently, these facility investments are expected to lead to significant adjustments in the book value of property, plant, and equipment during the next fiscal year. Additionally, operating expenses are expected to incur as REC purchases or PPA contracts continue to expand renewable energy procurement. However, as the specific investment scale and contractual terms for the next fiscal year have not been finalized at this point, there are limitations in reliably estimating the quantitative impact. Therefore, specific quantitative information has been omitted.

Climate Resilience

(A) Climate Resilience Assessment

The consolidated company conducts climate scenario analyses to assess its resilience in responding to climate-related changes, developments, and uncertainties. Climate-related risks and opportunities across the short, medium, and long term are identified and quantitatively assessed for their financial impacts. Based on these findings, response strategies are developed and analyzed to mitigate the identified risks and understand their reduction effects to evaluate the level of resilience. Going forward, we plan to continuously verify the effectiveness of response strategies and mitigate climate-related risks through regular resilience assessment.

[Physical Risks]

1 Implications for Corporate Evaluation of Strategy and Business Model

Using the S&P Climonomics® climate modeling tool in the corporate evaluation of physical risks, the consolidated company calculated average annual loss rate and losses compared to asset value of key production sites** regarding eight climate drivers.

The analysis was conducted on tangible assets, excluding land, and the annual loss rate relative to the total value of the analyzed assets is estimated to reach a maximum of approximately 3.2% in the 2020s. According to the financial loss analysis by climate hazard, temperature extremes account for the largest share at approximately 82% of total losses, followed by pluvial flooding (7%) and fluvial flooding (4%). The findings indicate that total losses are primarily driven by hazards associated with temperature extremes and pluvial flooding.

Loss components of each physical hazard are as follows.

Category		Financial Impact Pathway
Acute	Drought	Water costs due to drought + building foundation repair costs + opportunity cost due to business interruptions
	Wildfire	Opportunity cost due to business interruptions + drop in labor productivity + cost of physical damage to facilities/equipment
	Pluvial flooding, fluvial flooding, coastal flooding	Repair and restoration costs due to flood + opportunity cost due to business interruptions
	Tropical cyclones	Repair and restoration costs due to typhoon + opportunity cost due to business interruptions
Chronic	Water Stress	Water costs due to water stress + opportunity cost due to business interruptions
	Temperature Extremes	Electricity cost to respond to rising average temperatures + HVAC (Heating, Ventilation, and Air Conditioning) system maintenance cost + drop in labor productivity

* Temperature Extremes, Drought, Wildfire, Pluvial Flooding, Fluvial Flooding, Tropical Cyclone, Water Stress, Coastal Flooding
** Sites subject to analysis:
(Parent company) Yeosu Complex (Basic Chemicals), Yeosu Complex (Advanced Materials), Daesan Complex, Ulsan Complex
(LOTTE Fine Chemicals) Ulsan Complex, Incheon Complex
(LOTTE Energy Materials) Iksan Plant 1, Iksan Plant 2

Annual average loss rate from physical hazards by time horizon are as follows.

(Annual average loss rate, Unit: %)

Category			Loss Rate							
Risk Factor	Impacted Business Site		SSP1 – 2.6				SSP5 – 8.5			
	Company	Business Site	2020s	2030s	2040s	2050s	2020s	2030s	2040s	2050s
Temperature Extremes	Parent Company	Yeosu Complex (Basic Chemicals)	2.20	2.67	3.00	3.12	2.15	2.99	3.63	4.35
	Parent Company	Yeosu Complex (Advanced Materials)	2.20	2.67	3.00	3.12	2.15	2.99	3.63	4.35
	Parent Company	Daesan Complex	2.18	2.64	3.05	3.13	2.10	2.97	3.67	4.37
	Parent Company	Ulsan Complex	2.14	2.60	2.96	3.03	2.14	2.93	3.53	4.27
	LOTTE Fine Chemical	Ulsan Complex	2.19	2.64	2.99	3.09	2.21	2.98	3.61	4.33
	LOTTE Fine Chemical	Incheon Complex	2.29	2.74	3.18	3.27	2.20	3.07	3.80	4.47
	LOTTE Energy Materials	Iksan Plant 1	2.37	2.83	3.22	3.30	2.25	3.14	3.81	4.55
	LOTTE Energy Materials	Iksan Plant 2	2.30	2.79	3.14	3.24	2.20	3.08	3.75	4.48
Pluvial Flooding	Parent Company	Yeosu Complex (Basic Chemicals)	0.19	0.24	0.28	0.29	0.19	0.26	0.36	0.47
	Parent Company	Yeosu Complex (Advanced Materials)	0.19	0.24	0.28	0.29	0.19	0.26	0.36	0.47
	Parent Company	Daesan Complex	0.18	0.22	0.26	0.27	0.18	0.24	0.33	0.44
	Parent Company	Ulsan Complex	0.18	0.22	0.25	0.27	0.17	0.24	0.33	0.43
	LOTTE Fine Chemical	Ulsan Complex	0.18	0.22	0.26	0.28	0.18	0.24	0.34	0.44
	LOTTE Fine Chemical	Incheon Complex	0.19	0.23	0.27	0.29	0.18	0.25	0.35	0.46
	LOTTE Energy Materials	Iksan Plant 1	0.20	0.25	0.29	0.31	0.20	0.27	0.37	0.49
	LOTTE Energy Materials	Iksan Plant 2	0.19	0.24	0.28	0.30	0.19	0.26	0.36	0.48
Fluvial Flooding	Parent Company	Yeosu Complex (Basic Chemicals)	0.21	0.28	0.33	0.35	0.23	0.31	0.43	0.57
	Parent Company	Daesan Complex	0.17	0.22	0.26	0.28	0.18	0.25	0.33	0.44

2 Material Uncertainties Considered in Corporate Evaluations

Category		Description of Uncertainty
Transition Risk	Scenario Uncertainty	Due to the complexity of climate systems and limitations of climate projections, climate pathways and impacts in the IPCC scenarios are subject to inherent uncertainty
	Model Uncertainty	Discrepancies with actual financial impact due to simplifications and assumptions applied to the financial modeling process

3 Assessment of Resilience Levels

The scenario analysis found the parent company’s Daesan Complex, LOTTE Energy Materials’ Iksan Plant1, and LOTTE Fine Chemicals’ Incheon Complex as having the highest exposure to physical risks such as increased overload of HVAC systems due to temperature extremes, heat-related illnesses among workers, and reduced efficiency of outdoor facilities. The consolidated company are implementing various measures to prepare against temperature extremes, such as installing air conditioning in worker rest areas, operating flexible work hours during extreme heat, and conducting thermal imaging inspections of facilities at substations and electrical rooms.

Category	Response Measure
Parent Company	• Provided drinking water and glucose supplements
	• Installed air conditioning in worker rest areas
LOTTE Fine Chemicals	• Operated flexible working hours during periods of extreme heat
	• Installed shade structures and sun shelters
LOTTE Energy Materials	• Developed worker health protection and prevention measures for each heatwave level
	• Provided training material on how to prevent heat-related illnesses
LOTTE Energy Materials	• Conducted monthly thermal imaging inspections of equipment in substations and electrical rooms
	• Conduct long-term risk assessment and monitoring based on geographical and site-specific characteristics of each business site
LOTTE Energy Materials	• Developed and implemented “Heatwave Health and Safety Management Standards” to prevent heat-related health risks to employees during heatwaves
	• Operated a heatwave alert system (Advisory ≥ 33°C / Warning ≥ 35°C)
LOTTE Energy Materials	• When the heat index reaches 35°C or higher, operate ventilation and cooling systems, adjust working hours during peak heat hours (14:00-17:00), provide additional rest breaks, supply cool water and glucose supplements, and offer shaded rest areas
	• Authorize head of the Safety Management department to temporarily suspend work when there are concerns of worker health and safety
LOTTE Energy Materials	• Installed air conditioning in worker rest areas
	• Operated flexible working hours during periods of extreme heat
LOTTE Energy Materials	• Thermal imaging inspections at substations and electrical rooms
	• Managed risk of reduced productivity through regular inspections of HVAC systems and replacement of aging equipment at business sites

The company’s specific strategy reflecting implications from the analysis can be found under ‘Strategy: Strategy and Decision-makings, (A) Current Response and Plans (p.41-44).’ Based on such findings, the consolidated company is considered to be implementing systems and initiatives to respond to physical risks.

[Transition Risk]

1 Implications of Company Evaluation on Strategy and Business Model

With stricter GHG reduction targets, such as the nationally determined contributions (NDCs), companies subject to ETS are expected to face increased costs for purchasing allowances to cover emissions that exceed their allocated limits. As individual companies under each division of the consolidated company are subject to the K-ETS, rising carbon pricing has been identified as a material risk with a financial impact analysis conducted to assess its potential effects. The analysis is based on the Stated Policies Scenario (STEPS), the Announced Pledges Scenario (APS), and the Net Zero Emissions by 2050 Scenario (NZE) set forth by the International Energy Agency (IEA). The assumed auctioning ratio used in our assessment reflects the Nationally Determined Contribution (NDC) industry mitigation targets, while free allocation levels were calculated using average GHG emissions from the three years excluding the designated allocation year in accordance with the Act on the Allocation and Trading of GHG Emissions.

The climate change scenario analysis of transition risks indicates that cost burdens associated with purchasing additional permits are anticipated for the mid-term (1~5 years) and long-term (5+ years ~ 2050) as the ratio of free allowances decreases and carbon permit prices rise. Under the NZE scenario, which projects the highest carbon price at USD \$250, these costs are expected to escalate significantly.

(Based on annual average, Unit: KRW million)

Category	Unit	Mid-term (2027 ~ 2030)			Long-term (2031 ~ 2050)		
		STEPS	APS	NZE	STEPS	APS	NZE
BAU*	KRW		70,078	187,821	209,625	692,234	1,932,877
Following strategy implementation**	KRW		(26,690)	(72,522)	(81,010)	129,269	368,208
Cost-savings***	KRW		96,768	260,343	290,635	562,965	1,564,669

* When the consolidated company implements reduction strategies, estimated financial costs (for purchasing permits) by multiplying projected annual carbon prices under each scenario by the volume of additional permits required to cover Scope 1 and 2 emissions that exceed free allowances

** When GHG reduction strategies are implemented, estimated financial losses or gains (profits from trading surplus permits) calculated by multiplying the annual carbon price by the expected surplus or deficit of permits

*** Represented as the difference between the financial loss* when the strategy is not implemented and the financial costs** when the strategy is implemented effectively

2 Significant Areas of Uncertainty Considered in the Company Evaluation

Category		Description of Uncertainty
Transition Risk	Scenario Uncertainty	Uncertainties in fluctuating carbon prices of each country that are considered in the future carbon price calculations of the IEA scenarios
	Model Uncertainty	Discrepancies with actual financial impact due to simplifications and assumptions applied to the financial modeling process
	Auctioning Ratio	Uncertainties exist as emission permit auctioning is determined by law and affected by domestic and international political and environmental factors

3 Assessment of Resilience Levels

To proactively respond to tightening climate regulations both domestically and internationally such as rising carbon credit prices and adjustments in free emission allowances, the consolidated company has established carbon neutrality targets and developed an RE100 roadmap with plans to secure renewable energy through PPAs and REC purchases for domestic operations. The parent company aims to increase the share of renewable energy use to 60% of total operations by 2030 and achieve 100% renewable energy use by 2050. The company’s specific strategy based on the analysis implications can be found under ‘Strategy: Strategy and Decision-Makings, (A) Current Response and Plans (p.41-44).’ Based on these findings, the consolidated company is considered to have the strategy and capabilities to respond to transition risks. In particular, as the petrochemical industry has been classified as a sector at risk of carbon leakage, the company has been allocated 100% of its emission allowances fee of charge during the 4th phase of the ETS. When considering free emission allowances and 3.24 million tCO₂eq is effectively reduced compared to BAU levels by 2030, the company will be able to generate financial benefits from excess permit sales with a projected financial impact of approximately KRW 96.7 ~ 290.6 billion (annual average) in savings as of 2030.

[Opportunity]

1 Implications for Corporate Evaluation of Strategy and Business Models and Assessment of Resilience Levels

With growing demand for low-carbon products, the parent company has identified increased revenues from the sales of recycled products as a key opportunity, assessing estimated financial impact based on resource circulation products of the Advanced Materials business. Synthetic resin (ABS) and engineering plastic (PC) of the Advanced Materials business were used for the analysis. Using the IEA Net Zero Emissions (NZE) scenario, the low-carbon product market is projected to expand significantly, with recycled products revenues to reach approximately KRW 10 trillion by 2050. PC products are expected to account for 10% of the total market while ABS products are expected to account for 5% based on the parent company's estimated sales plans.

Accordingly, revenue growth based on increased demand for low-carbon products including recycled products, is recognized as a key opportunity. In response, the parent company is actively investing in recycling technologies and R&D initiatives to develop a recycling ecosystem, encompassing raw material sourcing (waste plastic), production of recycled materials, and consumption through recycled end products. The specific strategy to address growing demand for low-carbon materials from clients such as EVs and home appliance manufacturers can be found under 'Resource Circulation Strategy Development and Management (p.31~34)' of this report. Based on these findings, the company is considered to have the strategy and capabilities to adapt to climate opportunities. However, there is some uncertainty, particularly around the potential misalignment between projected and actual market demand for eco-friendly products and services.

(B) Climate-related Scenario Analysis Methodology and Timing

1 Information on Input Variables Used by the Company

	Category	Details
Physical Risks	Scenario and source	• SSP1-2.6 (<2°C) - Definition: Scenario that limits global warming to below 2 degrees to achieve 2050 Net Zero goals. - Source: IPCC (Intergovernmental Panel on Climate Change) 6th Assessment Report • SSP2-4.5 (2~3°C): - Definition: Scenario where current socioeconomic tendencies are mostly maintained and temperatures rise 2~3 degrees - Source: IPCC (Intergovernmental Panel on Climate Change) 6th Assessment Report • SSP5-8.5 (>4°C): - Definition: Worse-case scenario where temperatures rise more than 4 degrees due to GHG emissions • (*)Source: IPCC (Intergovernmental Panel on Climate Change) 6th Assessment Report
	Physical risk relevance	• Based on the scenarios above, S&P Climonomics was utilized to assess the impacts of each climate-related physical risk
	Alignment with the latest international agreements	• Aligns with the latest international conventions (UNFCCC and Paris Agreement).
	Relevance with resilience assessments	• The IPCC scenarios were selected as the most suitable for the resilience assessment, as they offer scientifically verified future GHG emission pathways for evaluating physical risk impacts
	Analysis target's scope of operations	• Total 8 sites in Korea - Parent company: Yeosu (Basic Chemicals) Complex, Yeosu (Advanced Materials) Complex, Daesan Complex, Ulsan Complex - LOTTE Fine Chemicals: Ulsan Complex, Incheon Complex - LOTTE Energy Materials: Iksan Plant 1, Iksan Plant 2
Transition Risks/ Opportunities	Scenario and source	• NZE (Net Zero Emission by 2050) - Definition: Assuming the pathway to achieving '0' carbon emissions in global energy by 2050 • APS (Announced Pledge Scenarios) - Definition: Assuming all climate pledges will be implemented as planned, including each country's NDCs and long-term carbon neutrality targets • STEPS (Stated Policy Scenarios) - Definition: Assuming policies are implemented based on current policies of countries around the world and assessments made on the policies announced by each country • (*) Source: IEA World Energy Outlook 2025
	Transition risk relevance	• IEA scenarios were determined to have sufficient relevance because they thoroughly evaluate the potential risks emerging from policy, technology, and market shifts during the transition to a low-carbon economy
	Alignment with the latest international agreements	• Aligns with the latest international conventions (UNFCCC and Paris Agreement).
	Relevance with resilience assessments	• IEA scenarios analyze changes and policy uncertainties in the global energy market to effectively manage risks faced by companies in the transition process to help them prepare against unexpected energy price fluctuations or regulatory changes and reduce risks, playing a key role in the resilience assessment
	Time horizon	• Period until 2050
	Analysis target's scope of operations	• (Transition Risk) Based on the parent company and key consolidated subsidiaries (LOTTE Fine Chemical, LOTTE Energy Materials) which are subject to ETS • (Opportunity) Based on the parent company which engages in the basic chemicals and advanced materials businesses

2 Key Assumptions of the Company* Applied to Analysis

Climate Policies in the Jurisdiction

- Assuming a steady increase in auctioning within domestic Emissions Trading Schemes (ETS): Assuming auctioning ratios based on the sector's cumulative emissions reduction rate and assuming a 0% auctioning ratio for sectors with concerns of carbon leakage within the 4th ETS planning period

Country-level or Regional-level Variables

- Outlook on Korea's carbon pricing in the scenario (Unit: USD/tCO₂-eq)

Category	2035	2050
STEPS	52	75
NZE	180	250

- Applies 2025 average exchange rate of KRW 1,437/USD

* Investments to reduce emissions to achieve carbon neutrality are not taken into account in the resilience analysis

(C) Reporting Period for the Climate-related Scenario Analysis

The consolidated company conducted the climate-related scenario analysis during the reporting period for the current term.

Risk Management

Climate-related Risk and Opportunity Management Process

(A) Climate-related Risk Management Process and Policy

The consolidated company operates a process of identifying, assessing, prioritizing, and monitoring risks and opportunities related to climate change to identify and respond to climate-related risks.

1 Identification

The consolidated company creates a standardized pool of climate-related risks based on the categories used in the TCFD Framework and STEEP framework*. When identifying key risks and opportunities, peer industries within each business sector were used as a reference. The consolidated company utilizes the following input variables and parameters to identify climate-related physical risks. Detailed information on the input variables used in the physical risk management process can be found under the ‘Strategy: Climate Resilience, (B) Climate-related scenario analysis methodology and timing (p.48-49)’ section of this report.

* STEEP framework: Analysis framework that identifies and analyzes the impact of climate change on companies in terms of Social, Technological, Economic, Environmental, and Political aspects

Input Variable and Parameter	Data Source
Climate parameter by hazard	S&P Climanomics®
Asset Type	S&P Climanomics®
Asset value and location	Business Report
Physical scenario	IPCC 6th Report

The consolidated company uses the following input variables and parameters when identifying climate-related transition risks.

Input Variable and Parameter	Data Source
Energy consumption	Internal data
GHG emissions	Internal data
Transition scenario	IEA World Energy Outlook 2023 IEA Net-Zero 2050
Price outlook for GHG emission permits	2025 K-ETS emission permit (KAU25) average price, IEA World Energy Outlook 2025

2 Assessment

The consolidated company assesses climate-related physical risks through the following process.

Process	Details
Risk identification based on quantitative scenario analysis on climate-risks	- Select tools and scenarios (SSP1-2.6, SSP5-8.5) for physical risk analysis - Select list of assets for analysis* - Collect data on the type, value, and location of asset to be analyzed - Input asset data into the analysis solution to derive data on model average annual loss** - Establish a climate-related risk pool (long-list) based on the selected analysis solutions and climate scenarios, using the identification of potential financial losses in at least one asset
Climate-related risk materiality assessment	- Derive a short-list of material risks defined by financial losses that exceed internal quantitative materiality thresholds

* Includes the book value of property, plant, and equipment, investment property, and right-of-use assets (hereinafter ‘fixed assets’) from the consolidated financial statements for the current period
** Model Average Annual Loss (MAAL): Total projected losses driven by climate change including revenue expenditures, capital expenditures, incremental operating expenses, and asset impairment

The consolidated company identifies and assesses climate-related transition risks through the following process.

Process	Details
Identify climate-related risks	- Build a climate risk pool based on items from the enterprise risk management framework, internal stakeholder interviews, external sustainability disclosure standards, legislative and regulatory trends, and benchmarking analyses
Materiality assessment of climate-related risks	- Assess the likelihood and impact of each risk using a 3-point scale, targeting internal stakeholders in relevant departments that have understanding of climate-driven financial impact pathways - Calculate risk factor scores and derive key material risks (short-list) that exceed the threshold

3 Prioritization

The consolidated company carries out materiality assessments regularly to determine material sustainability topics, including climate change. This year’s assessment results found climate related risks to be the highest risk compared to other sustainability risks and opportunities. The materiality assessment outcome and specific management measures for the selected material topics are reported to the ESG Committee which oversees ESG risks.

4 Monitoring

The consolidated company identifies and assesses climate-related risks to review whether new risks have emerged or changes have taken place in terms of the degree of impact. It also checks if key climate change response strategies are valid under the current business environment and complements the given strategy, when necessary. For details on the monitoring method, please refer to the ‘Governance: Risk and Opportunity Management, Oversight, and Decision-Making Body’s Oversight of Target-Setting and Process Management (p.38)’ section of this report.

5 Process Changes Compared to Previous Reporting Period

In the previous reporting period, climate-related risk management processes were carried out based on separate basis of the parent company, but beginning this term, the management scope has been extended to consolidated companies. Accordingly, the methodology for the assessment stage in the overall management process has been revised. Physical risks are evaluated using quantitative financial loss criteria on a consolidated basis, whereas transition risks are screened to select key risks through internal materiality assessments that measure quantitative and qualitative scales and likelihood of occurrence.

(B) Climate-related Opportunity Management Process

The consolidated company uses the same process as the climate-related transition risk management process to identify, evaluate, and monitor climate-related opportunities.

Integration with Overall Risk Management System

The parent company operates an integrated risk management system to efficiently manage operational risks, financial risks, and non-financial risks that may arise across the business and identify potential risk factors. In addition, it develops measures to deter recurrence of risks including non-financial risks across the business while building a preventive system to strengthen response against risks. Depending on the level of materiality, risks are distinguished between daily risks that are addressed by the Management Committee and CEO/Management Council and specialized risks that are addressed by BOD committees with members that hold relevant legal/technical expertise for systematic management.

Metrics and Targets

Climate related Metrics

(A) Greenhouse Gases (GHG)

1 Total GHG Emissions

The consolidated company’s Scope 1, 2 GHG emissions* are as follows.

(Unit: tCO₂-eq)

Category		2023	2024	2025
Scope 1 *	Parent company and key consolidated subsidiaries	4,061,439	3,869,827	3,658,813
Scope 2 *	Parent company and key consolidated subsidiaries	2,903,599	2,810,192	2,458,842
Total (Scope 1, Scope 2)**		6,965,032	6,680,009	6,117,646

* Emissions subject to reporting to the emissions trading scheme (statement)

** As Scope 1 and 2 emissions are limited to the consolidated company (parent company, LOTTE Fine Chemicals, LOTTE Energy Materials), emissions data has been revised to 3-year emissions
Total emissions are truncated at the decimal point and may therefore differ from the sum of Scope

The parent company’s Scope 3 GHG emissions are as follows.

(Unit: tCO₂-eq)

Category		2023	2024	2025
Scope 3*	C1 Purchased goods and services	6,919,193	11,095,217	9,709,124
	C2 Capital goods	238	40	38
	C3 Fuel and energy related activities	108,609	185,279	150,046
	C4 Upstream transportation and distribution	245,302	271,012	202,598
	C5 Waste generated in operations	34,798	28,117	24,440
	C6 Business travel	1,953	1,476	1,459
	C7 Employee commuting	5,560	2,550	2,309
	C8 Upstream leased assets	160	171	18
	C9 Downstream transportation and distribution	149,071	75,186	53,681
	C13 Downstream leased assets	12,071	11,736	343
	C15 Investments**	601,230	1,560,272	1,497,635
	Total(Scope 3)	8,078,185	13,231,056	11,641,691

* Scope 3 GHG emissions were calculated based on separate basis of the parent company and only for key categories

** Includes Scope 1 and Scope 2 emissions of joint ventures, affiliates, and non-consolidated subsidiaries

2 Approach for Measuring GHG Emissions

[Measuring Approach]

Category	Guidelines
Scope 1, 2	• IPCC Guidelines for National Greenhouse Gas Inventories, 2006 • Guidelines on Reporting and Certification of Emissions in the GHG Emissions Trading Scheme • The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Scope 3	• The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

[Inputs and Assumptions]

Scope 3 emissions were calculated under the key Scope 3 categories managed by the parent company. As it is difficult to track the end use and application of products due to the nature of the petrochemical industry, Category 10 (Processing of Sold Products) and Category 11 (Use of Sold Products) were not included. In addition, Category 14 (Franchise) is not applicable and was also excluded from the calculation. The parent company calculated and disclosed carbon emissions for Category 12 (End-of-Life Treatment of Sold Products) for the first time in 2022 and has continued calculating emissions since, but plans to disclose the figures only after further refining calculations as data consistency regarding country-specific treatment rates and emission factors has not yet been secured.

[Changes in Measurement Methodology and Rationale]

The parent company reviews organizational boundaries and emission activities each year to reassess the scope to be included in measuring emissions. The changes made to the GHG emissions measurement of the parent company for the current reporting period compared to the previous period are as follows.

Organizational Boundaries	• Scope 3 Cat 15 : Emissions from 4 affiliated entities were added in accordance with equity share disclosed in the business report
Emission Activities	• Scope 3 Cat 8 : Leased assets of some business sites were included in Scope 1 and Scope 2 in the previous year and were excluded from this year's emissions • Scope 3 Cat 9 : Among products sold by the Advanced Materials business, products sold at overseas business sites were not included • Scope 3 Cat 13 : Leased assets consisting of land, rather than energy-consuming buildings, were not included in the emissions calculations

		Inputs		Key Assumption and Rationale
	Category	Activity Data	Parameter	
Scope 1	Stationary Combustion	Fuel consumption (e.g., propane, LNG, methane) and process emissions	IPCC emission factors according to the emissions trading scheme guidelines and facility-specific emission factors, LOTTE Fine Chemical and LOTTE Energy Materials' own developed emission factors theoretical values for tar incineration and NaHCO ₃ process emissions	Application of GHG emission calculation methods for each emission activity according to national emissions trading schemes guidelines
	Mobile Combustion	Fuel consumption (gasoline, diesel, etc.)	IPCC emission factors according to the emissions trading scheme guidelines	Application of GHG emission calculation methods for each emission activity according to national emissions trading schemes guidelines
Scope 2	Purchased Electricity	Electricity consumption	National grid emission factor according to the emissions trading scheme guidelines	Electricity consumption × carbon emission factor (excluding self-generated electricity)
	Purchased Steam	Steam consumption	National steam emission factor and externally purchased emission factor	Steam consumption × carbon emission factor (excluding self-generated steam)
Scope 3	Category 1 (Purchased goods and services)	2025 SAP material purchase volume, naphtha purchase volume, water withdrawals	Ecoinvent	Extract material purchase data from SAP and calculate emission volume by multiplying Ecoinvent factor of each material, cutting off at cumulative 90% for items that can be converted to mass units
	Category 2 (Capital goods)	8 product categories with EL-certified capital goods purchased in 2025 that were viewed in SAP	Environmental Product Declaration (EPD) certified carbon footprint	Classify new fixed assets acquired in the reporting year, quantity of each capital good purchased × carbon footprint of each product
	Category 3 (Fuel and energy related activities)	Fuel consumption volume recorded in statements	Evaluation factors for the Environmental Product Declaration (EPD) by KEITI (Korea Environmental Industry & Technology Institute) LCI DB Electricity Factor – Scope 2 Electricity emission factor	Fuel consumption × carbon emission factor
	Category 4 (Upstream transportation and distribution)	Data managed by the department in charge of transportation (including internally managed files and SAP system)	Evaluation factors for EPD by KEITI	Define departure and arrival destinations for each transport mode, such as ship, air, or truck, etc., Weight of goods transported × distance (from departure to arrival) × carbon emission factor
	Category 5 (Waste)	Waste volume in the Allbaro System and wastewater discharge volume in the ESG Management System	Evaluation factors for EPD by KEITI	Waste treated × type of waste and EL (Environmental Labeling) evaluation factor by waste treatment method
	Category 6 (Business travel)	Domestic and overseas business travels in the payment portal	Ministry of Environment's low-carbon green event guidelines	Distance of business travel × emission factor of each transportation mode
	Category 7 (Commuting)	Transport modes identified through survey and commuting distance according to field data	Ministry of Environment's low-carbon green event guidelines	Total number of employees × annual average number of working days × average commute distance of sample × emission factor by transportation mode
	Category 8 (Upstream leased Assets)	Leased assets of each business site	Green Building Portal statistics 2025 Korea Emissions Trading Scheme emission factor	Area of leased asset × emission factor
	Category 9 (Downstream Transportation and distribution)	Data managed by the department in charge of transportation (including internally managed files and SAP system)	Evaluation factors for EPD by KEITI	Define departure and arrival destinations for each transportation mode, such as ship, air, or truck, etc. Weight x distance (from departure to arrival) × carbon emission factor
	Category 13 (Downstream leased assets)	Leased assets of each business site	Green Building Portal statistics 2025 Korea Emissions Trading Scheme emission factor	Area of leased asset × emission factor
	Category 15 (Investments)	Statements of companies subject to the Korean emissions trading scheme selected based on equity investment rates in the business report	2025 statement 2025 Korea Emissions Trading Scheme emission factor (based on emission permits submitted)	Determine qualifying entities among non-consolidated subsidiaries, affiliates, and joint ventures based on the business report of the reporting year (Hanju, HD Hyundai Chemical, SEETEC, LOTTE E&C), Equity share × GHG emissions in the reporting year

3 Contracts Related to Scope 2 GHG Emissions

Category	Contract Means	Energy Source	Amount Used (MWh)
Parent Company	REC purchases	Solar Power	Approx. 6,384 MWh
LOTTE Fine Chemical	Direct PPA (LOTTE Chemical)	Solar Power	Approx. 10,161 MWh
LOTTE Fine Chemical	Direct PPA (SK Innovation)	Wind Power	Approx. 9,301 MWh

The parent company purchased RECs through a REC long-term supply agreement and signed renewable energy agreements to reduce Scope 2 GHG emissions. LOTTE Fine Chemical also has direct PPAs (power purchasing agreements) to lower Scope 2 GHG emissions.

(B) Assets and Business Activities Vulnerable to Climate-related Transition/Physical Risks

The consolidated company identifies assets and business activities with a high likelihood of physical damage from natural disasters triggered by climate change as being vulnerable to climate-related physical risks. In this term (2025), the parent company's Yeosu Complex (Basic Chemicals) has the highest exposure to physical risks among domestic operations with key risks being temperature extremes, fluvial flooding, and pluvial flooding. To prevent damages from key risks, facilities for focused management by the Daesan Complex were identified as vulnerable to physical risks and are shown below.

Category	2025		
Vulnerable Asset	Item	Value (Million KRW)	Percentage (%)
Assets at Yeosu Complex (Basic Chemicals)	Property, plant, and equipment*	751,389	5.7

* Property, plant, and equipment excluding land

(C) Assets and Business Activities Aligned with Climate Opportunities

The parent company identified the following assets and business activities as aligned with climate-related opportunities.

Category	2025			
Opportunity	Aligned Business Activity	Item	Value (Million KRW)	Percentage (%)
Sales of low-carbon products	Revenue from increased supply of recycled products	매출액	355,297	3.0

(D) Capital Allocation

For details on capital allocation in preparation against climate risks and opportunities, please refer to the 'Strategy: Financial State, Financial Performance, and Cash Flow (p.45~46)' section of this report.

(E) Compensation (Management Members)

For information on climate factors related to management compensation, please refer to the 'Governance: Risk and Opportunity Management, Oversight, and Decision-Making Body (E) Oversight of Target-Setting and Progress Management (p.38)' section of this report.

(F) Internal Carbon Pricing

Information on the internal carbon pricing scheme used when the parent company makes decisions, please refer to 'Governance: Risk and Opportunity Management, Oversight, and Decision-Making Body (D) How Climate-related Risks and Opportunities are Accounted for in Key Decision-Makings (p.37).' The parent company adopts internal carbon pricing when setting carbon prices with detailed prices based on future carbon price projections and the level used by domestic and global companies.

(G) Industry-Based Standards (refer to the Chemicals Sector Standards under the 'Industry-based Guidance on Implementing IFRS S2')

For more information on industry-based standards, please refer to the 'SASB Index (p.142) section of this report.

Climate-related Targets

(A) Data for Metrics Used in Setting Targets (Target Metric, Objective, Scope, etc.)

The parent company set targets to reduce carbon emissions by 20% compared to 2018 levels by 2030. This target is higher than the government's sector target (11.4% reduction vs. 2018) and is equivalent to a 2.97 million tCO₂-eq mitigation from 2030 BAU emission levels (7.98 million tCO₂-eq). In addition, the parent company set its final target to reduce Scope 1 and Scope 2 GHG emissions 100% compared to the base year by 2050. Carbon neutrality targets to be met by 2050 are based on consolidated absolute Scope 1 and Scope 2 emissions, including the parent company, through which GHG across the consolidated company is being reduced.

The consolidated company has established and implements environmental policies and targets to achieve carbon neutrality. As part of these efforts, the parent company has developed a plan to expand the use of renewable energy across all its business operations, including subsidiaries in which it holds a 50% or greater equity interest. Based on this plan, the parent company joined the global RE100 initiative in 2023 and has prioritized securing both Power Purchase Agreements (PPAs) and Renewable Energy Certificates (RECs) for its domestic operations. Through these initiatives, it aims to increase the share of renewable energy used across its operations to 60% by 2030. By 2050, it plans to further advance the transition to renewable energy through measures such as introducing power generation facilities powered by green hydrogen.

Scope	Metric	Base Year	Performance	Interim Target	Final Target
			2025	2030	2050
Parent Company	Scope 1, 2 GHG emissions	2018	5,370,773 tCO ₂ -eq	5,010,000 tCO ₂ -eq	0 tCO ₂ -eq
	Scope 1, 2 GHG reduction rate (absolute volume target)	(Base Year)	14.2% reduction	20% reduction	100% reduction
LOTTE Fine Chemical	Scope 1, 2 GHG emissions	2018	667,013 tCO ₂ -eq	580,000 tCO ₂ -eq	0 tCO ₂ -eq
	Scope 1, 2 GHG emissions (absolute volume target)	(Base Year)	8.2% reduction	14.5% reduction	100% reduction
LOTTE Energy Materials	Scope 1, 2 GHG emissions	2022	78,928 tCO ₂ -eq	75,000 tCO ₂ -eq	0 tCO ₂ -eq
	Scope 1, 2 GHG emission reduction rate (absolute volume target)	(Base Year)	29.5% reduction	32.7% reduction	100% reduction

Metric	Scope	Performance	Interim Target	Final Target
		2025	2030	2050
Share of renewable energy usage*	Consolidated Company	0.28%	60%	100%

* Reflecting the parent company and LOTTE Energy Materials, the companies among consolidated entities that meet global RE100 standards (parent company's global RE100 performance in 2025 is 0.25%)

To achieve its 2050 carbon neutrality goal, the consolidated company has established interim 2030 targets and a final 2050 target for key emissions reduction initiatives, including energy efficiency improvements, raw material and fuel transitions, and the adoption of renewable energy. Implementation progress for each initiative is monitored on a regular basis to evaluate the effectiveness of emissions reduction activities.

Initiative	Interim Reduction Target (Unit: tCO ₂ -eq)	Final Reduction Target (Unit: tCO ₂ -eq)
	2030	2050
Improve energy efficiency	78,260	165,366
Raw material and fuel transition	90,340	2,181,158
Renewable energy	853,177	1,598,974
Other	1,786,969	2,351,071
Total	2,808,746	6,296,569

(B) Review of Targets

1 Third-Party Assurance of Targets

The consolidated company receives third-party assurance regarding Scope 1 and Scope 2 emissions, but no separate assurance regarding GHG reduction targets.

2 Target Revision and Rationale

No revisions were made to targets during the 2025 reporting period.

(C) Analysis of Performance Against Targets

The consolidated company continues to make efforts at the company-level to reduce emissions in line with GHG emission reduction targets. Performance of the reporting year against targets are shown below.

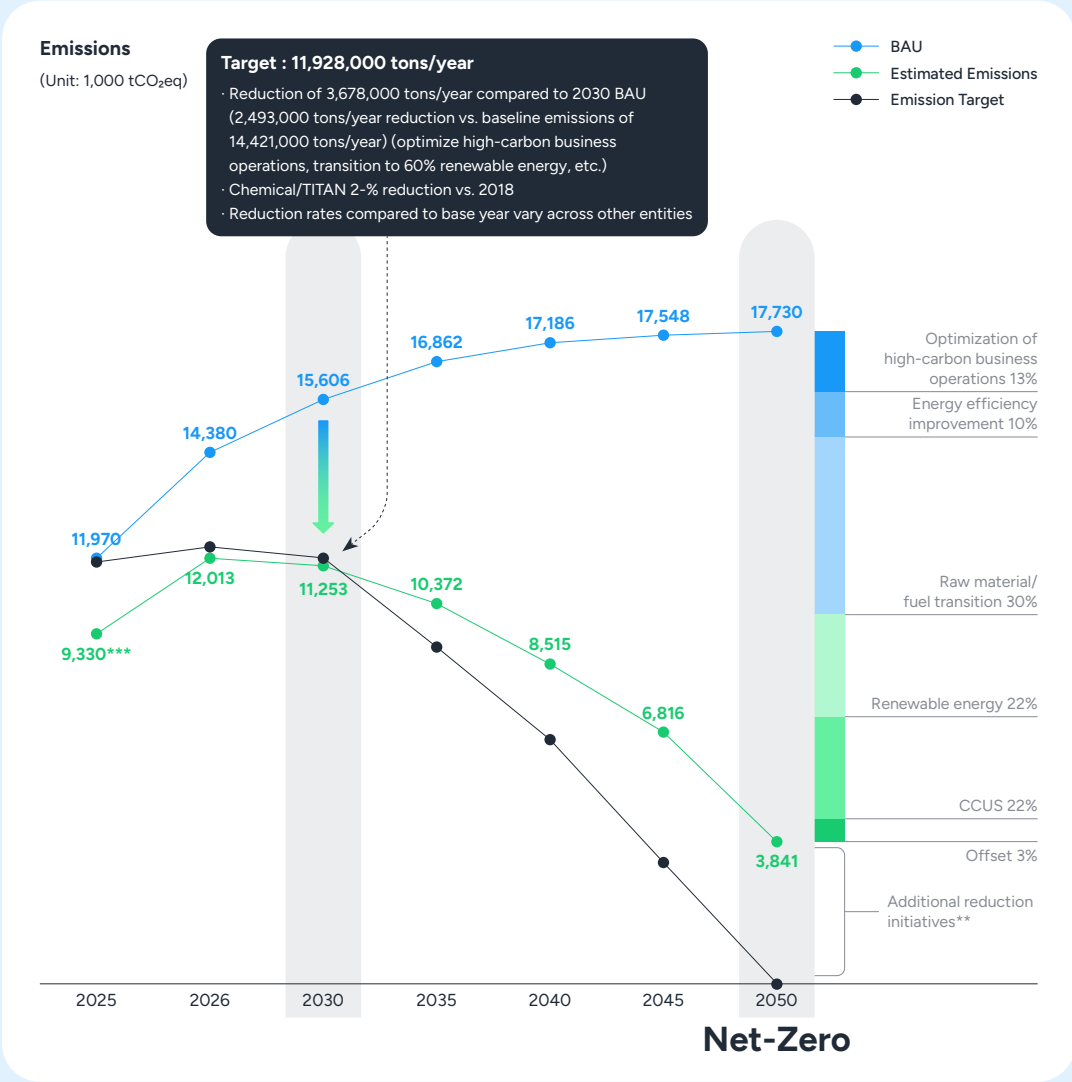
Category	Company	2023	2024	2025	2026 (Estimate)
GHG Emissions (Unit: tCO ₂ -eq)	Parent Company	6,158,540	5,903,386	5,370,773	5,852,824
	LOTTE Fine Chemical	698,518	677,663	667,013	696,918
	LOTTE Energy Materials	107,974	98,960	78,928	118,768
Energy Consumption (Unit: TJ)	Parent Company	106,450	113,076	102,604	111,793
	LOTTE Fine Chemical	16,090	15,662	15,584	17,215
	LOTTE Energy Materials	2,336	2,153	1,734	2,609

(D) Data on GHG Emission Targets

1 Type of GHG and Scope Included in Targets

Category	Type of GHG						
Scope	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	NF ₃
Scope 1	○	○	○	N/A	N/A	N/A	N/A
Scope 2	○	○	○	N/A	N/A	N/A	N/A

Chemical Business’s 2050 Net-Zero Roadmap(30 companies, including Chemical consolidated companies and key affiliates)*



* (25 consolidated entities) LCC, LFC, LEM, LEP, LCI, LC TITAN, LC USA, and other basic chemicals/advanced materials overseas subsidiaries (18 entities) (5 key affiliates - LIC, LVE, LMCC, LTGS, Aluminum)

** Operation of a consultative body for greenhouse gas reductions and joint response within the Chemical Business (sharing of individual company's energy efficiency best practices and reviewing their applicability, introduction of renewable energy, and joint response at the chemical group level such as using externally purchased steam and low-carbon fuels)

*** LEM data includes emissions from the domestic entity and its Malaysia subsidiary

(Unit: tCO₂e)

Category	No.	Company Name	Direct GHG Emissions (Scope 1)	Indirect ESG Emissions (Scope 2)	Total GHG Emissions* (Scope 1 + Scope 2)
Entities in Consolidated Financial Accounting	1	LOTTE Chemical	3,594,672	1,776,106	5,370,773
	2	LOTTE Fine Chemical Co., Ltd.**	63,607	603,409	667,015
	3	LOTTE Energy Materials Co., Ltd.***	4,934	138,221	143,154
	4	LOTTE Chemical Titan Holding Berhad****	839,130	432,363	1,271,493
	5	LOTTE Chemical USA Corp.	432,851	209,568	642,419
	6	LOTTE Engineering Plastics Co., Ltd	800	13,827	14,628
	7	LOTTE Chemical Hungary Ltd.	551	4,863	5,415
	8	LOTTE Chemical California, Inc.	14	32	46
	9	LOTTE Chemical Alabama Corp.	140	4,071	4,212
	10	LOTTE Chemical Turkey Surface Designs Industry and Trade Inc.	1,354	8,560	9,915
	11	PT LOTTE Chemical Engineering Plastics Indonesia	76	7,600	7,677
	12	LOTTE Battery Materials USA Corp. and its subsidiaries	-	-	-
	13	LOTTE Chemical Engineering Plastics (Dongguan) Co., Ltd.	491	7,558	8,050
	14	LOTTE Chemical Vietnam Co., Ltd	68	10,072	10,141
	15	LOTTE Chemical Mexico S.A. de C.V.	245	3,675	3,921
	16	LOTTE Chemical Trading (Shanghai) Corp.	-	42	42
	17	LOTTE Chemical Engineering Plastics (Tianjin) Co., Ltd.	38	7,334	7,372
	18	LOTTE Chemical Engineering Plastics (Haryana) Pvt., Ltd.	59	5,706	5,766
	19	LOTTE Chemical Engineering Plastics (Jiaxing) Co., Ltd.	25	1,422	1,448
	20	LOTTE Chemical Engineering Plastics (Shenyang) Co., Ltd.	195	1,170	1,366
	21	LOTTE Chemical Nigeria Limited	16	5	21
	22	LOTTE Chemical Deutschland GMBH	182	30	212
	23	LOTTE Chemical (Thailand) Co., Ltd.	132	45	177
	24	LOTTE Chemical Japan Co., Ltd.	1	5	6
	Subtotal		4,939,581	3,235,684	8,175,269
Other Investees*****	25	LOTTE Versalis Elastomers Co., Ltd.	4,922	144,864	149,786
	26	LOTTE INEOS Chemical	141,544	115,300	256,844
	27	LOTTE MCC Co., Ltd.	153,533	113,253	266,784
	28	LOTTE GS Chemical Co., Ltd.	92,739	321,335	414,075
	29	LOTTE Aluminium	19,297	48,440	67,737
		Subtotal		412,035	743,192
Total			5,351,616	3,978,876	9,330,495

* Total emissions are truncated at the decimal point and may therefore differ from the sum of Scope 1 and Scope 2 emissions

** LOTTE Fine Chemical emission data excludes subsidiaries

*** LOTTE Energy Materials includes data from domestic entity and Malaysia subsidiary

**** LC Titan includes emission data from LCTM and LCTN entities

***** Among the non-consolidated subsidiaries, data for five entities that are subject to domestic GHG emissions trading schemes are disclosed in this 2025 ESG Report

※ Final verified 2025 emissions are scheduled to be reported at the end of July 2026 based on the Emissions Trading Scheme Guidelines, which may result in some discrepancies with the figures above

Overseas sales subsidiaries with low levels of importance in terms of total consolidated emissions were excluded from final verified emissions (Entities no. 8, 16, 21, 22, 23, 24)

BIODIVERSITY

All human economic activities ultimately depend on the Earth’s natural capital, which is why climate change, ecosystem degradation, and the depletion of natural resources, such as clean water and minerals, have significant impact on a company’s sustainable growth. Accordingly, LOTTE Chemical implements a biodiversity management system that supports the global biodiversity framework and the Taskforce on Nature-related Financial Disclosures. We aim to share LOTTE Chemical’s biodiversity management and disclosure efforts through this report.

Biodiversity Governance Framework

LOTTE Chemical operates the ESG Committee under the Board of Directors as its highest governing body to ensure the systematic management of biodiversity-related decision-making. The ESG Committee is responsible for reviewing and approving key agenda items, including biodiversity policies and strategic directions, while performing management and oversight functions. Furthermore, the Committee exercises overall oversight by evaluating key risks and opportunities based on the biodiversity impact assessments. At the management level, the Sustainability Committee deliberates biodiversity strategies and plans, monitoring the progress and performance of our conservation initiatives to drive successful implementation.

We are also expanding collaboration with local communities and stakeholders to systematically address biodiversity-related risks and opportunities. Moving forward, we will remain dedicated to preserving the health and equilibrium of diverse ecosystems, contributing to creating a sustainable environment.

Biodiversity Policy

LOTTE Chemical developed a biodiversity policy in 2026 within its environmental management policies, based on which it will systematically manage relevant risks and opportunities while continuously conducting activities to preserve the ecosystem.

Biodiversity Policy

LOTTE Chemical supports the targets set out in the Global Biodiversity Framework (GBF) adopted at the 15th Conference of the Parties to the United Nations Convention on Biological Diversity (COP15). In alignment with these goals, we are committed to the sustainable and responsible use of biodiversity components throughout business activities, ensuring our business practices prevent biodiversity loss. LOTTE Chemical strives to minimize its environmental footprint, especially in areas of high ecological value, actively engaging in policy initiatives and partnerships for ecosystem conservation and restoration. We also conduct regular assessments of natural capital risks and opportunities across our business sites, incorporating feedback from local communities and stakeholders to continuously strengthen our positive impact on biodiversity and ecological resilience.

LEAP Approach

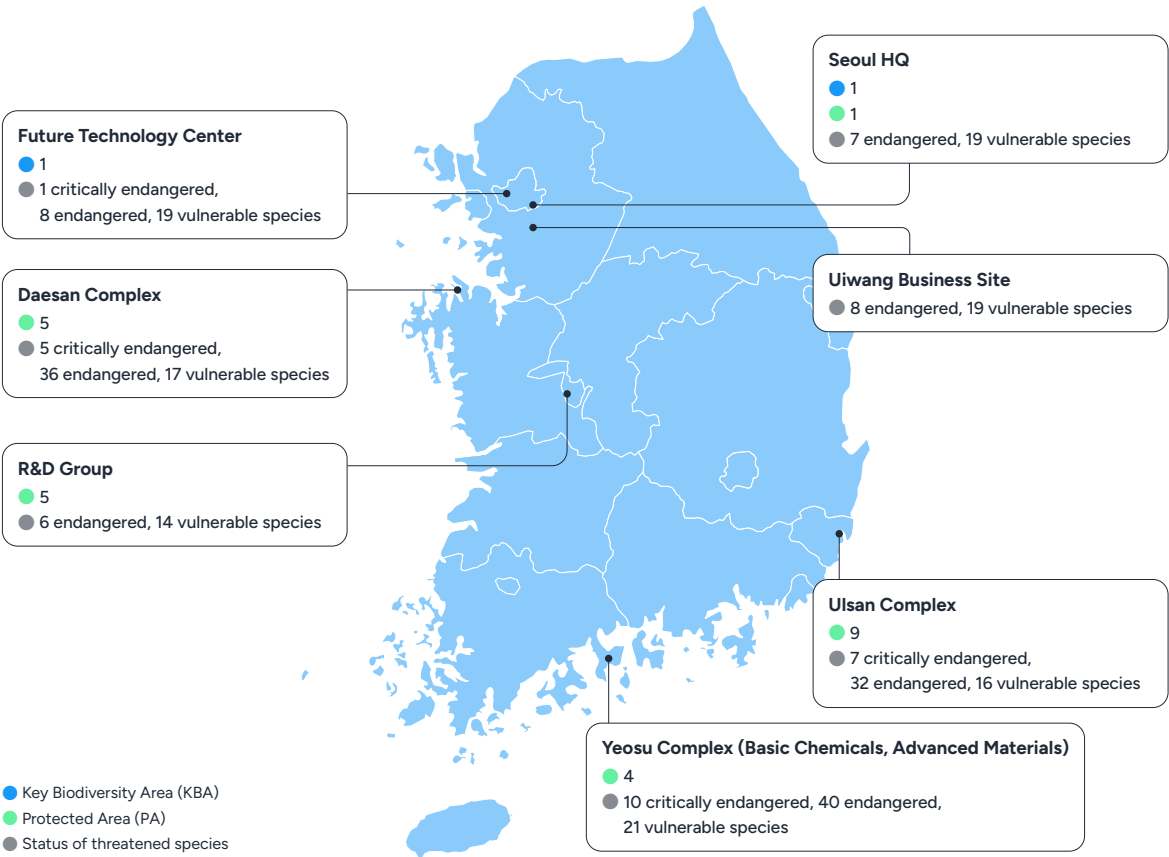
As LOTTE Chemical’s business is related to petrochemicals, managing the impacts of our business activities on local communities and the environment is critical. To address this, we assessed our dependencies and impacts on natural capital and analyzed key nature-related risks and opportunities using the LEAP Approach* recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). Through this process, we are advancing strategies to mitigate our negative impacts on Mother Nature.

* LEAP Approach: Locate (L) sensitive areas, Evaluate (E) dependencies and impacts, Assess (A) risks and opportunities, and Prepare (P) to respond and manage



Locate - Identification of Sensitive Locations

LOTTE Chemical identified sensitive locations through review of its domestic own operation business sites as recommended by TNFD. Using the Integrated Biodiversity Assessment Tool (IBAT) and other global databases, we evaluated each site based on its location* in relation to Key Biodiversity Areas (KBA), Protected Areas (PA), and the presence of endangered species near the given business site. Results found that all business sites were classified as sensitive locations requiring management in accordance with international standards.

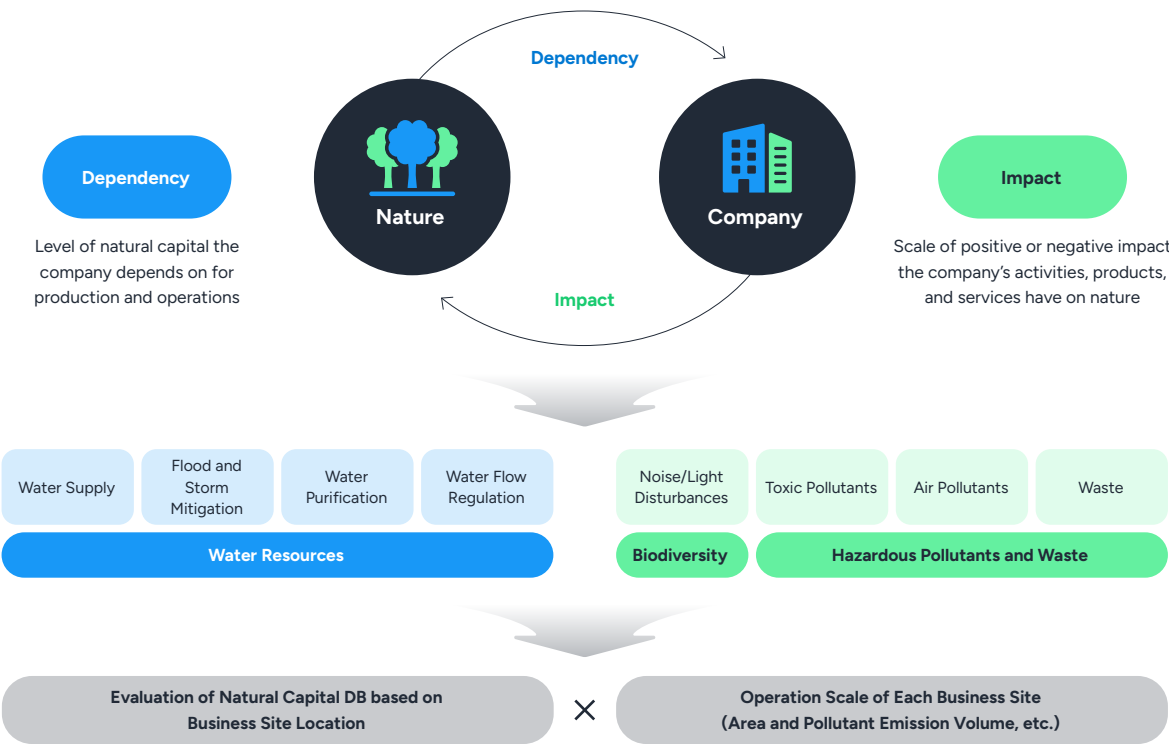


* KBAs and Pas are managed within a 2km radius of business sites in Seoul and the metropolitan areas and within a 10km radius for non-metropolitan areas. For analysis of endangered species near business sites, a 5km radius was used for headquarters, research centers, and the Uiwang business site, and a 20km radius for industrial complexes.

Evaluate - Evaluation of Dependencies and Impacts

LOTTE Chemical leveraged ENCORE (Exploring Natural Capital Opportunities, Risks, and Exposure), a tool recommended by TNFD, to evaluate the dependency and impact of economic activities on ecosystem services. Water resources, biodiversity, and hazardous pollutants and waste were selected as core natural capital topics through the evaluation, and priority management sites were identified based on assessments of location based natural capital databases* and their operation scales. As a result, Yeosu (Basic Chemicals, Advanced Materials), Daesan, and Ulsan Complexes were identified as priority sites for natural capital management.

Identification Process for Core Natural Capital Topics and Priority Management Business Sites



* World Wildlife Fund's (WWF) Biodiversity Risk Filter, World Resources Institute's (WRI) Aqueduct Water Risk Atlas Tool, and biodiversity conservation metrics for extinction risk reduction

Assess – Assessment of Risks and Opportunities

LOTTE Chemical reviewed TNFD recommendations, natural capital disclosures from peer groups, and pending environmental legislation bills to identify risks and opportunities related to core natural topics. Based on natural capital risk and opportunity candidate groups, we are managing risks and opportunities that are material to LOTTE Chemical through internal discussions. We are closely monitoring changes in physical risks stemming from deterioration of ecosystem services, as well as transition risks driven by both market and non-market forces. In response, we are developing a flexible strategy aimed at preventing natural capital risks while enhancing opportunities.

Category		Core Natural Capital Topic	Drivers	Business Impact	Risk and Opportunity Time Horizon		
					Short-term (~2026)	Mid-term (~2030)	Long-term (~2050)
Risk	Physical	Chronic	Water Resources	· Depletion of groundwater and reduced access to water resources due to prolonged droughts and excessive water use		●	●
	Transition	Policy	Water Resources	· Stricter wastewater discharge and water quality standards in line with strengthened laws and regulations regarding water resources	●	●	●
		Policy	Hazardous Pollutants & Waste	· Stricter waste intake and pollutant discharge/treatment standards aligned with reinforced legal and institutional frameworks		●	●
		Policy	Hazardous Pollutants	· Stricter oversight and rising pressure to comply with more rigorous domestic and international chemical regulations		●	●
		Reputation	Hazardous Pollutants	· Higher possibility of serious environmental incidents such as leaks of environmentally hazardous substances, etc.			●
Opportunity	Market		Waste	· Growing market demand for recycling waste plastic and higher requirements levels regarding the circular economy	●	●	●
	Reputation		Biodiversity	· Increased social interest in the need to preserve endangered species in key biodiversity areas and near business sites		●	●

Prepare – Response and Disclosures

LOTTE Chemical sets targets and monitors performance to ensure the risks and opportunities related to the core natural topics of water resources, hazardous pollutants and waste, and biodiversity are managed well. In 2026, we developed biodiversity policies and are integrating biodiversity conservation activities into the “GREEN PROMISE 2030” green ecosystem creation strategy as its sub-initiatives.

Core Topic	Water Resources	Hazardous Pollutants	Waste	Biodiversity
Major Goals (Initiatives)	· Aim to lower the four environmentally hazardous substances (wastewater, air pollutants, water pollutants, and waste) to 50% of 2019 levels by 2030			· Implement biodiversity conservation activities · Drive stakeholder cooperation
	· Reduce water withdrawal through water recycling	· Company-wide project for transition to alternative material · Enhance facility management compliance with relevant laws and regulations, and strengthen monitoring	· Expand recycled products · Increase amount of waste recycling	
Key Management Metrics	· Total wastewater discharge	· Emissions of air/water pollutants	· Waste emissions	· Biodiversity conservation performance
	· Water reused	· Consumption of hazardous chemicals · Ratio of products containing ingredients classified as GHS Category 1 or 2 for health and environmental hazards	· Sales volume of recycled products · Waste recycling and treatment	
Relevant GBF Target	· Target 4) Halt species extinction, and manage human-wildlife conflicts · Target 7) Reduce pollution to levels that are not harmful to biodiversity · Target 10) Maintain continuity in production activities through sustainable use of biodiversity · Target 11) Restore, maintain, and enhance nature’s contributions to people, including ecosystem services · Target 16) Enable sustainable consumption choices to reduce waste and overconsumption			

Efforts for Biodiversity Conservation and Marine Ecosystem Restoration

LOTTE Chemical recognizes its impact on the natural environment and biodiversity as a key sustainability issue and focuses on ecosystem conservation and natural capital management as a key initiative of its ESG management efforts. Accordingly, we are expanding initiatives for preserving marine ecosystems and enhancing biodiversity, implementing a mid-to-long-term ecosystem restoration project in cooperation with public institutions.

MOU on Marine Ecosystem Conservation and Biodiversity

LOTTE Chemical signed an MOU with the Korea National Park Service on Marine Ecosystem Conservation and Marine Biodiversity Enhancement. The agreement aims to build a mid-to-long-term cooperative system to protect major spawning grounds and habitats for marine organisms and enhance marine biodiversity. In line with the agreement, LOTTE Chemical is sponsoring a seagrass meadow restoration project to recover Zostera Marina colonies along the coasts of Geumo Island’s Dadohaesang National Park in Yeosu. The project plans to transplant approximately 20,000 shoots of Zostera Marina across a marine area of about 0.1ha over a three-year period from 2025 to 2027.

1 Project Site Selection

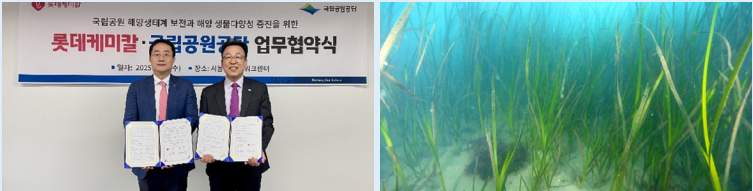
LOTTE Chemical analyzed its dependency and impact on natural capital using the LEAP approach recommended by the TNFD (Taskforce on Nature-related Financial Disclosures). As a result, Yeosu was identified as a priority business site for management, and the nearby Dadohaesang National Park along the Geumo Island was selected as the final project site.



2 Ecological Role of Zostera Marina

Zostera Marina is a marine plant (seagrass) that plays a vital role in water purification and the stabilization of coastal ecosystems. It has been designated as a Marine Protected Species by Korea’s Ministry of Oceans and Fisheries and is classified as a Least Concern (LC) species on the IUCN* Red List. As a perennial seagrass, Zostera Marina provides essential habitat and spawning grounds for marine organisms while absorbing and filtering pollutants entering coastal waters. In addition, seagrass ecosystems that include Zostera Marina, are internationally recognized as blue carbon ecosystems (IPCC, 2019)**, contributing to climate action and maintaining healthy marine ecosystems by capturing and storing carbon in the atmosphere.

* International Union for Conservation of Nature: Categorizes approximately 140,000 species through the IUCN Red List of Threatened Species. (Classification System: Extinct/Extinct in the Wild/Critically Endangered/Endangered/Vulnerable/Near Threatened/Least Concern/Data Deficient/Not Evaluated)
** Carbon absorbed and stored by marine ecosystems. The Intergovernmental Panel on Climate Change (IPCC) highlights salt marshes, mangroves, and seagrass colonies as the primary blue carbon ecosystems along coastal areas

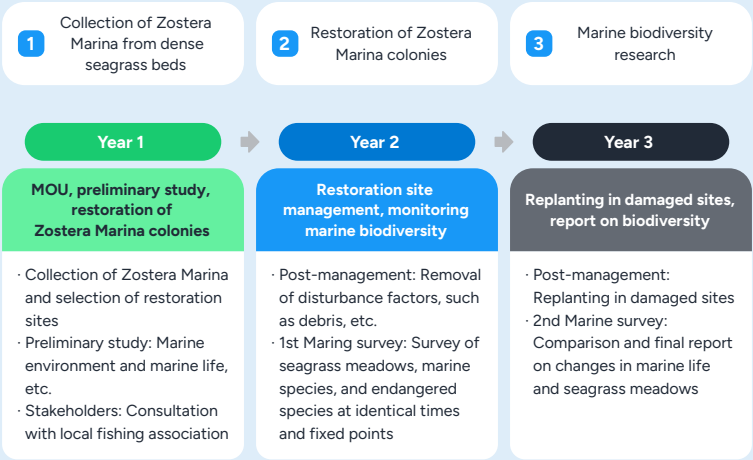


MOU to preserve marine ecosystems and enhance biodiversity at national parks (Dec. 2025) Zostera Marina

3 Phased Restoration and Post-Management System

The seagrass meadow restoration project is designed as a mid-to-long-term ecological restoration initiative and is implemented in phases. In the first year, site assessments are carried out to select candidate sites, transplanting Zostera Marina to lay the ecological foundation. In the second year, disturbance factors, such as marine debris, are removed, and restoration outcomes are monitored to promote stabilization of the ecosystem recovery. In the third year, post-management is carried out with studies and research on marine organisms to establish a sustainable marine environment. Based on this phased implementation plan, approximately 20,000 shoots of Zostera Marina were collected in April 2026 from coastal waters in Nohwa-eup,

Wando-gun, Jeollanam-do, and trimmed and sorted for transplantation with the consent of the local fishing association. Afterwards, they were successfully transplanted to the waters around Songgo Port on Geumo Island, the designated restoration site. Monitoring to date indicates that the transplanted seagrass is in good condition, suggesting stable initial establishment.



Anticipated Impact and Plans

LOTTE Chemical looks forward to improving habitats for marine organism habitats, including for endangered species, through the seagrass meadow restoration project. In addition, the recovery of seagrass meadows is anticipated to contribute to coastal water purification and the enhancement of marine biodiversity. To support these efforts, we plan to conduct ongoing post-management by leveraging underwater monitoring equipment to assess the establishment and growth of restored seagrass meadows and systematically tracking changes in Zostera Marina coverage and marine organism populations. Building on these initiatives, LOTTE Chemical will continue to expand a range of activities that link biodiversity conservation with the creation of social value, including support for research on endangered marine species and offering environmental and ecological education programs for children.

SOCIAL

Reflecting deeply on the social responsibilities of businesses, LOTTE Chemical has continuously evolved to create social value. We are committed to driving sustainable growth by creating a safe and sound working environment for employees, fostering future talent, and promoting mutual growth with our partners and communities. Ultimately, we seek to build a future where we grow together, rooted in the strong trust of our stakeholders, by aligning our strategic direction and expanding business models with social values.



ENHANCE SAFETY AND HEALTH



MUTUAL GROWTH WITHIN SUPPLY CHAIN



HUMAN RESOURCES MANAGEMENT



PRODUCT RESPONSIBILITY MANAGEMENT



HUMAN RIGHTS MANAGEMENT SYSTEM



LOCAL COMMUNITY IMPACT



ESG RISK MANAGEMENT OF SUPPLY CHAIN



REINFORCE INFORMATION SECURITY

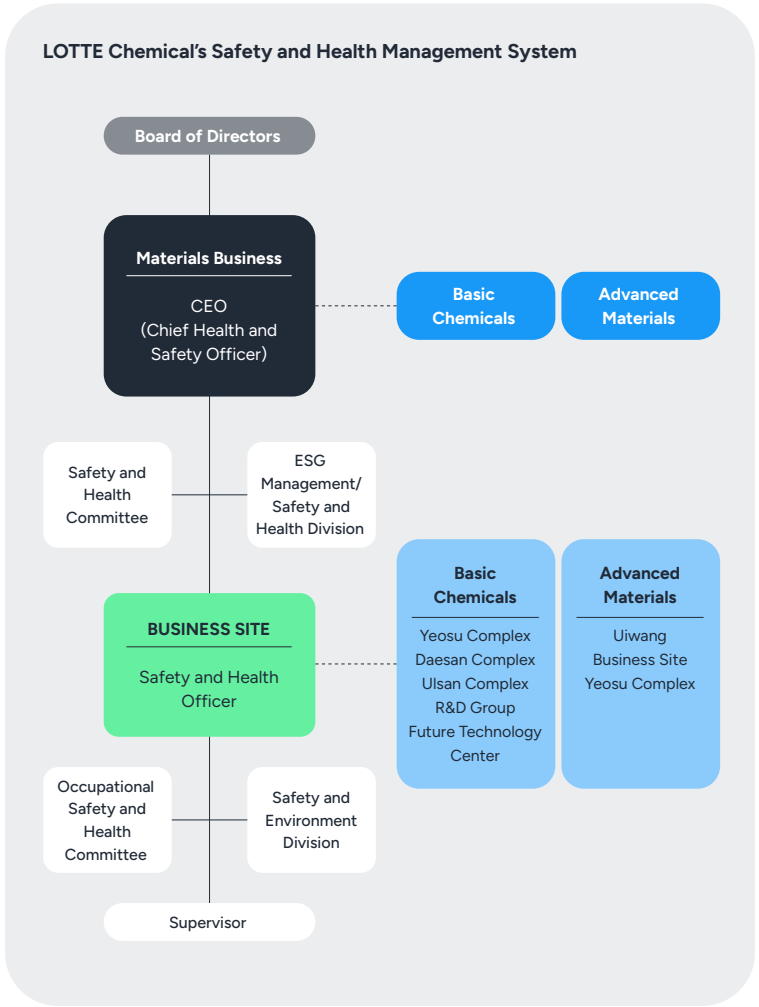
ENHANCES SAFETY AND HEALTH

Enhance Safety and Health

Governance

Safety and Health Management System

LOTTE Chemical built its safety and health management system with the vision to become the safest and healthiest company in the world. The CEO of each business division, who are responsible for business management, also serve as the chief safety and health officers, overseeing all areas related to the safety and health of the company. Organizations dedicated to safety and health are positioned directly under the CEO within the ESG Management and Safety and Health Divisions. At each business site, safety and health organizations are also in place within the Safety and Environment Divisions directly supervised by the Safety and Health Officers of each respective site. Deliberation and resolutions on safety and health guidelines, management organizations, budget, facilities, relevant activities, and key plans are carried out each year by the BOD. The Safety and Health Committee, that supports management in fulfilling their safety and health obligational and making decisions regarding safety and health, is held quarterly along with the Occupational Safety and Health Committee where labor and management discuss and decide on safety and health matters of each business site.



Safety and Health Committee Led by CEO

LOTTE Chemical operates the Safety and Health Committee, which convenes each quarter to support the CEO in making decisions to practice its safety and health obligations. The committee appoints the CEO as chair and safety and health officers from each business site as its members to deliberate and make decisions on key safety and health agenda including relevant guidelines, workforce, and budgets, etc.

Items for Deliberation and Resolution by the Safety and Health Committee

- 1 Safety and Health Plan (report to BOD)
- 2 Safety and Health Guidelines/ Organization/Workforce/Investments
- 3 Outcome of Practicing Safety and Health Obligations
- 4 Safety and Health Risks and Improvement Measures
- 5 Internal Safety and Health Regulations and Revisions

Safety and Health Consultation Activities

Name	Target	Cycle
Safety and Health Committee	CEO/Safety and Health Officers	Quarterly
Safety and Health Steering Committee	Head of ESG Management and Safety and Environment Divisions	Bimonthly
Occupational Safety and Health Committee	Employer/Worker representatives	Quarterly
Partner Companies Council	LOTTE Chemical and partner companies	Monthly
Safety and Health Councils by purpose	Safety and Health Officers/Department Heads/ Safety and Health Departments, etc.	Monthly

Occupational Safety and Health Committee

LOTTE Chemical holds quarterly meetings of its Occupational Safety and Health Committee in order to deliberate and make decisions on safety and health matters at business sites to prevent risks and health hazards for its workers. The committee is composed of the same number of employer and employee members for effective communication between labor and management of each business site. Employee representatives actively engage in communications as they are involved in making decisions related to occupational safety and health while also voicing opinions on work-related accidents and responses. Outcomes of committee meetings are shared with all employees while deliberations, resolutions, and other proposals made to improve safety and health are continuously managed and monitored.

Items for Deliberation and Resolution by the Occupational Safety and Health Committee

1 Development of an Industrial Accident Prevention Plan

6 Development of Investigation and Prevention Measures regarding Cause of Serious Accidents

2 Preparations and Revisions of the Safety and Health Management Regulation

7 Recording and Managing Statistics on Industrial Accidents

3 Employee (Worker) Training on Safety and Health

8 Safety and Health Measures for when Introducing Harmful or Dangerous Machinery, Equipment, or Facilities

4 Review and Improvement of Work Environment by Measuring Work Environments, etc.

9 Other Matters Necessary to Maintain and Promote Safety and Health of Workers at the Given Business Site

5 Health Management including Worker Health Examinations

Strategy

Safety and Health Management Strategy

LOTTE Chemical recognizes that a safe environment is essential to the petrochemical industry and devised its safety and health vision in 2021 to become the 'Safest and Healthiest Company in the World.' As a bridge to achieve our 2030 ESG mid-to-long-term quantitative targets of lowering LTIR* to below 0.060, we developed safety and health management/technology/culture strategies and initiatives in 2025 to reach zero serious accidents and LTIR under 0.069, actively preventing accidents and making improvements to our safety and health. We are dedicated to creating a working environment where safety always comes first and contributing to improved safety across our industry.

* LTIR (Lost Time Injury Rate): Annual number of incidents per 100 employees (fatality, 1 full-day or more away from work)

Safety and Health Guidelines/Safety Code of Conduct/Standards and Procedures/Mandatory Safety Rules

LOTTE Chemical developed and announced its Safety and Health Guidelines to establish a sustainable safety culture that meets global standards, demonstrating its commitment to safety and health management to our employees and stakeholders. The guidelines are applied to employees at all our business sites, as well as our partner companies. In addition, we enacted the Safety Code of Conduct in 2020 to build a sound safety culture by supporting all employees to make decisions based on safety. We have online training in place for continuous education to internalize the Safety Code of Conduct. Training contents are based on LOTTE's core values of Challenge, Respect, and Originality, and reflect the company's safety and health policies and safety message from top management. Instead of simply covering concepts and theory, the contents are filled with actual success and failure cases to make it easier to relate to.

Our safety and health standards and procedures are developed in line with relevant legislations and technical safety regulations. They are reviewed annually to ensure alignment with the latest legal amendments and technology trends, supporting the implementation of systematic safety practices across all business sites. The Mandatory Safety Rules are a set of critical, non-negotiable rules designed to protect lives and prevent accidents. The rules consist of 12 items including high-risk tasks common in chemical plants, fundamental safety elements, and guidance for fostering a proactive safety culture. The rules are observed by all employees and partner companies to safeguard the lives and safety of every worker and their colleagues.



Safety and Health Guidelines



Safety Code of Conduct



Safety and Health Management Policy



Mandatory Safety Rules

Advancement of Safety and Health Management Systems

LOTTE Chemical’s Safety and Health Management System applies to all employees and partner companies involved in production and service provision including those working at our headquarters. We consistently adhere to ISO 45001, the globally acknowledged standard for health and safety management systems (continued certification from OHSAS-18001* in 2008~2020 to ISO45001 in 2020~).

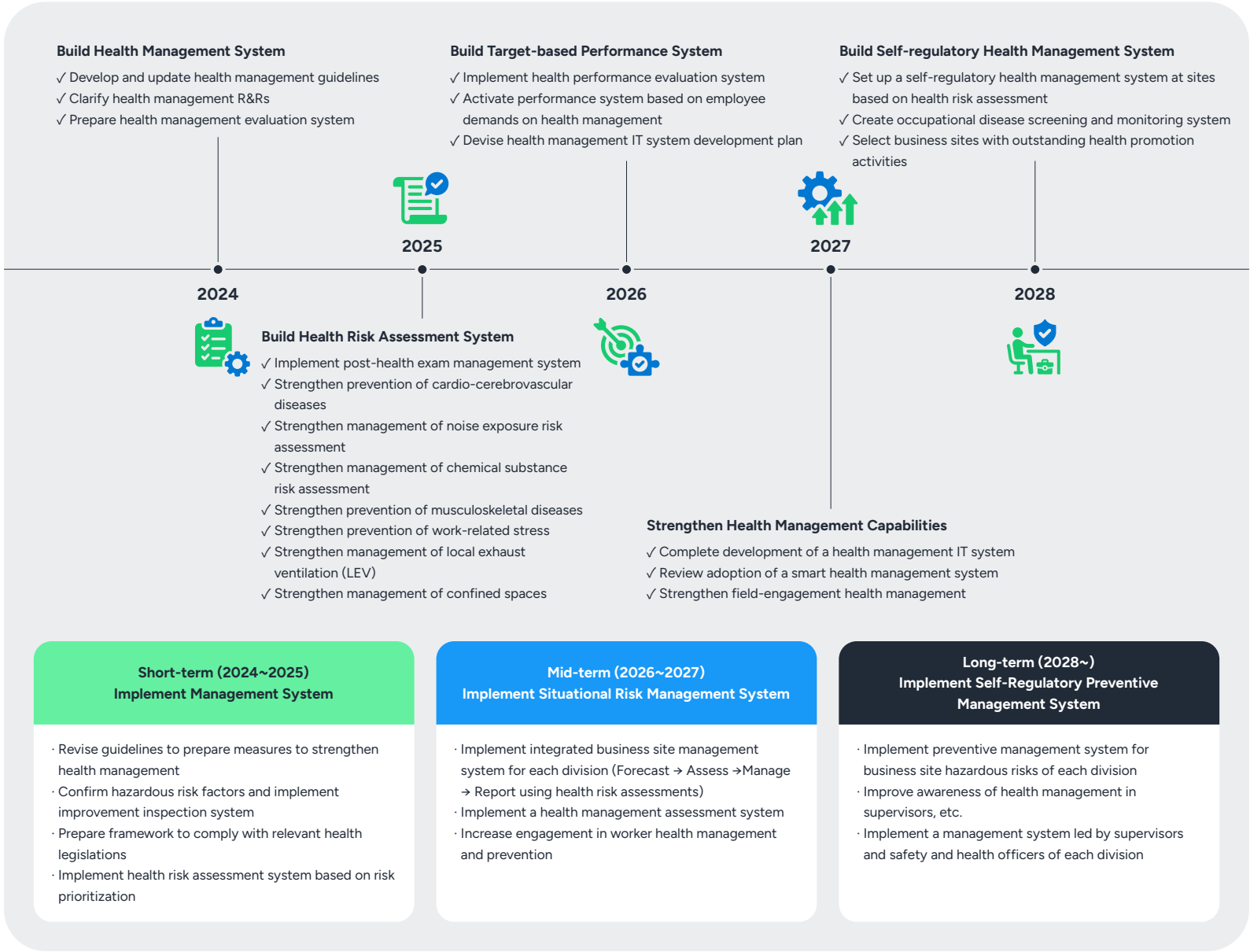
Going beyond these achievements, we are currently carrying out an evaluation and analysis of our internal safety and health management system for further upgrades. Taking this analysis, we plan to develop improvement initiatives and a phased approach in implementing them to establish an advanced safety and health management system that meets global standards.

[ISO45001\(Basic Chemicals\)](#) [ISO45001\(Advanced Materials\)](#)

Health Management System Mid-to Long-term Roadmap

LOTTE Chemical carried out a professional consulting project to advance its current health management system and proactively address health risks as part of its GREEN PROMISE 2030, mid-to-long-term ESG strategic initiatives. Through internal and external surveys and a SWOT* analysis over the course of three months, we developed a mid-to-long-term health roadmap until 2028 along with relevant initiatives to focus on building a strong self-regulatory preventive health management system. In 2024, we developed new guidelines for implementing a health management system with clearly defined roles and responsibilities, as well as a health management assessment system to be adopted going forward. In 2025, we further advanced our management of key health risks, such as by implementing a post-health examination management system, strengthening preventive management for cardio-cerebrovascular diseases, and enhancing management of key occupational health risks, including noise and chemical exposure, musculoskeletal disorders (MSDs), and occupational stress. Through these initiatives, we established a systematic framework for identifying, assessing, and managing workplace health hazards.

* SWOT Analysis: A marketing method that analyzes Strengths, Weaknesses, Opportunities, and Threats based on the internal and external environment

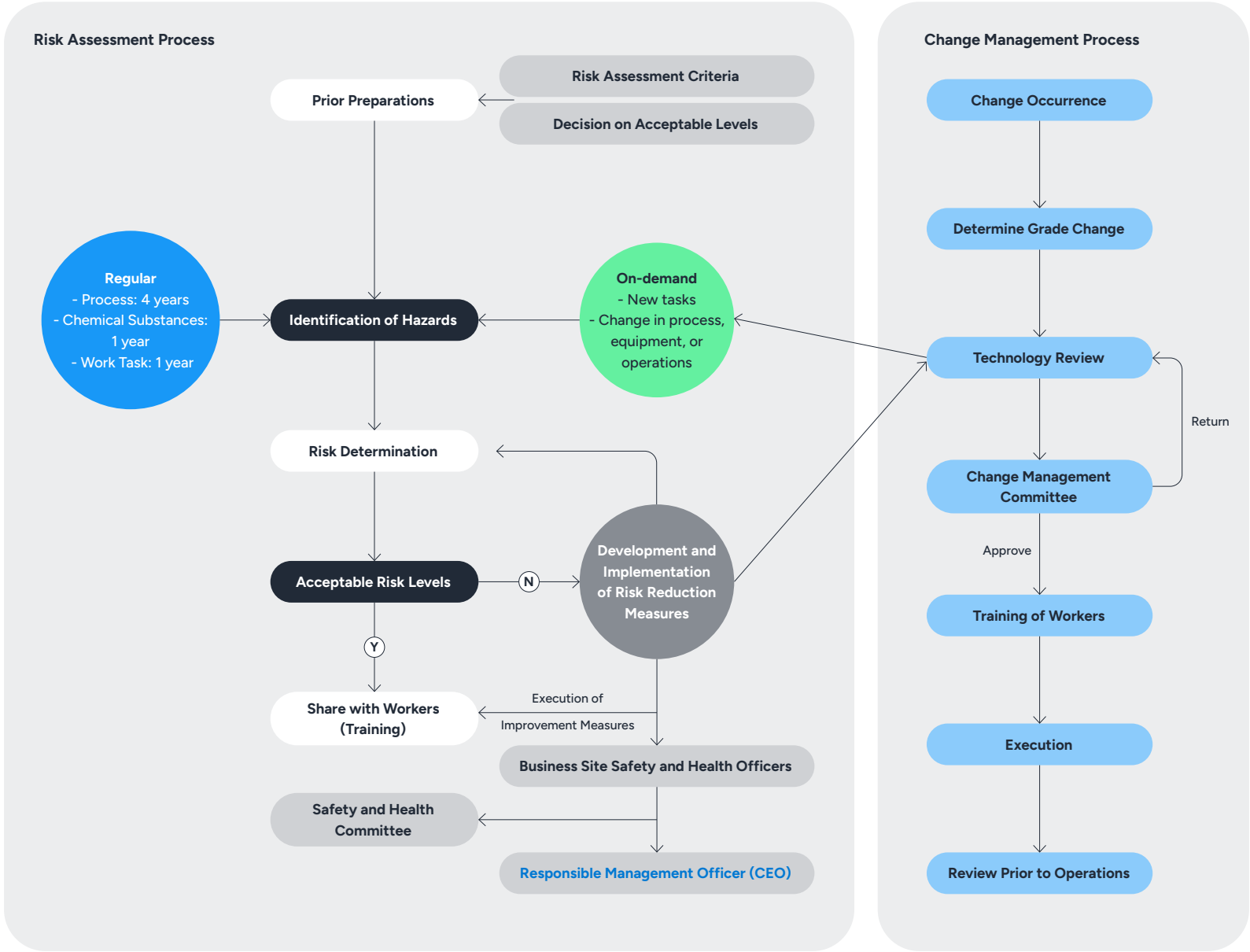


RISK MANAGEMENT

Risk Assessment

LOTTE Chemical conducts regular and non-scheduled risk assessments as part of its efforts to improve worksite health and safety. Regular assessments are carried out each year following initial assessment, mainly regarding undermined performance due to outdated machinery, instruments, and equipment, changes in knowledge and experience caused by changes in employees, and the validity of current risk mitigation measures. Non-scheduled assessments are conducted for changes or new adoption of machinery, instruments, equipment, or raw material, or prior to convening modified work methods and procedures.

To promote process and work safety along with building a self-regulatory system through risk assessment, we segmented the existing risk matrix down into a 5x5 matrix, carrying out assessments from the human life, environment, and property standpoints. Moreover, adding post-improvement risk assessments has enabled us to strengthen stability. We are also enhancing risk assessment and safety management levels by assisting those performing risk assessment at sites to understand the Job Safety Analysis (JSA) method and identify challenges in actual assessments in real-time.



METRICS AND TARGETS

Emergency Response and Accident Investigations

LOTTE Chemical responds systematically to accidents based on predetermined principles by operating an emergency response process that is divided based on type and materiality of the accident such as safety accidents, environmental accidents, and process accidents to quickly form Accident Investigation Teams when accidents occur. We have established a communication system where when an initial reporter becomes aware of an emergency situation and contacts the Emergency Operations Center, the Center leverages Xroshot* to send messages to those in the system including business representatives within 15 minutes depending on materiality (accident level). Afterwards, initial and response measures are taken in line with the emergency response procedures.

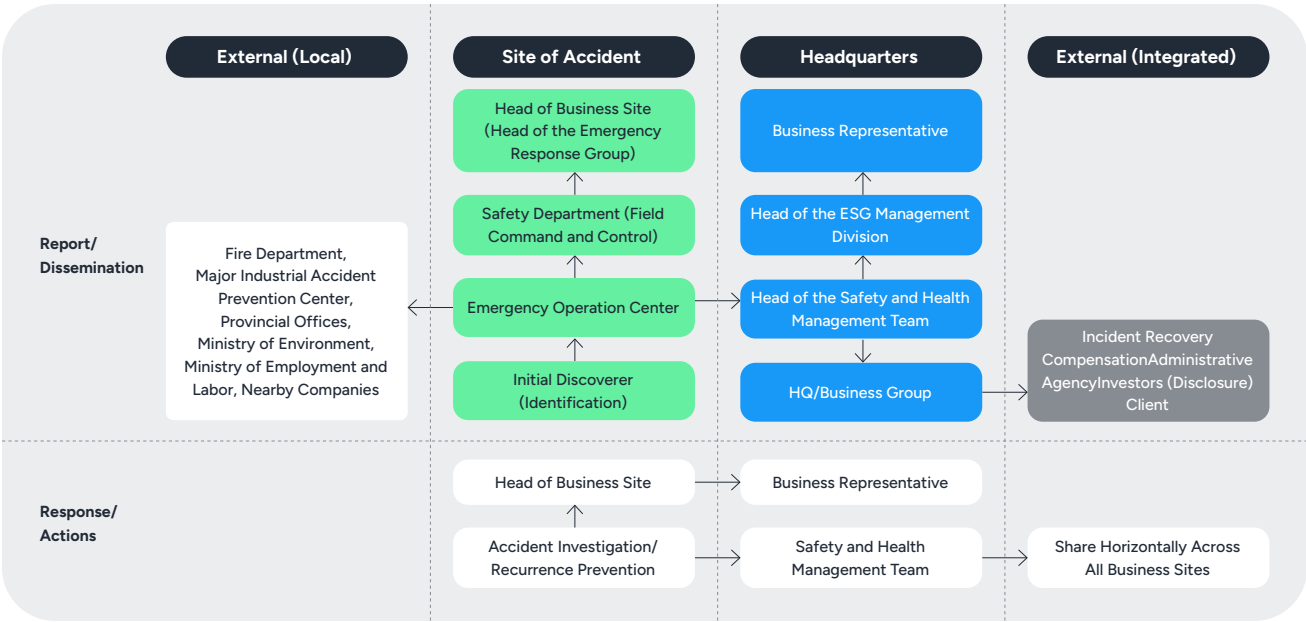
* Xroshot: Delivery function that sends the same message to multiple recipients at once

Moreover, to prepare against chemical spills, processes are prepared at each business site across all stages from initial response immediately following breakout of accidents to execution of necessary measures and incident resolution.

Based on internal materiality standards (accident level), the business site where the accident broke out forms its own team to carry out investigations and report outcome to business representatives. For low-level accidents, departments where accidents broke out investigate the accident and report to the head of the business site. Results of accident investigations are communicated horizontally across all business sites to prevent similar accidents from recurring.

Strengthened Emergency Response Capabilities

To ensure that all employees can respond quickly and safely in emergencies, we conduct regular emergency training and drill. These cover various scenarios including fires, explosions, and chemical spills that are reviewed and updated annually. Employees are equipped to take immediate response measures, provide victim assistance, and prevent additional damage through actions such as work suspension, emergency evacuation, and risk elimination. To enhance effectiveness, we conduct realistic drills that simulate actual incidents. These include both internal exercises and joint drills with external organizations, such as local governments, the Ministry of Employment and Labor, fire departments, police, and military units, to reinforce our coordination. At headquarters which mainly consists of office workers, evacuation drills are carried out for natural disasters and fires. Each floor designates evacuation leaders responsible for guiding employees to safety. These leaders also receive CPR training to strengthen their emergency response capabilities.



Emergency Response

- Responds to process/safety/environmental accidents in accordance with a segmented emergency response plan based on field and severity
- Makes prompt reports on accidents based on the communication system (Xroshot/fixed and mobile lines)
- Takes measures to notify stakeholders through headquarters or respective business groups if an accident shared by headquarters involves property damages expected to have material impact on the company or its customers

Immediate Reporting Principle for Emergencies (Accidents)

- All employees shall report accidents immediately upon perception to the Emergency Operations Center or to the lead organization of the given accident and their senior managers
- The Emergency Operations Center (Safety Department) must report accident within its designated area within 15 minutes of occurrence
- Basic guidelines of the accident report must be abided by, and when in violation, possible disciplinary actions based on mandatory safety rules may follow

Xroshot Notification Standards for Emergencies

- **Safety Accidents**
 - Casualties: 8 weeks or more of lost time
 - Fire, explosion, leaks: Requiring fire department dispatch and suppression or of greater severity
- **Environmental Accidents**
 - On/off-site leaks or other incidents of greater severity
- **Process Accidents**
 - Multiple shutdowns due to a common cause

Preventive Safety and Health Programs

1 Worksite Safety Management

LOTTE Chemical conducts regular preventive inspections, as part of its on-site safety management, to ensure sound chemical facilities and auxiliary systems. Inspections were carried out across all business sites for falls, entrapments, and struck-by incidents, which are the three most common types of serious accidents, identifying risk factors and implementing corrective actions. Findings and safety best practices were shared across sites via horizontal expansion, amplifying the impact of improvement efforts. In alignment with these themes, each business site also performs its own safety inspection, incorporating other incidents, as well, to prevent accidents. All employees strive to carry out ‘fundamental accident prevention and management’ by identifying and analyzing near-miss accidents and potential risks to apply preventive measures and participate in a safety behavior observation program to identify root cause of accidents, reinforce safety practices, and replace unsafe actions with safe ones through dialogue. In addition, we introduced the Job Safety Observation (JSO) program, targeting high-risk routine tasks, to promote a culture of compliance with work procedures at work sites, even including activities to uncover additional risk factors.

2 Provision of Safety Gear/Protective Equipment

LOTTE Chemical supplies personal protective equipment (PPE) such as safety helmets and safety joggers to its business sites for employee safety with gear needed for different work tasks available on site for provision. Personal safety gear such as helmets and joggers are immediately replaced when requested due to wear and tear, damages, or when lost. Managers are assigned for regular inspection of respirators, airline masks, and heat-resistant clothing to ensure they are available for immediate use. We inform employees on what safety gear/protective equipment can be requested and offer guides and training on what safety/protective equipment are needed for each task and chemical substance to block external hazardous risks and protect our workers. We also introduced an unmanned smart dispenser for personal safety gear to address difficulties in providing supplies during holidays and nighttime. It is equipped with personal protective equipment including various safety gloves such as cut-resistant gloves, goggles, gas mask filters, respirators, and safety belts,

improving access and efficient inventory management through enhanced efficiency for provision managers and streamlined provision processes.

3 Smart Wireless Gas Monitoring Systems

LOTTE Chemical actively invests in emerging IT/DT technologies to achieve on-site safety management and zero accidents. As part of our efforts, we implemented a smart wireless gas monitoring system to enhance on-site safety management and supervision during high-risk tasks. The system enables real-time gas measurement and monitoring and contributed to creating a safe work environment, reducing the risk of suffocation accidents in confined spaces, which is classified as a high-risk task, while also preventing additional acute chemical exposure and explosion incidents. The multi-point monitoring system allows gas concentration levels of worksites to be monitored through consoles in the control room, the Production Team’s PCs, and smartphones using DT technology. Furthermore, safety management levels are being improved through horizontal expansion, spreading the use of the system across other business sites, as well.

4 Stronger Fire Safety and Hazardous Substances Management

Given the characteristics of petrochemical plants with tall production facilities (fractionating columns and reactors), we expanded our water-based fire suppression systems to prepare against fires in elevated areas. This includes extending pipelines and installing specialized nozzles capable of spraying water up to 70 meters high. We also introduced a tower fire truck equipped with high-reach ladders for rapid response to fires in elevated zones. In addition, to strengthen high-risk hot work and confined space management, we developed and distributed standardized job cards for safety monitors to help improve understanding of their responsibilities and equip them to respond promptly in emergency situations. Distinguishing the fire watch role and excluding them from non-monitoring duties facilitates taking action before, during, and after high-risk work, thereby enhancing the effectiveness of our self-directed safety and health management system. Furthermore, we revised the hazardous substances prevention regulations across all business sites to strengthen hazardous materials safety management and are in strict compliance.

5 Hearing Preservation Program

To actively prevent noise-induced hearing loss among employees, we operate a comprehensive hearing preservation program that builds on preventive measures such as measuring noise levels in the work environment and conducting special health exams. Activities for comprehensive management include assessments of noise exposure, engineering controls, provision and mandatory use of hearing protection equipment, preventive education and training on the harmful effects of noise exposure, regular hearing tests, development and implementation of a hearing preservation program, and keeping records for management. In addition, with the increasing risk of occupational noise-induced hearing loss, we have been conducting supplementary noise risk assessments since 2025. By measuring the frequency bands (Hz) of high-noise sources, we strengthened mandatory use of hearing protection in such high-risk processes. Along with the noise risk assessments, we conduct semiannual noise level measurements for each work unit with results showing levels below regulatory limits. Given the nature of the equipment-intensive industry, most noise originates from machinery. Therefore, we make continuous improvements to processes to reduce noise at its source to maintain low levels of noise, managing noise-generating areas and enforcing compliance with procedures for wearing protective equipment. Regular hearing tests are conducted for workers in processes with noise exposure that are subject to special health exams as part of our effort to manage occupational hearing-related illnesses and to prevent at-risk individuals. We have a noise MAP* in place for prevention management and conduct engineering improvements based on noise source evaluations to implement strict access control and mandates for wearing protective gear in high-noise areas.



6 Safety and Health Communication

LOTTE Chemical provides information on harmful risk factors at worksites through postings and training. We operate Tool Box Meetings* before work to communicate directly with workers on the risks involved in the given work process and have procedures in place to suspend work in case of imminent dangers to prevent safety incidents for workers including our partner companies. Moreover, we built principles to ensure there are no disadvantages when having to evacuate due to a reasonable cause. A corporate safety and health online e-suggestion box using QR codes and offline suggestion boxes at each business site are being operated to serve as a window for employees and partner companies to voice their opinions freely on safety and health matters. Instead of waiting for workers to come to us, we also go and regularly visit each business site to listen to the difficulties faced by the field in terms of safety and health and take measures for necessary improvements.

* Tool Box Meeting: Activity where workers discuss work schedules, procedures, safety checks, and precautions, etc. before working on site



1,2 TBM activities of partner companies
3 Mobile Safety and Health Services

7 Employee Health Improvement Program

LOTTE Chemical strives to be the safest and healthiest company in the world. To this end, we operate employee health examinations and health improvement programs. Certified healthcare professionals are appointed as health managers to provide systematic follow-up care for employees requiring medical observation or identified with health concerns based on their health examination results. In addition, each business site operates a variety of their own health promotion programs. Moreover, we encourage participation from our employees and partner companies by providing incentives when targets are met. This way, we support employee health and well-being, enhance job satisfaction, and promote long-term employment, ultimately improving organizational productivity, fostering a healthy workplace culture, and contributing to the company's sustainable growth.

Employee Health Improvement Programs

Health Management	Program	Details
Regular Health Exams	General health exams, special health exams	Regular health exams for all workers and workers exposed to harmful factors and subject to special health exams
	Creating a Healthy Workplace	Training on musculoskeletal disease prevention, responsible drinking, smoking cessation, weight-gain prevention, and nutrition
Health Training	Relief and first-aid training	Practice course for cardiopulmonary resuscitation (CPR) and using automated external defibrillators (AED)
	Programs for weight-loss, smoking cessation, metabolic syndromes	Improvement in personal health management at both personal and business site levels by enhancing awareness on health and building healthy habits
Health Improvement Programs	Health management program tailored to employees with diagnosed conditions	Personal health consultations and guides, health checkups, etc.
	Psychological counseling	Specialist visits from external counseling centers to manage work-related stress
Stress Management Programs	Cerebral aneurysm risk assessment	Assessing the risk of cerebral aneurysm development using AI programs to screen high-risk individuals and implement proactive management
Prevention of cardio-cerebrovascular diseases		

Embedding a Safety and Health Culture

1 Improving Safety Leadership

LOTTE Chemical recognizes safety and health as a core leadership responsibility for management and managers and continuously strengthens safety leadership to embed a strong safety culture throughout the organization. To reinforce accountability in safety management, we evaluate leaders' on-site safety performance and incorporate the results into our performance management system, including KPIs and MBOs. We continue to enhance our operating framework by expanding leaders' on-site engagement and strengthening the roles of managers and supervisors, thereby advancing an action-oriented safety management system. In addition, we have expanded the safety management system established at our domestic operations to our overseas production subsidiaries. Through assessing the implementation levels of managers and supervisors and enhancing safety awareness, we are strengthening the on-site management capabilities of business site leaders. In 2025, we further strengthened proactive risk identification and prevention activities, enabling leaders to directly manage risks and lead improvement efforts on site through stronger execution-oriented safety leadership.

1 Enhancing Operations of Mandatory Safety and Health Compliance Assessments

To prevent serious industrial accidents and strengthen the effectiveness of safety and health systems at sites, we conduct mandatory safety and health compliance assessments led by headquarters semi-annually across all operational departments at every business site. The scope of these assessments extends beyond verifying compliance with mandatory requirements and the adequacy of documentation and procedures to include the effectiveness of operational execution, the fulfillment of managers' and supervisors' responsibilities, and the effectiveness of on-site hazard controls. Rather than simply determining compliance or non-compliance, results are used to evaluate the operational status of each site and identify areas for improvement to strengthen the sustainability of the safety and health management system while ensuring a consistent operational level.

② Safety Culture Improvements based on the Safety Code of Conduct Survey

To embed a strong safety culture and improve safety behaviors, we conduct an annual Safety Code of Conduct Survey to systematically assess employees’ safety and health behaviors. Based on the results, we identify strengths and areas for improvement by organization, position, and job function, and address identified gaps through targeted programs such as training, communication, and on-site leadership activities. We also assess how well behavior standards aligned with our core values of Challenge, Creativity, and Respect, are put into practice. The results are linked to department-specific action plans and follow-up activities to ensure that safety culture efforts do not end in one-time campaigns.

③ Aligning Safety Leadership with Performance Metrics and Managing Corrective Actions (Risk Mitigation)

In particular, based on the safety leadership coaching results, we have established safety leadership activities tailored to each position and role (S-Patrol*, CTO** activities, and safety and health investments) as key performance indicators that are incorporated into KPI and MBO frameworks (10–20% weight), reinforcing the linkage between safety leadership and performance management.

In addition, we centrally manage improvement actions identified through site inspections and evaluations (partner assessments, special inspections, corrective actions from risk assessments, etc.) to ensure that identified issues are effectively addressed. This approach supports the prevention of recurring findings and enhances proactive control of key safety risks.

* S-Patrol (Safety-Patrol): Behavior-based safety management activity that manages unsafe behavior and state of workers

** CTO (Critical Task Observation): Activity where managers and workers visit sites for high-risk tasks together, to observe and discuss raising awareness on risks surrounding the critical task and developing improvement measures

② Custom Safety Training

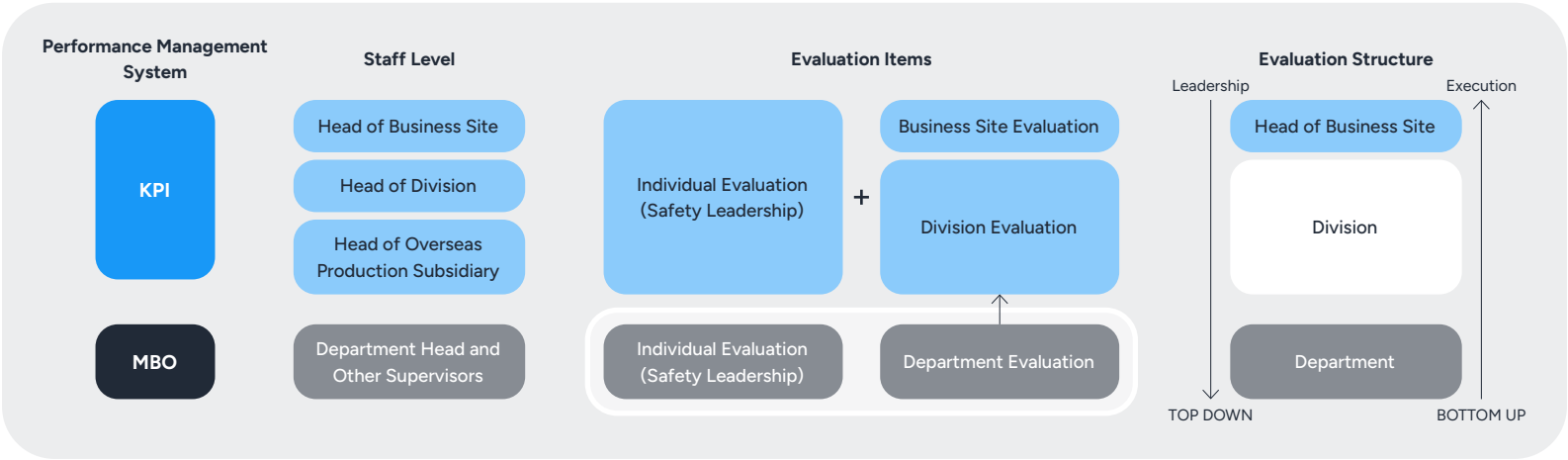
LOTTE Chemical offers continuous training to strengthen health and safety capabilities of our employees. We conduct safety training for each function and special training for new joiners, transferred employees, and employees involved in hazardous and harmful work. In accordance with the Health and Safety Management System, we offer not only job training for health and safety management leads and individual health and safety managers, but also regular training for supervisors. Various training programs are also operated to strengthen health and safety capabilities, as well as form a safety culture. We offer curriculums that range from introductory to intensive courses for each staff level that help employees gain better understanding of legislations and technologies related to process safety and PSM* while also improving safety at the individual and business site levels.

LOTTE Chemical carries out regular training on our Safety Code of Conduct to build our own unique advanced safety culture, offering essential parts of our training in Korean, English, and Chinese for distribution.

We share safety accident case studies and key trends with safety leaders and spread our safety culture through special training on safety mindsets. Moreover, we offer support for external training that meet the different needs of employees of each of our business sites with the company covering all expenses related to the training.

* PSM (Process Safety Management): System that prevents major industrial accidents by proactively identifying and eliminating latent process hazards in processes and facilities for continuous management

Performance Management System



Key Safety and Health Training (Occupational Safety and Health Act)

Category	Course Title	Audience	Cycle
Statutory Training	Regular training	All employees	Quarterly
	Supervisor regular training	Supervisors	Quarterly, on-demand
	Training for new recruits	New recruits	At time of recruitment
	Training for changes in work	Relevant persons with work changes	At time of work change
	Special training	Workers involved in hazardous/harmful work subject to special training	Prior to work
	MSDS training	Workers that handle MSDS	Prior to handling
	Training for safety and health manager	New	Within 3 months of appointment
		Follow-up	Within 6 months after 2 years of training completion
	Training for safety manager/health manager/safety and health manager	New	Within 3 months of appointment
		Follow-up	Within 6 months after 2 years of training completion
Inhouse Training	Training on safety mindset	All employees	Once a year
	PSM introductory course	New joiners	Once a year
	PSM training (regular evaluations/reviews/audits, etc.)	Departments subject to PSM	At least once a year
	Near-miss/accident case study	All departments	When incidents occur
	Specialization training	Targets for each training	On demand
	Safety Code of Conduct	All employees	Once a year
	Accident case study	All employees	When incidents occur

Reinforcement of Safety and Health at Partner Companies

1 Safety and Health Support for Partners through Mutual Cooperation Activities

LOTTE Chemical supports the safety and health capabilities of its partner companies to strengthen mutual cooperation from a systematic and ongoing management perspective rather than as short-term or one-time support. We provide risk assessment consulting and certification support, joint safety campaigns, and continuous provision of safety equipment and health supplies, not to mention follow-up monitoring to ensure the effective

implementation of risk improvement measures. Through such continuous support and safety and health management activities, we help our partners build sustainable safety and health management systems.

2 Safety Partnership Forum for Partner Chief Executives and Safety and Health Officers

LOTTE Chemical hosts an annual Safety Partnership Forum to strengthen its joint response to the Serious Accidents Punishment Act with partners and enhance their safety management. The forum serves as an ongoing platform for communication, bringing the chief executives and safety and health officers of our partner companies to discuss issues related to the Serious Accidents Punishment Act, assess health and safety management levels, and discuss key issues and joint safety management directions between our company and partners. Through the forum, we foster a shared understanding of evolving regulatory requirements while continuously identifying and implementing measures to improve on-site safety management to strengthen the safety and health capabilities of partner companies. Going forward, we will continue to use the Safety Partnership Forum as a key platform for communication and management activities based on mutual cooperation with our partners.

3 Safety and Health Mentoring for Partner Companies

LOTTE Chemical operates a safety and health management process for partner companies in the pre- and post-contract stages to systematically manage relevant capabilities and build sustainable partnerships with companies demonstrating excellence in safety management. Prior to signing contracts, we diagnose their safety and health qualifications based on safety assessment data submitted by the potential partner companies, registering them in the Vendor Pool for bidding and contract opportunities when they meet specific criteria. Companies that achieve outstanding results in the preliminary assessment are granted incentives that exempt them from pre-screening for two years after joining the Vendor Pool to encourage partners to voluntarily improve their safety and health management standards.

After signing contracts, we conduct mandatory compliance inspections and post-evaluations to verify that safety and health standards are effectively implemented throughout the execution of the work. Companies whose post-evaluation results meet a predetermined level are eligible for re-registration in our Vendor Pool, enabling us to maintain long-term partnerships with high-performing suppliers. Conversely, when evaluation results are inadequate or identify critical management issues, such as safety violations or incidents, corrective actions are taken for management, including restrictions on re-registration and participation in future bidding opportunities.

In addition, LOTTE Chemical conducts a semiannual diagnosis on safety and health management systems for practical enhancements. Based on the results, partners with relatively low safety and health management levels are subject to the safety and health mentoring program where we support them on improving key management areas, such as vulnerability risk assessments, site safety inspections, safety and health training, emergency response systems, and safety work permits.

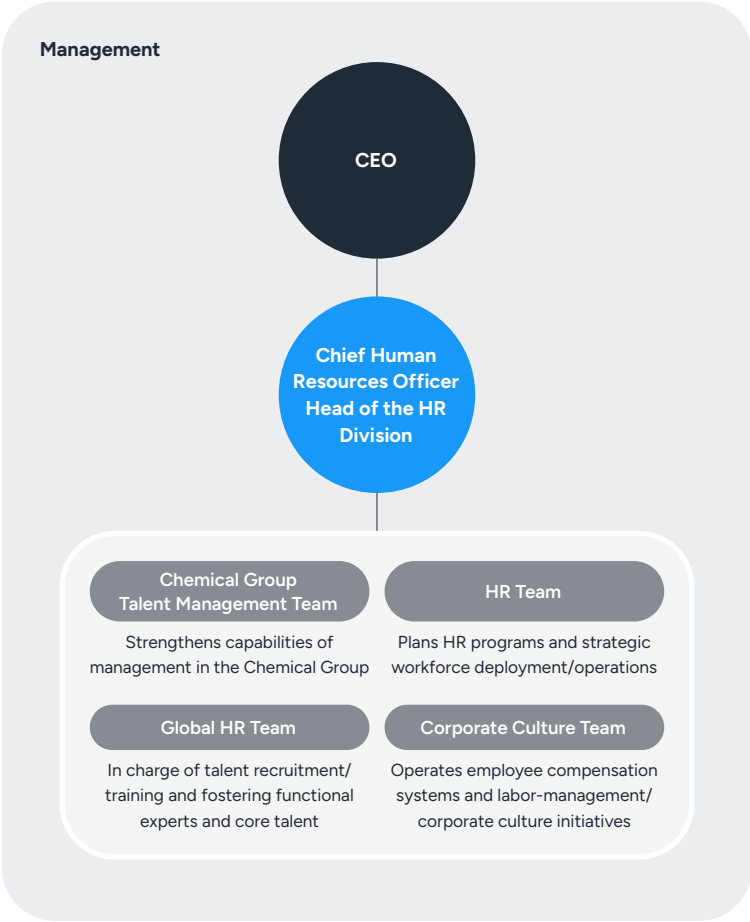
To further strengthen on-site execution, we also operate the S.G.T.* program at partner companies. As part of the program, partner site managers personally inspect worksites for high-risk activities, confined space entry, and hot work, using safety check cards to identify potential hazards. This enables early identification and mitigation of risks associated with vehicles, equipment, tools, materials, and the work environment, while ensuring enhanced safety oversight at points with high risk of incidents. LOTTE Chemical goes beyond assessing its partner companies’ safety and health performance by translating evaluations into tangible improvements and capability building through safety and health qualification assessments, Vendor Pool management, post-evaluations, system assessments, mentoring, and S.G.T. activities. Going forward, we will continue to strengthen our partners’ safety management capabilities and advance the safety and health management system based on mutual cooperation and prevention.

* Safety Golden Time

HUMAN RESOURCE MANAGEMENT

Talent Development Policy

Governance



Strategy

Talent Development Policy

LOTTE Chemical recognizes talent as the key competitiveness to drive its future growth, and operates talent development policies to support employees in continuously growing along with the company. We create a self-directed growth environment where employees can set and achieve their own career goals while the company and leaders provide systematic guidance and ongoing feedback.

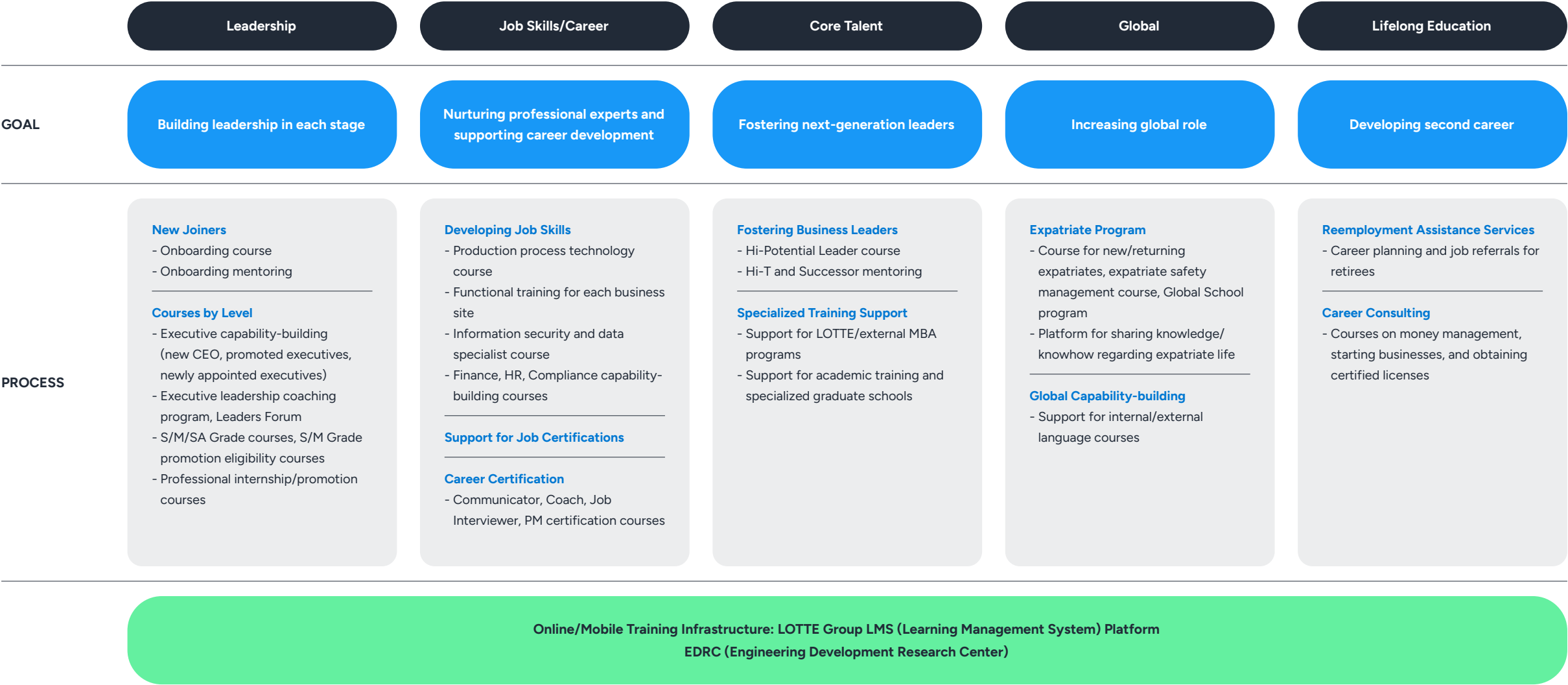
Through this talent development system, we are enhancing employee capabilities, engagement, and satisfaction, committed to continuously delivering results from a HCROI* perspective.

* HCROI (Human Capital Return on Investment): Added-value created by employees in relation to investments made to employees

Our Ideal Talent



Talent Development System



Talent Development Programs

LOTTE Chemical is developing various programs to cultivate human resources in effective and innovative ways, encouraging active participation from our employees. We operate courses based on staff level for tailored capability-building, courses on job skills to foster professional experts,

as well as courses for core talent and leadership to support learning and nurture global talent. We also leverage LEP, a learning experience point system, to motivate self-directed learning while offering various types of contents for learning through our education platform EZ Learning.

1 Key Capability-building Programs

Category	Key Program		Description	Training Type	Number of Completions (2025, persons)	Category	Key Program		Description	Training Type	Number of Completions (2025, persons)
Common	LMS	EZ Learning	LOTTE Group's online training platform that supports tailored ongoing learning by allowing employees to choose and sign up for courses regarding job skill development or self-development among over 2,000 courses under various categories including business management, DT, humanities, literature, and phone-based language learning	Voluntary	3,723	Job Skills	Support for Obtaining Certifications		Provides programs and supports expenses for employees who need to obtain or maintain certifications for their jobs in production, technology, safety, environment, business management, and DT	Voluntary	200
		Acropolis	LOTTE Group's online training website where Group issues are shared and employees can broaden their horizon through lectures on insight and business issues, etc.	Voluntary	1,858	Leader Development	Capability-building for Executives		Program that fosters CREATORS with comparative advantage that develop strategies to identify growth drivers and strategy executors who create optimal results from the business environment	Mandatory	819
	LEP (Learning Experience Point)		LOTTE Group's learning point system where points are acquired based on learning time to encourage and foster self-directed learning through feedback on the growth process and efforts of employees	Voluntary	4,739	Core Talent	Leadership Course		Training program that improves leadership for employees in leadership positions or who have been promoted	Mandatory	329
	EDRC		Online learning support for users to complete the DT-based technology convergence training program (for process design, plant design, and project management, etc.) operated by 5 universities including Seoul National University without constraints in time and space	Voluntary	215		External MBA/ LOTTE MBA		Provides in-depth training on overall management capabilities in strategy, finance, marketing, and HR to sharpen strategic thinking and business management capabilities for prospective leaders, and supports internal and external MBA programs for networking and synergy creation among outstanding talent	Voluntary	6
	AI X Functional Course		Enhancing work efficiency through AI and fostering role-specific capabilities through hands-on AI application training (AI-driven business feasibility analysis course, AIX for HR capability-building, HR-Driven AX, etc.)	Voluntary	4	Global	Training for New and Returning Expatriates/ Buddy Program		Training for newly appointed expatriates before departure to understand the role of expatriates and receive support on how to adjust, and training for returning expatriates to assist them in readapting to the Korean working environment along with a 'Buddy Program' to support quick adjustment	Mandatory/ Voluntary	10
Job Skills	Financial Qualifications Certification		Course for developing financial talent for the mid-to-long-term, offering practical, in-depth, and strategy courses on topics such as basic financial accounting, risk management, ethical management and compliance, and the new role of CFOs	Mandatory	4		Language Course	Inhouse Language Course	Languages courses to cultivate global competency in employees that include not only English, Chinese, and Japanese, but also various strategic languages such as Indonesian, Russian, Spanish, and French	Voluntary	46
	Capability-building in Labor Affairs		Course that develops specialists equipped with key labor management and problem-solving capabilities	Mandatory	12			Support for External Courses	Offering convenience in learning by supporting various methods that can be used by employees to build language skills based on their schedules including external language academies, online language lessons, and microlearning contents, etc.	Voluntary	149
						Cultivation	Book-in Course		Subscription services for Millie's Library and Kyobo E-book Platform to promote a reading culture among employees	Voluntary	2,452

2 Self-directed Career Development

The **IN Career system** is an internal talent transfer system between LOTTE Group affiliates that offers an opportunity for self-directed career development through a simple process where employees can apply for jobs of their choice. The process is held frequently through the Group's internal system when there are job openings at a Group affiliate and contributes not only to active career development of individuals who transfer to different jobs or affiliates through IN Career, but also to Group affiliates securing outstanding talent.

The **Career Registration system** is a 1:1 online communication channel with HR where employees can organize their work history in the system and design career plans so that they can explore their directions in terms of growth and develop their career. Registered data is used in connection to various talent development programs such as for transfers within the organization, forming expatriate pools, building development strategies, providing education and training, and improving the corporate culture to build an environment that can drive personal growth of each of our employees.

3 Reemployment Assistance Services

LOTTE Chemical offers reemployment services to employees scheduled to leave the company due to non-voluntary reasons (full/early retirement, etc.) These reemployment services consist of career designing, training, and job referrals and aim to support career transitions and reentry into society. Based on a contract with an agency specializing in job training and career transition support services, we identify the reemployment needs of individuals and provide timely recruiting information to assist job seeking activities. We strive to extend practical assistance such as recruiting information tailored to individual demands identified through in-person interviews with professional consultants. When necessary, the number of consultation sessions can be increased to ensure sufficient assistance is provided.

A total 46 people took part in the reemployment assistance services in 2024 and 50 people in 2025. LOTTE Chemical will continue to provide reemployment support services to offer practical assistance to employees approaching retirement as they explore new career opportunities.

4 Strengthening Female Talent

LOTTE Chemical operates various programs to create a working environment and corporate culture where all employees, regardless of their gender, can fully demonstrate their capabilities. We support female talent in working and growing in our organization by implementing relevant policies and programs, increasing female employment and manager positions through active employment measures despite the nature of the chemical business of having a low ratio of female workers. In addition, programs based on the overall lifecycle of childbirth, parenting and caring are offered to minimize career breaks. These efforts were recognized by the Ministry of Gender Equality and Family, leading to the certification for three consecutive years as a 'Family-friendly Corporation' that supports balance between work and family life.

Female Talent Development Program

- Female leader mentoring program
- Female leader pipeline
- HiPO (High Potential Leader) Diversity management

Career Break Minimization and Work-Family Balance Program

- Pregnancy leave, pre-/post-childbirth leave, and other leave programs
- Shorter workhours during pregnancy and childcare, congratulatory gifts for expectant mothers
- Fertility leave
- Parental leave, shorter workhours during , childcare leave and family care leave
- Company daycare center

Metrics and Targets

Talent Recruitment

1 Talent Recruitment Policy and Process

LOTTE Chemical operates a recruitment process that offers equal opportunities to all, based on our core principles of fairness and transparency. Even amid an uncertain business environment, we continuously refine our talent acquisition systems to secure the right individuals tailored to business and organizational demands on a timely basis. We have also established institutional safeguards to ensure strict objectivity and credibility throughout our hiring process.

Transparent and Fair Recruiting

LOTTE Chemical operates various recruiting channels, such as recent college graduates, professional internships, industry-sponsored scholarship programs, and Target Lab, etc. as part of its on-demand recruitment to secure the right people at the right time through flexible recruiting in terms of when and how often. In addition, we are breaking away from one-size-fits-all recruiting and taking advantage of various evaluation tools to verify job skills to strengthen our job-based recruitment process. AI-based testing has been adopted for some job positions to conduct a multi-faceted evaluation of applicants, but the results are used only as reference and not as the sole basis for recruitment decisions. We also carry out blind interviews where basic information on applicants, such as educational and regional backgrounds, are not provided to minimize bias on personal backgrounds. Interviewer certification at the Group level is provided to manage the capabilities of interviewers, requiring renewal when certifications expire to strengthen interviewer qualifications. Furthermore, to promote consistency and fairness in the interview process, all interviewers are required to familiarize themselves with training materials covering interview guidelines and evaluation criteria before conducting interviews.

Internal Review and Control System for Recruitment

LOTTE Chemical operates systematic internal review and control procedures to ensure transparency and reliability in its recruitment process. Focusing on seasoned hires, our dedicated compliance organization conducts annual internal reviews to verify the protection of trade secrets and the appropriateness of recruitment procedures. Through these activities, we manage compliance with relevant laws and regulations and information security matters. In addition, recruitment review guidelines are implemented at the Group level, in accordance with which, LOTTE Chemical’s Management Improvement Team leads annual reviews of the overall recruitment process. These reviews are conducted by organizations independent from the recruitment operations department, enabling a comprehensive assessment of the fairness and appropriateness of recruitment procedures and identifying areas for improvement. LOTTE Chemical is committed to managing a transparent recruitment process through this review system.

Gen MZ Interviewers

LOTTE Chemical introduced so-called ‘Gen. MZ Interviewers’ in 2023, who are staff and associate level employees, to carry out culture-fit interviews when recruiting college graduate new joiners. The program is operated to enhance mutual understanding with applicants in terms of organizational fit and business capabilities and was well received by both applicants and internal employees. Going forward, we plan to review utilizing MZ interviewers based on the recruitment environment and conditions for future hirings.

Transparent Recruitment Information

LOTTE Chemical provides recruitment information via various channels to ensure applicants have access to accurate and transparent information. Recruitment notices are posted on our website with details on our company, hiring positions, and hiring procedures. In addition, recruitment notices are also posted on the LOTTE Group Recruitment page to enable applicants to view LOTTE Chemical recruiting information under a consistent recruitment notification format provided at the Group level.

LOTTE Chemical and LOTTE’s chemical affiliates also jointly operate ‘LOTTE Chemi Crew,’ a recruiting brand for companies in the Chemical Group. The Chemi Crew website contains various information, including introductions to each affiliate’s corporate culture, job positions, and employee interviews, to support applicants in understanding the different companies and functions available to provide a unified recruiting brand experience for the Chemical Group. LOTTE Chemical regularly updates job notices on the website, offering more diverse recruitment information to applicants. In addition, LOTTE Chemical is actively participating in the LOTTE Group’s Job Café, job fairs and briefing sessions at universities, academic societies, and employment centers to reach out to prospects. We are supporting career development in R&D by inviting R&D specialists to R&D Conferences that have been held since 2023 to promote our vision for research and provide employment consultation. In 2024, we introduced an AI-powered chatbot via LOTTE Chemical Basic Chemical’s existing KakaoTalk Recruiting Q&A channel by integrating ChatGPT API. Trained on recruitment-related datasets including frequently asked questions, we strengthened our communication with applicants by offering a response system that is available 24/7, including weekends.

Recruiting People with Disabilities

LOTTE Chemical is actively promoting the employment of people with disabilities to expand employment of minority groups and create a stable working environment. We employ people with disabilities to work from home and perform roles such as business support, data management, and inhouse web design, operating employment options that take into account their job roles and work environments. In 2023, we opened in-house cafés at our Jamsil HQ and Daejeon R&D Center where the entire barista staff are made up of people with severe disabilities and have continued to explore and develop jobs for people with disabilities to further promote inclusive employment. In 2024, our hiring efforts have continued, including recruitment of baristas with disabilities, maintaining an employment rate that exceeds the mandated 3.1% requirement. Going forward, LOTTE Chemical will continue to expand job opportunities and drive job stability for people with disabilities.

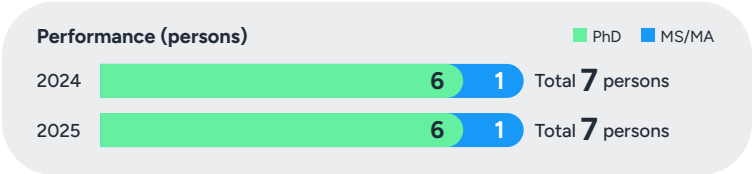
Recruiting Local Talent

LOTTE Chemical is actively promoting recruitment of local talent for mutual growth with the communities its business sites belong to. We have been operating a local recruitment program for talent in Seosan where our Daesan Plant is located since 2022 and also signed an MOU with the City of Yeosu in 2023 to promote the recruitment of local talent based on partnerships with local communities. Going forward, LOTTE Chemical will continue to seek mutual growth with communities by expanding local recruitment based on cooperation.

2 Performance of Development/Training Programs

Academic Training Programs

Since 1994, we have been continuously offering academic training programs to support employees in obtaining master’s and doctorate degrees. We foster core talent and sharpen our R&D through these programs to nurture skilled experts with both experience and theory. Furthermore, LOTTE Chemical is continuously participating in strategic training programs for our core talent to sharpen the organization’s competitiveness in the mid-to-long-term. Since 2022, we have been dispatching selected core talent to the LOTTE MBA program operated at the Group level, fostering leaders to drive our future business. The LOTTE MBA program offers courses on overall business management theory and skills, global perspectives, and capabilities needed to develop mid-to-long-term strategies. Executives who took part in the program have enhanced their understanding of the Group’s business strategy and key initiatives, as well as strengthened networks with fellow affiliates and leadership capabilities. LOTTE Chemical dispatched a total 11 core talent to the LOTTE MBA program from 2022 to 2025 (1st term: 4 persons, 2nd term: 4 persons, 3rd term: 1 person, 4th term: 2 persons) and plans to continue supporting the growth of our core talent in line with the company’s strategic directions and talent development policies.



Measuring Impact of Capability-building Programs

LOTTE Chemical diagnoses employee satisfaction and accomplishment rates regarding capability-building programs to check on its effectiveness and make continuous improvements. A key area of focus is AI training for our entire workforce through which we aim to improve work efficiency, promote automation, and foster a culture of knowledge-sharing across the organization. In addition, LOTTE Chemical operates targeted training programs such as the 'Leadership Summit' to strengthen leadership and change management capabilities. We evaluate the effectiveness of these initiatives based on their participation scale, engagement level, and shifts in employee perception. A total 265 executives and team leaders from the Chemical Group took part in the '2025 Leadership Summit: Transformation Day,' enhancing their understanding of the company's strategic directions and need for change. Through expert lectures, dialogue sessions with the CEO, and participatory feedback activities, we promoted employee engagement and alignment. Insights and suggestions gathered through the program are reflected in future corporate culture initiatives and improvement activities, helping ensure that the impact extends beyond one-time events through continuous implementation.

Performance Evaluation and Compensation

1 Fair Performance Evaluations

LOTTE Chemical supports the personal growth and development of our employees and carries out performance management through MBO-based performance evaluations, 360-degree evaluations, and ongoing feedback between leaders and team members to ensure fair and objective evaluations.

Achievement Evaluation and Ongoing Performance Management

Ongoing performance management is implemented, where individuals set MBO-based work targets at the beginning of each year and receive feedback on their progress continuously throughout the year. This way, team members and leaders are on the same page in terms of performance progress through 1:1 meetings while support and development plans are shared to

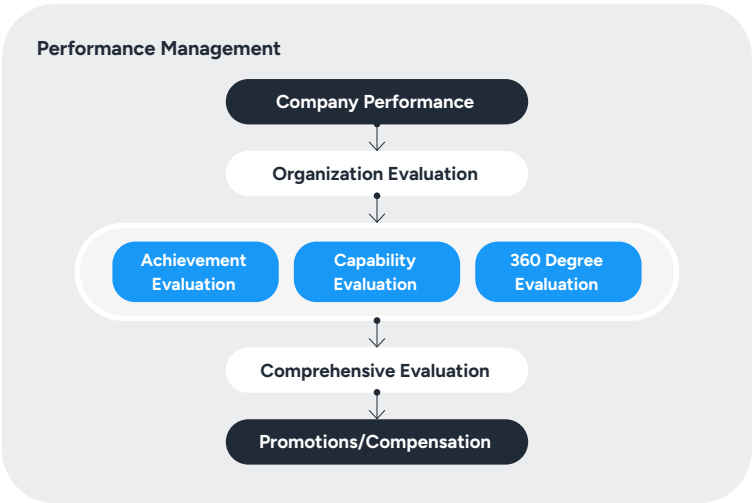
strengthen competency through interactive performance management for talent development. An initial mid-year evaluation is done for the first half of the year followed by a final year-end evaluation where final grades are given after reviewing how effectively team members have met targets. This process involves in-depth interviews between the field and HR which enables comprehensive and fair evaluation that reflects various perspectives.

Capability Evaluation

Capability evaluations consist of the Group's core values and job specific competencies. Employees are evaluated based on how much they meet the capability expectations of each job function. The results are used as standards for further developing talent into tomorrow's leaders.

360 Degree Evaluation (by Leaders/Peers)

To compensate for top-down vertical evaluation between leaders and team members, we incorporate various opinions on specific areas related to leadership and collaboration in our evaluations. This enhances fairness in the evaluation process with results being used as reference for HR appointments and promotions.



2 Reasonable Compensation

LOTTE Chemical strives to operate a reasonable compensation system in line with the roles of each individual and their personal and organizational performance based on transparent and fair evaluations.



Personalized Salary Scheme
Performance based compensation where individual salary raises are determined in connection to personal evaluations which are also used for providing other compensation such as bonuses



PS (Profit Share)
Performance-based profit-sharing program where the company's excess earnings from business management are distributed to members each year



Position-based Allowance
As managers in the organization are assigned authority and responsibilities, compensation is given equivalent to the respective roles



LOTTE Chemical Awards
Best practices are selected and officially awarded to provide clear compensation and motivation to employees to contribute to the company's performance



Core Talent Compensation
Outstanding talent are selected and actively supported in terms of capacity-building and creating results through monetary and non-monetary compensation

Employee Welfare Programs

1 Work & Life Balance

LOTTE Chemical operates various programs that support self-directed working environments to allow employees to focus on their personal lives after work.

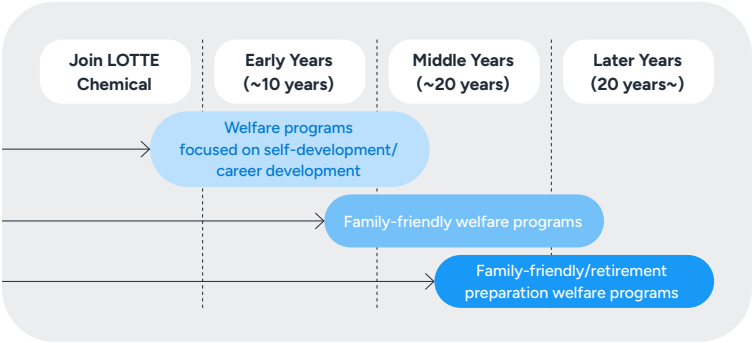
Smart Work: Working Hours and Methods

Flexible Working Hours	Flexible working hours where employees can decide when to begin and end work and plan daily working hours within the scope of total monthly work hours to allow employees to manage work hours to meet their needs
PC OFF Program	Creates a flexible working environment and contributes to improving productivity through autonomous schedule management taking into account individual workloads
	PCs are shut down after an automatic reminder pops up when reaching end of the workday preset by individuals to promote flexible working hours and a culture where employees can get off work on time

2 Welfare Programs for a Family-friendly Work Environment

LOTTE Chemical believes that our employees and their families must be happy for the company to grow. Based on this belief, we operate welfare programs tailored to each stage of employee lifecycles from recruitment to retirement to boost their happiness.

LIFE CYCLE Welfare Program



Family-friendly Management – Employee Family Care and Maternity Protection Programs

Life Time Welfare Program	· LifeTime welfare program offers welfare benefits tailored to the needs of employees in each lifecycle stage to improve quality of live and work satisfaction · Manuals are posted on the internal HR system to make it convenient for employees to look up and use · Welfare programs tailored to number of continuous years at the company and employee lifecycles - Early Years (within 10 years) is focused on self-development and career development - Middle Years (10~20 years) is focused on family-friendly benefits - Later Years (20 years+) is focused on family-friendly benefits and retirement preparations
Max. 30-Month Parental Leave	· Automatic parental leave following childbirth without having to separately apply to support work-family balance for female talent · Parental leave is extended to maximum 30 months
Mandatory Paternal Leave	· Minimum 1-month mandatory paternal leave (Group-level program and the first of its kind in Korea)
Tuition Support for Children	· Relieves financial burden related to children's education to enhance work engagement · Tuition aid for children under school age (3 years-old ~ before entering school) and college students
Inhouse Daycare Center	· Company daycare center with high quality faculty and facilities
Family Medical Expense Support	· Subscribes to collective accident insurance and covers medical expenses for employees, their spouse, parents, and children · Sponsors comprehensive health exams for employees and their families (spouse, parents)
Various Maternal Protection Leave and Work Programs	· Shorter work hours during pregnancy and childcare period to ease burden of pregnancy, birth, and parenting · Childcare leave when children reach school age and when balancing work and parenting become challenging · Pregnancy leave (10months), infertility leave (1year), and gifts for pregnancies and childbirth
Support for Family Affairs	· Congratulatory allowance and leave to celebrate special family events · Support for weddings/childbirth/70th birthday/deaths/funeral services
Living Support	· Company housing at each business site and mortgage loan support (ceiling of KRW 100 million) · Company housing/accommodation support for single employees · Support for personal pension plans
ESOP	· Employee Stock Ownership Plan (ESOP)

Various Welfare and Benefit Programs

Housing/Living Support	· Mortgage loans · Company housing/ accommodation for single employees · Support for personal pension plans · Support for family events
Childcare/Education Support	· Parental leave · Company daycare center · Tuition aid for employee children · Cultural arts activities for employee families
Healthcare	· Comprehensive health examinations · Regular health checkups · Group accident insurance · Support for medical expenses · Support for infertility care (leave and treatment expenses)
Self-development/Leisure Support	· Support for inhouse club activities · Support for external language courses · Support for condo/resort reservations · Welfare benefit points · LOTTE Group affiliate credit card (W Card) · Refresh leave · Summer leave

Family-friendly Programs – Employee ‘Family Day’

LOTTE Chemical hosts events inviting employee families (children) to business sites during the family month of May to build a family-friendly culture and boost employee pride.

Mental Well-being Management

LOTTE Chemical operates an inhouse counseling office to assist employees in their mental health based on work-life balance and a healthy and happy work life. A professional counselor is present at the office to help with concerns regarding work and personal life and address conflict situations in relationships. Employees at other business sites and expatriates are also using the services through video counseling. In addition, we operate department workshops for psychological tests and mindful meditation programs for stress management along with special events and lunch programs to make it easier for employees to open the doors to the office, as well as regular newsletters called healing letters that provide information on psychological topics.

Personal Pension and Retirement Pensions: Post-retirement Support

Personal Pension Scheme

Subscribes to personal pensions as part of long-term welfare benefits to support stability in the latter years of employees with the company matching the monthly contributions being made as a 1:1 matching grant

Retirement Pension Scheme

Retirement benefit plan where retirement allowances are reserved at outside financial institutions to be received as pension or as a lump sum upon retirement. LOTTE Chemical employees are all subscribed to defined benefit plans (DB), defined contribution (DC), or combo plans, reserving and managing 100% of estimated retirement benefits at outside financial institutions and guaranteed rights to receive stable benefits.



Culture based on Mutual Respect and Consideration

LOTTE Chemical pursues active communication between labor and management based on trust and consideration to establish an interactive culture where we can, together, create greater value.

1 Labor-Management Relations based on Mutual Cooperation

LOTTE Chemical pursues the vision of fostering a culture where labor and management work together to achieve higher corporate value. We promote employees’ sense of belonging through interactive communication and strengthening a horizontal organization culture based on mutual trust. We will continue to share key matters through regular discussions leveraging various channels to enhance mutual understanding between labor and management.

Labor-Management Council

Recognizing that mutual respect between labor and management is at the foundation of creating sustainable value, LOTTE Chemical utilizes various channels to provide regular communication between the two parties. We have an active communication system in place that supports improving work conditions at our business sites in Yeosu, Daesan, and Ulsan through wage negotiations and collective bargaining, as well as discussing key business and system changes beforehand to enhance each other’s understanding on matters. Employee briefing sessions are also held when new programs and changes are introduced to the organization to build consensus among employees and help reach necessary agreements. We operate the Labor-Management Council/Employee Council which are held regularly at least once every quarter for important decision-makings. These regular councils play a critical role in communication between labor and management, serving as a representative body for employees. Through Labor-Management Councils at each business site, which serve as channels for ongoing communication and discussions, we deliberate on improvements and changes to working conditions and HR systems and continue to listen attentively to our employees to identify their needs and incorporate their feedback into the company’s policies.

2025 Labor-Management Council Key Agenda (Business Site)

Q1	Expansion of training program for promoted employees, streamlining meetings, institutionalization of annual leave promotion, events for low-tenure employees
Q2	Increase in vehicle support for clubs, flexible work hours, working hour improvements
Q3	Annual leave promotion system enhancements, change in office seating layout, mailroom improvements
Q4	2026 Work-Life Balance Day, suggestion on expanding family event leave, improvement to breakfast (Chemical Morning), increase transfer applications for personal pensions

Declaration on Mutual Cooperation between Labor-Management in ESG Practices

In September 2023, labor and management representatives from LOTTE Chemical gathered and held a ceremony declaring mutual cooperation between labor and management for ESG practices. Representatives from our Yeosu, Daesan, and Ulsan business sites attended and shared their joint commitment to building a sustainable business and happy company based on a creative labor and management culture. The declaration includes labor and management’s promise to work together in achieving carbon neutrality, practicing eco-friendly management, creating the social value of coexistence, and driving environment-friendly future businesses. The declaration will serve as a key milestone in LOTTE Chemical’s journey towards sustainable development and bears great meaning in displaying the strong determination of labor and management to cooperate in practicing ESG values. LOTTE Chemical’s labor and management build a foundation of trust and cooperation based on ongoing dialogue, promoting ethical business practices and strengthening transparent and accountable governance through joint efforts for growth. We also actively engage with internal and external stakeholders to foster a sound and ethical corporate culture.

2 Flexible Communication Culture

LOTTE Chemical fosters communication among its employees to create a flexible corporate culture. We have created an advanced work environment, operating various programs to enable employees to communicate freely with each other. We build an active and voluntary work atmosphere based on a workplace and open culture without barriers between groups and departments and also operate various programs to serve as a window for internal communication.

Driving Corporate Culture Activities: Corporate Culture TFT

LOTTE Chemical's Corporate Culture Taskforce is a corporate culture activity organization composed of change leaders (CL) from each business site. CLs are chosen through voluntary nominations and applications, and actively listen to suggestions and improvement ideas, as well as challenges voiced by the field to advance our corporate culture. They take the initiative in exploring improvement ideas and activities and communicates these ideas candidly to HR and Management. Launched in 2021, the taskforce has continuously contributed to creating a sound corporate culture. In 2025, 10 CLs from headquarters, Yeosu, Daesan, Ulsan, and the Daejeon R&D Center participated, conducting employee interviews, awareness campaigns, and Great Work Place (GWP) programs at the department level.

Corporate Culture Newsletter: DANKE Magazine and Cheommundae

To expand communication channels with our employees and create a reliable and healthy organizational culture, LOTTE Chemical publishes monthly newsletters on our corporate culture. The newsletter contains messages from management, notices on internal programs, introductions to GWP programs from our business sites, issues from in and outside the company, and news about our respect and consideration campaign to build trust and a sense of unity with our employees.

Management Communication: Leadership Summit

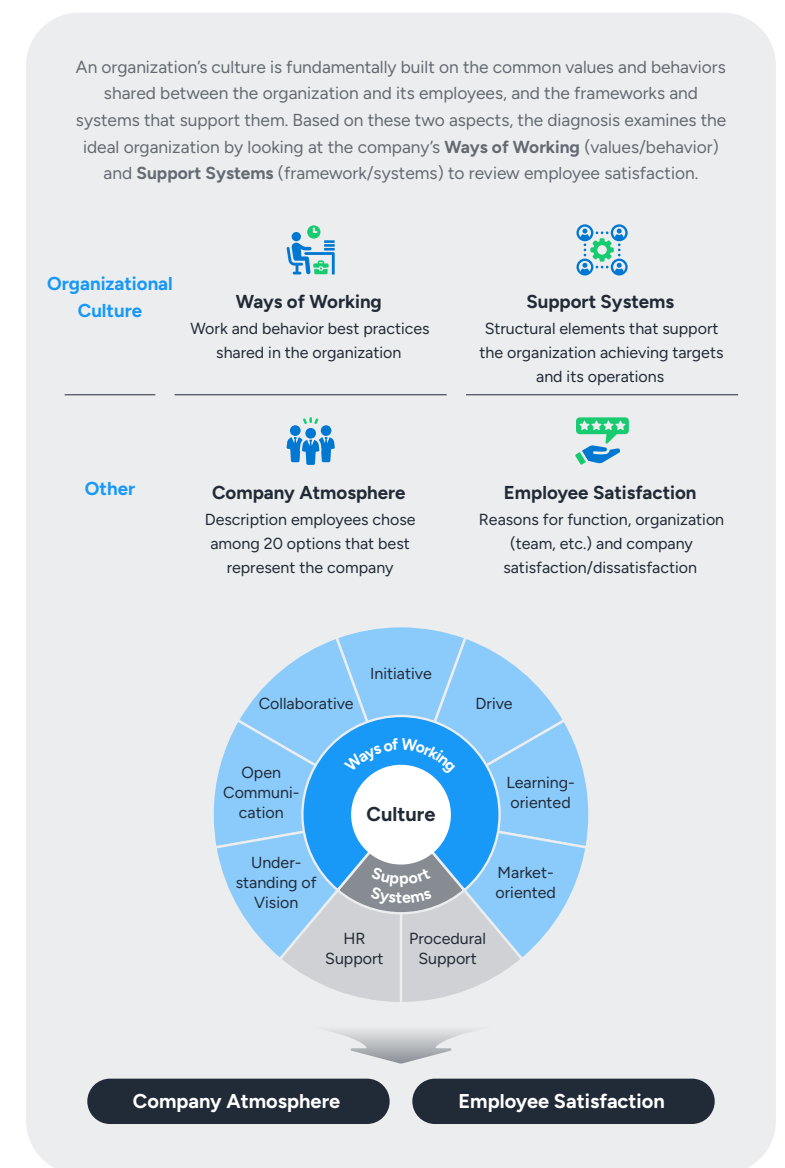
LOTTE Chemical operates regular communication programs between the CEO and employees. In July, Head of the Chemical Group hosted the 'Leadership Summit' at the LOTTE Human Resources Development Institute Osan Campus.

The event was attended by 265 executives and team leaders from LOTTE Group's chemical affiliates, sharing an overview of the Chemical Group's current business and reviewing its business strategy and future vision through special lectures on leadership and business innovation by the Head of the Chemical Group and external speakers, highlighting the role and importance of leadership. We also regularly operate 'Chemi-Bridge,' a program where the Head of the Chemical Group meets with the Junior Board composed of young assistant managers and staff to listen to opinions from the field. Other programs offered include 'Lunch Connect' where the Head of the Chemical Group connects with employees over lunch, and 'Two-way Mentoring to Bridge the Generation Gap' where management are matched with outstanding young talent to promote interactions and communication. Based on our commitment towards a horizontal corporate culture based on mutual respect and open communication, LOTTE Chemical will continue to operate programs that bring management and employees together.

Improving Corporate Culture: LOTTE Group Organizational Culture Diagnosis

LOTTE Group's Organizational Culture Diagnosis surveys employees across all subsidiaries of the LOTTE Group each year. The survey is designed to capture employees' perceptions and assess the current state of our 'ways of working' and 'support systems.' The insights gathered serve as a foundational resource to help us cultivate a work environment centered on innovation, embracing challenges, driving performance, and engagement. In 2025, a total 2,949 (71.9%) of LOTTE Chemical's total 4,098 employees participated in the diagnosis. Based on the analysis, we continue to draw out areas for enhancement and implement tangible improvements.

Diagnosis Framework



HUMAN RIGHTS MANAGEMENT SYSTEM

Human Rights Management System

Commitment to Human Rights

LOTTE Chemical seeks to practice ‘human rights management’ to drive positive change across the lives of our customers and society and create a better future for humanity. We established a Statement on LOTTE Chemical’s Human Rights Management which sets the standard for behavior and value judgement that all employees must comply with in carrying out business activities and tasks as part of our commitment to protecting human rights. The statement is based on international principles and conventions on human rights including the UN Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and the UN Convention on the Rights of the Child. In addition, we specified our commitments in our ESG Policy Book. Based on our Statement on Human Rights Management and our ESG Policy Book, we will respect the human rights of all our stakeholders and contribute to creating a better society.

[ESG Policy Book](#) [Statement on Human Rights Management](#)

Governance

We operate the ESG Committee under our BOD and the Labor-Management Council to blend the human rights agenda into our business. In addition, the HR Division and relevant field organizations design and implement human rights systems together, carrying out quarterly initiatives determined by the Labor-Management Council through active engagement with field departments.

The ESG Committee leads the corporate effort in practicing human rights management by setting the paradigm for ESG policies and priorities, including labor-related human rights, and monitors their performance. The Labor-Management Council is composed of representatives from each business site, conducting quarterly meetings to oversee various issues related to the labor environment and human rights. Not only, HR and labor related managers, but representatives of field workers also actively participate to develop practice improvement measures and seek agreement between labor and management.

Strategy

Human Rights Management Mid-to-Long-term Roadmap



Risk Management

Human Rights Impact Review and Assessment

LOTTE Chemical carried out our own assessment on the advancement of human rights at our business sites to ensure systematic implementation of human rights management. This year’s assessment was conducted to 20 key departments of the Basic Chemicals and Advanced Materials businesses. Focus was placed on 10 categories including creating a stable work environment, making non-discrimination efforts, improving employee awareness, and support for communicating with stakeholders. Consisting of 156 questions, assessments were made by field departments and verified by HR. As 2024 was the first year for the assessment, priority was placed on developing effective assessment metrics, exploring potential risks, and building practical improvement measures with continuous enhancement to be made through regular annual assessments. The human rights impact assessment found that there were no stakeholder groups vulnerable to human right risks. However, based on the assessment outcome, improvement plans were built and implemented for each area. Moreover, implementation of an integrated management system and standardized operation measures are underway for more structured and strategic human rights management. In 2025, we further reinforced objectiveness and reliability in this area through third-party assurance and verification. In 2026, we plan to interview frontline managers and stakeholders to identify optimization areas and update our long-term enhancement plans.

Human Rights Risk Improvement Measures_Scope

LOTTE Chemical conducted an inspection of human rights risks at not only at all our domestic business sites, but also key overseas sites including in the U.S. and China, with plans to expand to all overseas subsidiaries and branches in the future.

Outcome of the Human Rights Impact Assessment (5-point scale for each category)



※ This Human Rights Impact Assessment has been verified through independent third-party assurance by the Korean Foundation for Quality

Metrics and Targets

Creating a Stable Working Environment

1 Guaranteed Stable Living for Workers

We operate working hours, wage levels, and welfare benefits to guarantee a stable standard of living and promote work-family balance for our employees. We have a PC-Off system to observe weekly standard workhours and minimize overtime, helping employees fully exercise their right to rest. In addition, employees are given the option of flexible workhours where they can select their daily work schedules. These systems are monitored periodically to ensure they are implemented well.

We also calculate wage levels based on inflation rates, economic growth rates, and raises applied at peer companies and affiliates. Beyond salaries, we provide a wide range of welfare benefits to employees and their families to assist them in sustaining an appropriate level of living. As part of our family-friendly programs, we offer up to 30 months of childcare leave for mothers and mandatory paternal leave for fathers, as well as family care leave, support for pregnant and infertile employees, and medical expense and tuition coverages for employees and their family members. Other programs we offer include support for mortgage loans and interest payments regarding stable housing, water park and accommodation costs for recharging, and sponsoring in-house club activities.

2 Guaranteed Labor Rights

LOTTE Chemical guarantees the labor rights of workers. We established and practice internal regulations that guarantee the right to organize, the right to collective bargaining, and the right to collective action covered by the Constitution. We are devoted to building sound labor and management relations by working with a professional labor law firm to continuously inspect the risk of unfair labor practices and make necessary improvements. Moreover, we have labor-management councils and corporate culture TFTs at each of our business sites to listen to the different voices of the field and improve working

conditions through ongoing communication between labor and management. We also implement safety regulations, sponsor health examinations, and operate a counseling office to provide a safe working environment for our employees while improving their physical and mental well-being.

Non-discrimination Programs

1 Operating Grievance Channels (Gender, Job Title, etc.)

LOTTE Chemical operates grievance mechanisms and a relief system related to human rights to ensure all of its employees work in a safe environment free from discrimination. We operate a specialized Grievance Committee that offers various reporting channels to restore the rights of victims who have undergone physical or mental damage due to reasons to their gender, staff level, or age. Victims can choose appropriate channels for filing grievances through options including the Online Shinmungo, members of the Grievance Committee, and external law firms. Cases are immediately and thoroughly investigated upon being filed and handled through a fair process to ensure appropriate measures are taken to restore the victim's rights. Complaints filed through each reporting channel in 2025 were fully investigated and handled with severity through the Grievance Committee and Disciplinary Committee.

We will continue to reinforce prevention initiatives and carry out objective and fair investigations on incidents to create a healthy organizational culture ensure all members of the organization can work without discrimination.

Human Rights Violation Reporting Channel



2 Gender Equality and Family-friendly Programs (Gender)

We operate various programs that support childbirth and childcare to build an equal and fair work environment where employees can strike a balance between work and family. Female workers can use up to 30 months of childcare leave, and male workers are mandated to use a minimum 1-month leave for taking care of their children. These periods are recognized as part of the employee’s tenure to ensure there are no disadvantages in terms of promotions. We also operate various programs to encourage employees to have children and spread a culture of shared parenting such as shorter workhours for pregnant employees and employees with young children, support and leaves for infertility treatment, and family care vacations and leaves for employees who need to take care of family members. Furthermore, we have been continuously increasing our programs regarding hiring and developing female talent since 2011. We increased the ratio of promotions for female employees to secure more female talent and adopt gender equality principles to new hires. We also operate practical programs to develop our female talent such as the LOTTE female leadership program where outstanding female executives and members of management take part in mentoring and complete individually tailored capability-building training based on the outcome of leadership diagnosis.

3 Development of Jobs for People with Disabilities and Support for Self-reliance (Disabilities)

We strive to go beyond achieving quantitative targets in disability employment rates and support employees with disabilities to assist them in building self-reliance to carry out tasks without discrimination. We improved the job system and work process for employees with disabilities to ensure they are assigned appropriate responsibilities online and offline to achieve professional growth. We develop and offer jobs fit for disabled employees such as baristas, web designers, and inhouse instructors and support them in getting involved in company orientation sessions, job training and manuals, and company events to increase their loyalty towards the company and adjust to work smoothly.

Activities to Improve Awareness on Diversity

1 Employee Training on Human Rights

LOTTE Chemical identifies human rights violation risks at worksites and educates our employees on areas related to human rights for proactive actions to strengthen employee capabilities regarding human rights protection and internalize a culture of human rights management. We conducted training on preventing sexual harassment and improving the perception of people with disabilities to all employees including new joiners, introducing an engaging online training program featuring a Q&A session with a professional MC and a labor attorney to make the content easier to understand. Additionally, we used AI technology to produce a video that educates all employees on company policies and showcases real-life case studies of employees with disabilities in various roles throughout the company. We also developed a lesson plan based on which a human rights training program was conducted for all employees.

Human Rights Management Training Lesson Plan

Category	Details
Commitment to Human Rights	Direction of LOTTE Chemical's human rights management
Statement on Human Rights	Provisions in the Statement on Human Rights Management
Human Rights Management Governance	Human rights management organizations (ESG Committee, relevant departments, councils)
Human Rights Management Strategy	Human rights management mid-to-long-term roadmap
Human Rights Management Policy	Human rights management key policies
Human Rights Risk Management	Progress of the Human Rights Risk Assessment
Human Rights Management Metrics and Initiatives	Human rights management key metrics and initiatives

2 In-house Café Staffed by Baristas with Disabilities

In connection with our social enterprise project, LOTTE Chemical opened in-company cafés called ‘Chemi Story’ where baristas with disabilities prepare food and beverages at our headquarters in Seoul and Daejeon R&D Group. We actively support these employees with disabilities with job training and adaptation programs to help them build a sense of belonging and improve their barista skills. We seek to build an inclusive culture based on respect by conducting various campaigns such as the Day of Persons with Disabilities and Super Blue Marathon to promote awareness among employees visiting the café.

3 LOTTE Diversity Forum

Every year, LOTTE Chemical participates in LOTTE Group’s annual LOTTE Diversity Forum which is held with the aim of building an inclusive and diverse culture that does not discriminate against female leaders, generations, disabilities, or nations. In 2025, the forum was held under the theme of ‘Weave You and Me’ and discussed the need to create a global culture of inclusion and further promote diversity in the organization. Various members from the field who represent diversity from Group affiliates, as well as LOTTE Chemical, took part in the 2024 Forum including female leaders, Gen. MZ leaders, employees with disabilities, and global talent. Participants enhanced their understanding of the Group’s diversity policy through lectures, debates, and performances and shared each company’s best practices to reaffirm the meaning of inclusion and diversity at the workplace.

4 LOTTE Super Blue Marathon

Started in 2015, this was the tenth year of the LOTTE Super Blue Marathon, one of LOTTE Group’s most well-known campaigns to improve awareness of people with disabilities. The event where people with and without disabilities run a marathon together wearing shoes with blue laces that represent hope and self-reliance, was planned to bring down the walls of misconception surrounding disabilities. LOTTE Chemical encourages active participation from our employees to promote the purpose of the event of improving perception of people with disabilities and lowering mutual walls.

ESG RISK MANAGEMENT OF SUPPLY CHAIN

ESG Risk Management in the Supply Chain

Governance

Partner ESG Management System

LOTTE Chemical reports risks and improvement measures regarding ESG at our partner companies' ESG to the BOD's ESG Committee each year. We also set up a cooperative system led by the Purchasing Team where key execution departments such as the ESG Management and CSV Team work with the Safety, Compliance, and Climate, Energy and Environment Teams to internalize a supply chain risk management system. The ESG Committee's agenda in 2025 included the outcome of the ESG assessment of LOTTE Chemical's partner companies, future goals, and discussions on how to review risk management in our partner companies.

Strategy

Partner ESG Management Policy

1 ESG Risk Management Policy

LOTTE Chemical is committed to upholding its corporate social responsibility by implementing an ESG Risk Management Policy to manage the negative impacts on human rights and the environment by our company, subsidiaries, and/or partner companies that may arise through our business activities. Our ESG Risk Management Policy is aligned with internationally recognized standards, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, and is updated

regularly based on relevant domestic and international legislations. The policy was revised in 2025 based on internal and external stakeholder demands and changes in the ESG environment, with the changes disclosed on our website. LOTTE Chemical's ESG Risk Management Policy includes (i) identifying and assessing actual and potential impacts that may adversely affect human rights and the environment, and (ii) taking measures to address, mitigate, and prevent these impacts, while documenting the progress of our response actions. The policy also outlines procedures for engaging with stakeholders and for stakeholders to voice their opinions. LOTTE Chemical integrates ESG risk management into our decision-making processes and organizational systems, and, when necessary, develop internal rules and provide employee training to embed ESG principles into our organizational culture.



Partner ESG Risk Due Diligence Process (Draft)

Develop Due Diligence Policy

- Define targets, frequency, and methodologies for due diligence
- Partner contractual consent to due diligence is mandated



2 Purchasing Management Regulations

LOTTE Chemical has procedures in place for fair trade with our partners and discloses relevant principles transparently. All orders and contracts are managed through the purchasing system, and partner selection methods and processes are defined in our bid evaluation guide to internalize fair trade principles based on a consistent and transparent purchasing process. In addition, we manage our partner management regulations through continuous amendments.

Contracts for Mutual Cooperation

LOTTE Chemical enacts and operates guidelines for the company to carry out fair and reasonable discussions and contracts with our partner companies. We have an infrastructure for signing contracts, guaranteeing autonomy rights for partners in contracting, and documenting items that transaction parties must be in compliance with to faithfully carry out contracts in accordance with relevant legislations.

Fair Selection and Management of Partner Companies

LOTTE Chemical establishes fair practices in the selection and management of partner companies to ensure there are no violations of relevant legislations such as the Fair Trade Act. We disclose the specific criteria, process, and results to guarantee fairness in our selection process.

Establishment and Operation of Internal Review Committee for Subcontracting

We set up an Internal Review Committee to review the fairness and legitimacy of key transactions that either are of certain scale or deemed necessary to maintain a fair-trading order. We designate the chairperson, committee members, and secretary to incorporate the opinions of our partner companies.

Proper Issuing and Storage of Documents

We set forth clauses on issuing and storing documents in the contracting and transaction process to build a fair subcontracting and trading order through the execution of rights and performance of duty. Documents that must be issued in accordance with relevant legislations are made clear along with items LOTTE Chemical and our partner companies must abide by to make sure they are understood. This way, we seek to maintain fairness for subcontracting based on execution of rights and performance of duties.

3 ESG Code of Conduct for Partner Companies

LOTTE Chemical developed the ‘ESG Code of Conduct for Partner Companies’ that outlines its expectations for partner companies in terms of environmental protection, respect for human rights, and safety management, etc, and has been delivered to partner companies in request of ethical corporate practices. We revised our ESG Code of Conduct for Partner Companies in 2025 in response to demands from external stakeholders and the evolving ESG management landscape, supporting practical application. The aim was to promote sustainable development by ensuring that these updates are effectively communicated not only to our direct partners, but also throughout the sub-supply chains of our partner companies.

ESG Code of Conduct for Partner Companies



Environmental Protection

Partner companies shall make efforts to follow LOTTE Chemical's environment management policy. They are expected to participate in the improvement actions based on the environmental management assessment and actively cooperate to establish a data-driven environmental management system.



Respect for Human Rights

Partner companies shall endorse and respect the UN Principles on Business and Human Rights at all business premises and guarantee the protection of human rights for all stakeholders.



Safety Management

Partner companies shall make efforts to ensure the safety of employees throughout all stages of product manufacturing, distribution, and service provision. They shall establish a management system to prevent safety accidents and actively collaborate in LOTTE Chemical's workplace safety assessment.



Legal Compliance/Ethical Management

Partner companies shall enhance management transparency, comply with laws and regulations, and maintain the highest ethical standards. They shall also implement an internal compliance system and provide relevant education to employees.



Prohibition on Use of Conflict Minerals

Use of minerals mined in conflict zones and acquired through methods that are illegal, unethical, or that ay pose a risk to the environment and safety is prohibited.



Business Management System

Partner companies shall acknowledge the significance of sustainable management and implement a management system to achieve this objective. They shall set goals and conduct regular performance evaluations and improvements.

Risk Management

Partner ESG Risk Assessment and Management

1 Partner Classification for ESG Risk Assessment

LOTTE Chemical operated a dedicated Partner ESG Risk Management Task Force in 2024 to advance and refine its ESG risk assessment framework for partner companies. Building upon this foundation, we significantly expanded the scope of our assessments in 2025. While previously focusing on partners categorized as Tier 1 to Tier 3, we extended the assessment scope to cover our entire partner network starting in 2025. Out of a total of 2,235 partner companies included in the comprehensive review, the actual ESG risk assessment was conducted on partners with an annual transaction volume of KRW 100 million or more, excluding one-time suppliers. By including not only core partners but also small-scale and micro-enterprises that are relatively vulnerable to being left in ESG blind spots, we strengthened our risk management system across the entire supply chain. Moving forward, LOTTE Chemical remains committed to continuously upgrading its partner ESG risk assessment framework to align with evolving global regulations and stakeholder expectations, thereby enhancing sustainability throughout the end-to-end supply chain

2 Partner ESG Risk Assessment

ESG Risk Assessment Metrics for Partner Companies

LOTTE Chemical evaluates possible ESG risks and the management systems of partner companies based on 57 specific metrics that can be classified into three areas (Environment, Society, Governance) and 22 sub-categories including climate action, environmental management, human capital, and communities, etc. In 2025, the metrics were made more intuitive and easy to answer by reflecting key initiatives, supply chain requirements, and codes of conduct with the aim of reducing response fatigue and enhancing participation. In addition, metrics were grouped into basic and advanced

categories considering different business scales, as well as general and industry-specific metrics that incorporate the industry's unique characteristics to take into consideration differences among partner companies.

Partner Company ESG Risk Assessment Metrics

Area	Sub-category		
Environment (18 metrics)	Environmental management	GHG-Climate change	Energy management
	Resources-Circular economy	Waste-Chemical substances	Environmental pollution
	Water resources	Natural capital	
Social (28 metrics)	Human rights & labor	Human resources	Diversity
	Occupational safety and health	Supply chain	Product responsibility
	Ethics, grievance, and social responsibility	Information security	
Governance (11 metrics)	Compliance and risk management	BOD and shareholder protection	ESG management system
	Ethical management	Fair trade	Information disclosure

2025 Partner Company ESG Risk Self-Assessment Status

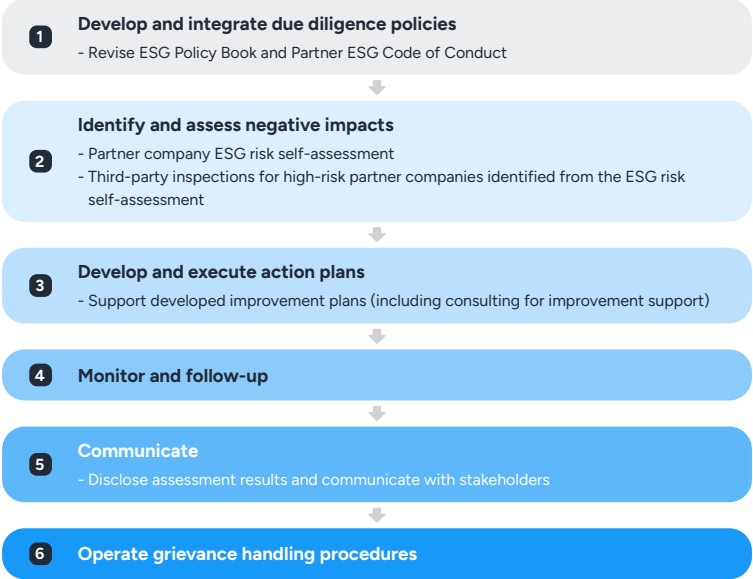
Category	Classification Criteria	Assessment Cycle	Assessment Method	No. of Partners	Share of Purchasing
Tier 1	Transaction value ≥ KRW 100m	Annual	Self- or third-party assessment/ verification	808	91%
Tier 2	Transaction value < KRW 100m, one-time transactions	-	No assessments	1,427	9%

Partner Company Assessment and Management Process

LOTTE Chemical revised its ESG Policy Book, which incorporates its ESG Risk Management Policy, as well as its Partner ESG Code of Conduct in 2025 to strengthen ESG risk management across partner companies. Through these revisions, we enhanced the effective implementation of our due diligence policies throughout our operations. We operate a

comprehensive ESG risk management process that includes identifying and assessing the negative impacts of partners, establishing and implementing corrective action plans, conducting ongoing monitoring, communicating assessment results, and operating grievance mechanisms. To ensure fairness and consistency, we also share the purpose, methodology, and application of ESG assessments with our partners in advance. In 2025, third-party due diligence was conducted for partners identified as high-risk based on the results of ESG self-assessments. Following the assessments, we provided short-, mid-, and long-term improvement recommendations and consulting services according to each partner's risk rating. Follow-up monitoring is also carried out until identified risks have been adequately addressed and improvement measures have been completed. Meanwhile, compliance pledges were received to secure commitment to the revised ESG Code of Conduct from partner companies with approximately 42% Tier 1 partners signing the pledge in 2025.

Partner Company Assessment and Management Process



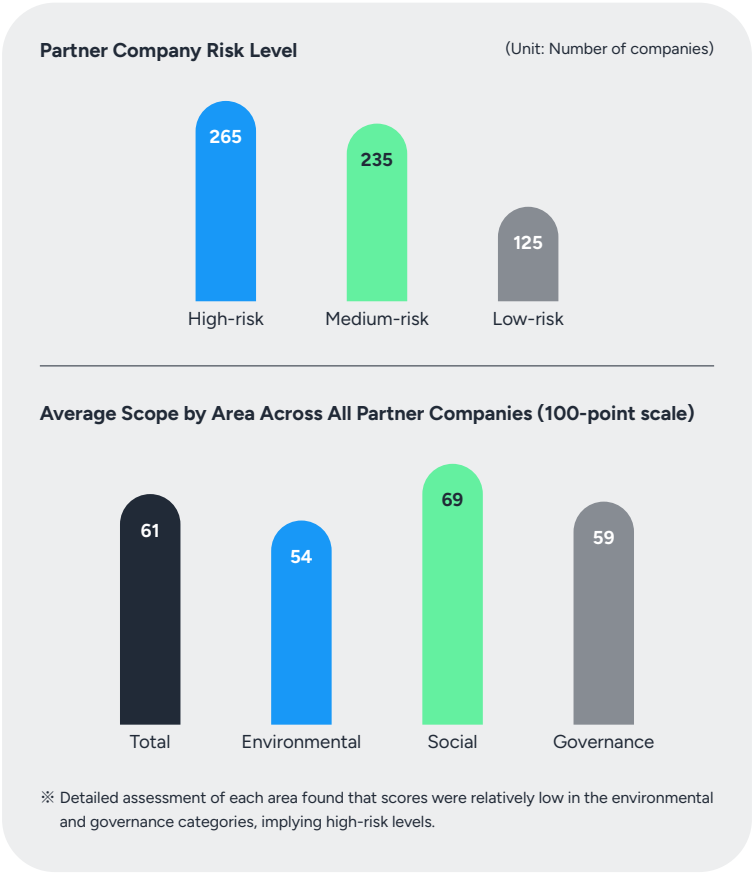
3 Partner Company ESG Risk Assessment Results (2025)

In 2025, 808 of the total 2,235 partner companies conducted assessments, excluding partners with one-time transactions or transactions of less than KRW 100 million. Of the 808 companies, 625 or 77% took part in the ESG risk self-survey where 265 were identified as high-risk partners. The assessment found 42% of the companies showed high ESG risk levels. By area, environmental and governance areas showed relatively low compliance levels while social showed relatively high levels of meeting requirements. Based on the results, LOTTE Chemical prioritized improvement initiatives for each partner company, supporting them in developing executable action plans. In particular, we offered areas where improvements can be made quickly and showed the expected impacts to encourage voluntary improvement efforts from partners. Through such measures, we are reducing ESG risks across the supply chain and improving overall management of our partner companies.

4 Due Diligence of ESG Risks at Partner Companies

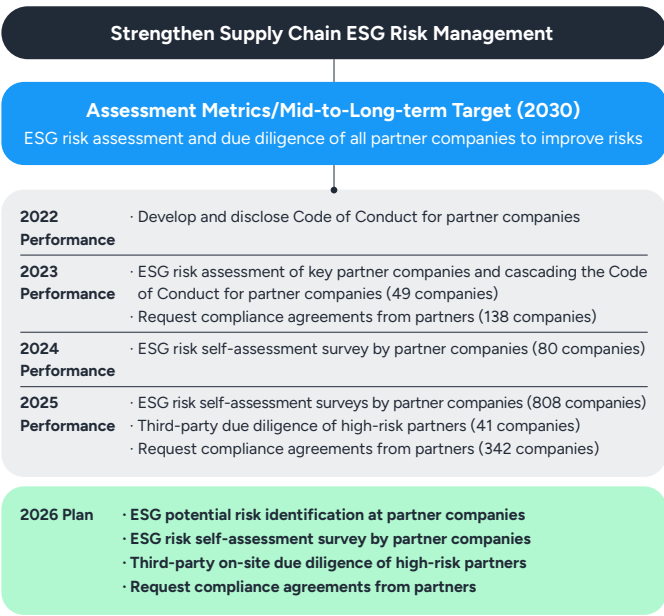
LOTTE Chemical conducted third-party due diligence on high-risk partners in 2025. Taking into consideration their industry sector, business scale, and assessment score, on-site due diligence was carried out at 41 partner companies. Areas for improvement identified from the site inspections were prioritized based on severity and likelihood. We are checking implementation through site inspections for the short-term corrective actions while offering continuous support and monitoring for the mid-to-long-term initiatives to help partners move out of the high-risk status.

Partner Company ESG Risk Assessment Result



Key Areas for Improvement

Environmental	Development of environment policies, GHG emission management, etc.
Social	Development of policies on forced and child labor, and an emergency response process, etc.
Governance	Development of compliance and risk management training, and ethical management policies, etc.



5 Post-management of Partner Company ESG Risk Assessments

LOTTE Chemical issues reports on the ESG risk assessments of partner companies and provides feedback on the strengths and weaknesses of partners along with specific improvement measures based on practical conditions and capabilities for timely improvements to be made where needed. In addition, ESG assessments were conducted and aligned with shared growth to promote mutual cooperation with our partners. To ensure practical assistance for our partner companies, we offer one-stop consulting services which cover the assessment, on-site due diligence, and improvement process for selected partners. In addition, we carried out an ESG Support Program, together with the Mutual Growth Committee, to upgrade the ESG capabilities of partner companies to global levels. We devised an ESG Guideline for LOTTE Chemical partner companies aligned with global ESG metrics and domestic law and supported 20 partner companies in their effort to improve ESG management through training and consulting.

6 Grievance Mechanism for Partner Companies

LOTTE Chemical operates an exclusive ‘grievance consultation and inquiry channel’ for our partner companies in addition to our Online Shinmungo and hotline to secure a channel for efficient communication and sustainable relations with our partners. Grievance consultation emails are forwarded to relevant departments, and confidentiality of the matter and its informant are guaranteed. Moreover, in line with the company’s guidelines on prohibition of retaliatory measures, we ensure informants do not face disadvantages of any kind. Submitted matters are investigated by relevant departments, and follow-up measures are taken based on its findings with transparent sharing of the outcomes.

Metrics and Targets

Partner Company Performance Management

Starting with the enactment of the Code of Conduct for partner companies in 2022, ESG risk self-assessment surveys were completed by key partner companies in 2023 and 2024. Expanding our efforts, ESG risk self-assessment surveys and third-party site due diligences were carried out at all our partner companies in 2025. Meanwhile, we are also making sure diagnosis and inspection results are disclosed appropriately by continuously monitoring compliance areas related to upcoming supply chain due diligence regulations.

Procurement of Sustainable Materials

1 Green Procurement Policy

LOTTE Chemical seeks to prevent waste of resources, prevent environmental pollution, and contribute to GHG abatement by promoting and spreading the use and consumption of products that minimize the input of energy and resources and output of GHG and pollutants.

2 Sourcing Eco-friendly Raw Material

We are actively promoting green procurement policies that minimize impact on the environment and use resources efficiently to ensure sustainable living for humanity. LOTTE Chemical developed and applies Green Procurement Guidelines, placing priority on purchasing eco-friendly products when they are available. The Green Procurement Guidelines are applied to the raw material, office supplies, and consumables used in the products produced and sold by our company, as well as the products and packaging material of domestic and overseas suppliers that carry out green procurement. In addition, the performance of green procurement is measured and reported annually.

3 Raw Material Sourcing Risk Management

As LOTTE Chemical has a high percentage of exclusive suppliers for raw materials, it is essential to minimize these risks in the sourcing process and establish a stable supply chain management (SCM) system. Therefore, we continue to pursue dualization and localization of areas where the percentage of sole suppliers is high in relation to quality and licensors to steadily reduce the percentage of exclusive supplier purchases and contribute to cost savings. Going forward, LOTTE Chemical will continue to make ongoing efforts for the stable supply of raw materials and risk management.

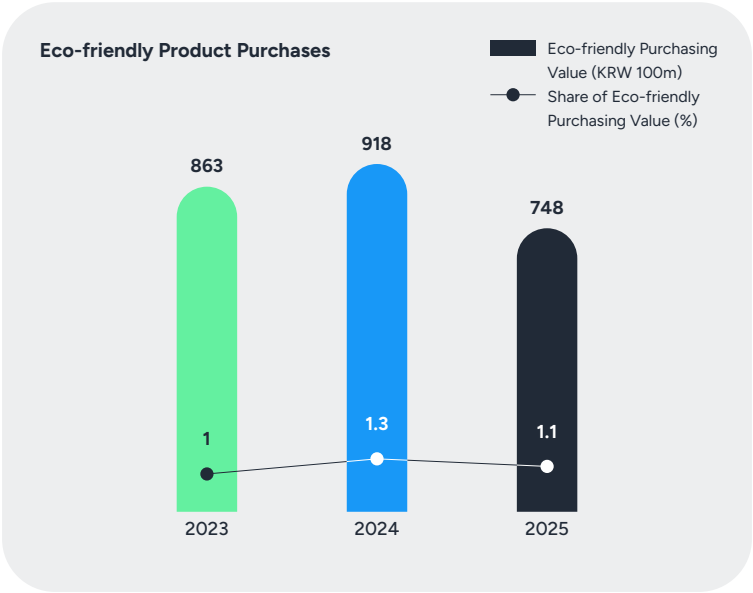
4 Stable Sourcing of Material Utilizing RPA (Robotic Process Automation)

As AI applications increase across various areas including clerical, administrative, and managerial work, LOTTE Chemical has been realizing automation for repetitive and regular contracts, material purchases, and ordering tasks by applying RPA based on business scenarios since the end of 2019. Through such efforts, we aim to improve work productivity by minimizing human errors. We are automating parts of our purchasing tasks through an optimized working environment using RPA and implementing a system that enables us to strengthen our focus on material sourcing and supply chain management.

Compliance with Responsible Minerals Regulations

Recognizing that human rights violations and environmental destruction caused by mining in conflict and high-risk areas imposes a serious problem, LOTTE Chemical does not use conflict minerals such as tin, tantalum, tungsten, and gold, and responsible minerals such as cobalt and mica that are illegally mined. We investigate supplier compliance with regulations on 6 types of conflict minerals when sourcing raw material and issue CMRT*(Tantalum, Tin, Gold, Tungsten) and EMRT** (Cobalt, Mica) upon request from customers. Currently, we procure some raw materials that contain tin, and mica and cobalt compounds and uses CMRT and EMRT, etc. to obtain and manage information on the current status of conflict minerals and tin at refineries (country, refinery name, refinery ID, etc.) in the supplier supply chains.

* CMRT(Conflict Minerals Reporting Template)
** EMRT(Extended Minerals Reporting Template)



MUTUAL GROWTH WITHIN SUPPLY CHAIN

Mutual Growth

Governance

Mutual Growth Implementation System

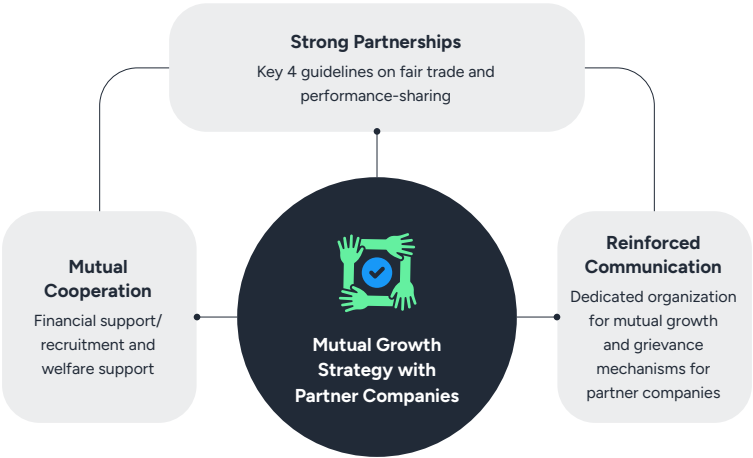
LOTTE Chemical communicates and cooperates closely with various departments as part of its pursuits for mutual growth. Our CSV Team, dedicated to mutual growth activities, is in charge of developing, planning, operating, and endorsing various programs to support partners, while the Purchasing Team is in charge of identifying areas where we can support our partners and make improvements in transaction policies. The Compliance Team is responsible for improving fair trade systems and setting a standard guide for strengthening fair trade, and the Finance Team operates payment policies that take the interests of both parties into consideration. We are also working with other relevant departments such as Production and R&D to carry out our mutual growth efforts.



Strategy

Mutual Growth Strategy

LOTTE Chemical drives mutual growth activities based on the three strategic focuses of strong partnerships, mutual cooperation, and reinforced communication. We strive to improve account partnerships by observing fair trade guidelines, signing fair trade agreements, and conducting relevant training. In addition, we offer various mutual cooperation programs for partner companies such as financial and recruitment support, as well as ESG support to strengthen ESG capabilities in our supply chain. We aim to continue to operate quality support programs to extend practical assistance to our partner companies and reinforce communication with them to build long-lasting relationships with our partners.



Risk Management

Fair Trade

Preventive and post-monitoring systems are operated to prevent legal violations and promote compliance.

Prevention Systems

LOTTE Chemical set up a department in charge of fair trade to manage violation risks regarding internal decisions and their execution. We also put in place a Subcontract Review Committee as the internal review committee for fair trade and is composed of chairperson, review members, and a secretary officer. The committee holds monthly meetings and reports its results. In 2025, 12 review committee meetings were convened where the legitimacy of large-scale contracts, trade suspensions of partner companies, and procedural issues were deliberated. In addition, we adopted and abide by 4 key guidelines to prevent legal violations and ensure fair trade opportunities and fair contracts are offered to our partner companies.

Post-monitoring System

LOTTE Chemical carries out inspections regularly to prevent unfair behavior in trade. We introduced an IT monitoring system and operate pre-screening for possible unfair practices in addition to offering regular training to employees at headquarters and each plant site that meet ISO 37001 system standards. Our internal fair trade policies include clauses on disciplinary actions that go as far as dismissal for those performing unfair trade. Moreover, we have been operating executive and organization evaluations since 2017 where disadvantages may be imposed to the department where unfair trade practices took place.

Performance

In 2024, LOTTE Chemical received the top grade as ‘Most Excellent Honorary Company’ in the Win-Win Growth Index for the third consecutive

year. This reflects positive recognition of our efforts in building a stable framework for mutual cooperation through support for partner companies in areas including finance, market access, safety, and ESG. Going forward, LOTTE Chemical will continue to support the sustainable growth of our partners, further strengthening our responsible supply chain.

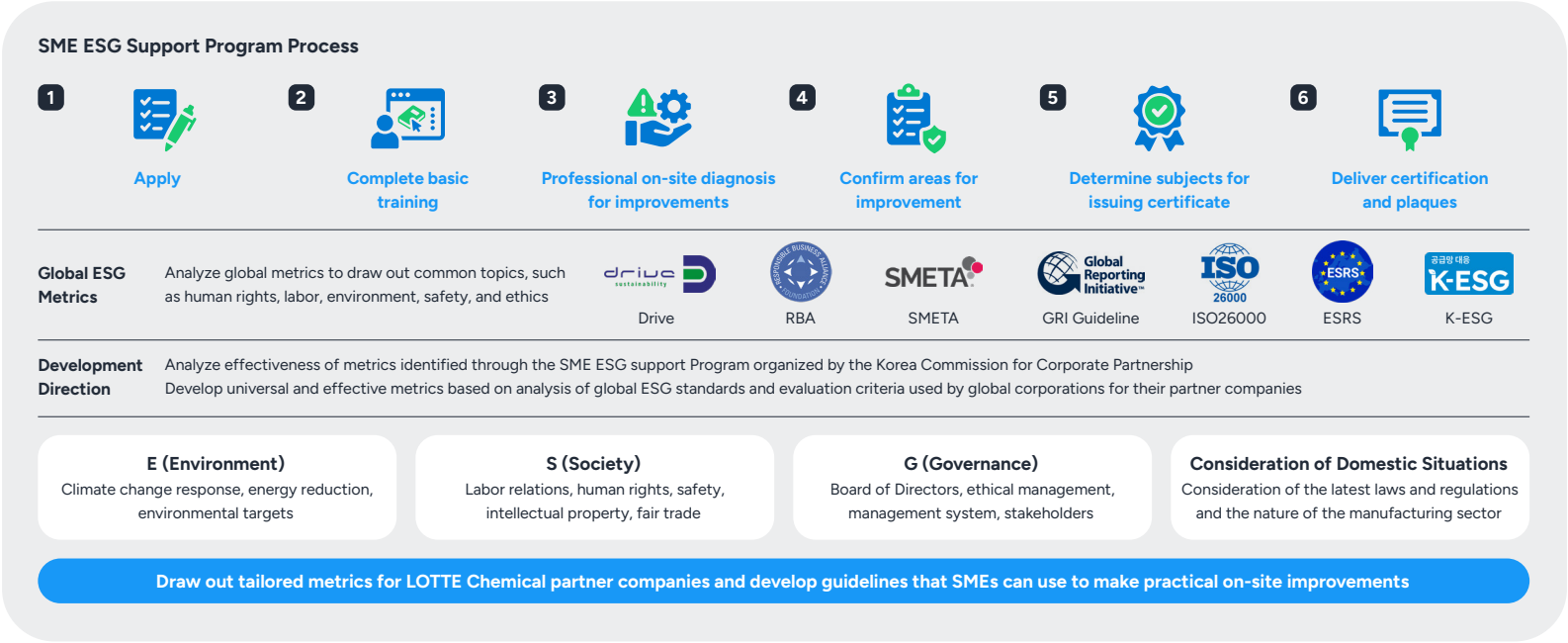
Metrics and Targets

ESG Support Programs for Partner Companies

We conduct ESG support programs for our partner companies, helping them upgrade their ESG capabilities to meet global standards. The ESG Support Program supports partner companies in education and dispatches

specialists to provide on-site diagnoses and consulting services. Each year, we make a contribution of KRW 100 million to the Mutual Cooperation Fund to help develop ESG metrics suitable for each partner company’s given sector and scale, supporting 20 partners improve their ESG management levels through training and consulting.

Through these efforts, we offer detailed guidelines on how to upgrade their ESG to meet global levels and respond to various domestic laws and regulations, striving to secure a sound supply chain and sharpen sustainable competitiveness. Moreover, we provided a total KRW 20 million in incentives through a performance sharing system to 20 partners with outstanding ESG to enhance continuous participation in the program and to further spread the ESG culture. We also continue to extend additional support to our partners such as in preparing Sustainability Reports.



Mutual Cooperation

Mutual Growth Programs

Category	Program	Description	2025 Performance	Category	Program	Description	2025 Performance
Financial Support	Mutual Growth Fund	We formed a KRW 135 billion Mutual Growth Fund by making a KRW 67.5 billion contribution to IBK to offer partners loans at rates lower than the market. As of December 31, 2025, we are executing KRW 111.2 billion in loans to 193 partner companies.	193 companies KRW 111.2 billion in support	Recruitment Support	Online Recruiter for Partners	Through an MOU with IBK, LOTTE Chemical operates a LOTTE Chemical partner company recruiter section within i-One Job, an online recruitment site. Through the online recruiter, we support partner companies in securing youth talent.	2 companies 20 recruits (14 youth recruits)
	Credit Guarantee Fund	We made contributions to a Credit Guarantee Fund to support guarantees worth KRW 105 billion to facilitate financing and support partner companies. The Fund uses our contributions to extend additional guarantees to SMEs without collateral or that have exceeded guarantee ceilings.			Job Fair Support	LOTTE Chemical supports partner companies in recruiting to ease the burden hiring talent. Information on recruiting and job fairs is frequently provided to encourage participation, offering KRW 500,000 in incentives to participating companies.	1 company KRW 500,000
Productivity Improvement	Consulting Support	LOTTE Chemical operates a consulting support program to assist partner companies in sharpening their competitiveness. Partner companies are free to choose consulting areas and consulting providers to offer consulting that can offer practical assistance. In 2025, we supported consulting to 12 companies in the areas of labor affairs and quality control, etc.	12 companies KRW 17.57 million in support	Market Expansion	Overseas Market Entry	As a fundamental element in LOTTE Chemical's overseas entry strategy, we actively pursue joint entry with our partner companies. We support partner companies to expand markets by connecting LOTTE Chemical overseas subsidiaries in Malaysia, Uzbekistan, Vietnam, China, and Mexico with SME partners in Korea, and recorded KRW 22.5 billion in transactions for 49 companies expanding overseas in 2025.	49 companies KRW 22.5 billion
	Safety Management Diagnosis	Prevention of on-site safety accidents is a critical issue considering the nature of the chemicals industry. LOTTE Chemical actively encourages partner companies to obtain ISO 45001 certification for safety and health management systems to improve their level of safety management and supported 319 companies in 2025 through occupational safety prevention activities including consulting, safety and health training, campaigns, and councils for improving risks. When desired by partner companies, we dispatch external specialists to measure the work environment and support improvement of the management system through various safety inspections and risk assessments.	319 companies 2,162 cases KRW 68.72 million		Technical Support	We operate a program where LOTTE Chemical specialists are dispatched to offer quality guidance to our partners. In 2025, research specialists were dispatched to 32 partner companies, supporting them in 296 quality guidance cases. In addition, LOTTE Chemical research facilities are utilized to carry out analysis on the properties of material inquired by partner companies, carrying out 669 cases of property analysis for a total 200 partners in 2025.	200 companies 669 cases
	Training Support	We operate seminars on a variety of topics including technology/environment/economy to improve the capabilities of employees at our partners. To strengthen ESG supply chain risk management, we conducted ESG training at 35 partner companies. In addition, we held environmental seminars for 35 partner companies that covered the latest environmental regulatory trends and improvement of ESG capabilities. We also continuously offer safety/health training with 2,244 partner employees having received on-site safety training and safety and health supplies in 2025.	ESG Training and Consulting: 35 companies/ KRW 100 million Environment Seminar: 35 companies Occupational Safety and Health Training: 2,244 persons	Welfare Benefit Support	Joint Research	Joint research projects are carried out to strengthen technology competitiveness of partner companies. In 2025, 16 joint research projects were conducted in eco-friendly areas with small/medium-sized partner companies.	16 cases
Recruitment Support	Recruitment/Long Tenures	We support partners in recruitment and retention for long tenures through the Youth Tomorrow Savings Program. We support partners which participated in the program with part of their contributions to increase efficiency in talent operations. In 2025, we sponsored part of the company's contributions to the long tenure of 79 core talent at 23 partner companies.	23 companies 79 persons KRW 59.56 million		Welfare Benefits	We continue welfare support programs that assist partner companies in their business management, such as providing gifts for holidays and the family month, and cash incentives for partners demonstrating outstanding participation in the annual Win-win growth program.	KRW 11 million
	Incentives for Youth Recruitment	To promote youth employment and talent acquisition at partner companies, we support companies that recruit youth talent with incentives. In 2025, we promoted youth employment at eight partner companies.	8 companies 21 persons KRW 11 million	Business Management Support	Vacation Support	LOTTE Chemical sponsors national tourism vouchers issued by the Korea Tourism Association to partner companies to enhance the quality of life and satisfaction of their workers.	KRW 20 million
					Start-up & Venture Company Support	LOTTE Chemical supports innovative technology start-ups through LOTTE Ventures. In 2025, we invested KRW KRW 190 million in two companies through the LOTTE Chemical New Growth Open Innovation Fund (Fund no.21) to seek shared growth with start-ups and venture companies.	2 companies KRW 190 million
					Win-win Nuri	LOTTE Chemical actively utilizes Win-Win Nuri, an open platform for win-win growth. We open training and consulting support programs for all SMEs to take part in, regardless of having a relationship with us. In 2025, 25 new programs were listed to support strengthening the competitiveness of our partner companies.	25 programs

PRODUCT RESPONSIBILITY MANAGEMENT

Product Responsibility Management

Strategy

Chemical Substance Introduction and Handling System

LOTTE Chemical works closely with partner companies and clients in producing high value-added products and providing transparent information. We communicate and cooperate with our partner companies and clients to achieve our goal of creating value through the production of sustainable products. The following shows our management system for introducing and handling chemical substances.

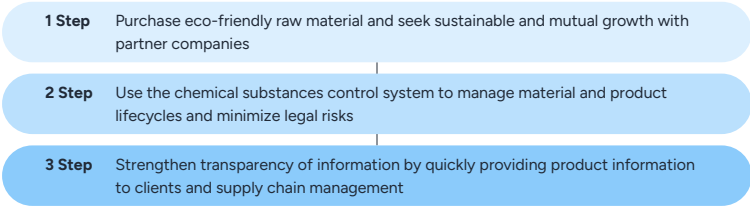
LOTTE Chemical continuously identifies regulatory trends regarding products and chemical substances to determine the direction and level of product design and make sure that raw material purchases and product sales are made after registration and compliance checks. In addition, by reducing hazardous chemicals and developing alternative products, we are committed to reducing regulatory risks in advance, increasing product stability and transparency, and enhancing customer confidence, through lifecycle management from raw materials to production to disposal.

We have an established system and process in place for handling VoC* feedback, managed by a dedicated customer support organization which oversees the entire workflow from receiving to resolving VoC cases. Upon receiving feedback, the process involves prompt review of the entire product lifecycle, including production, packaging, and shipment, to identify and address issues. When the cause comes from the company, it is continuously monitored through various councils to prevent recurrence.

In addition, we disclose information on the harmfulness of chemical substances through the Material Safety Data Sheet (MSDS). For our EU clients, this is further expanded into an extended Safety Data Sheet (eSDS) to provide customized and detailed information. We are also working toward using safer chemicals by reducing the content of hazardous substances and developing alternative materials through LCMS**.

* VoC(Voice of Customer)
** LCMS(LOTTE Chemical Management System)

Chemical Substance Introduction and Handling System

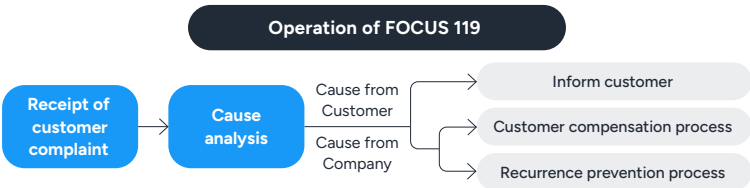


Chemical Substances Safety Management

Recognizing that the impact of chemicals on human health and the environment across the entire process of its use, manufacturing, and transportation can influence the competitiveness of our products and the company as a whole, LOTTE Chemical has devised the following safety management policies.

- 1 We shall reduce the use of hazardous and harmful chemicals to prevent or minimize risks to public health or the environment.
- 2 We shall embrace innovative approaches such as developing substitute materials for high-risk chemicals or developing new products.
- 3 We shall implement necessary measures to ensure the safe use of chemicals beyond legal requirements, including proper facility management, employee training, technology development, and information sharing.

Customer Complaint Handling Process



Compliance with the Hazardous Chemicals Management Standards

LOTTE Chemical has a “List of Hazardous Substances Managed by LOTTE Chemical” in its chemical compliance statement that also sets forth criteria on substances that need to be controlled or prohibited based on domestic and international regulations. When registering material, content is reviewed, and relevant regulations are checked in advance to secure safety. We also have chemical substance control guidelines prepared at our business sites to manage material subject to regulations such as the Occupational Health and Safety Act, Chemical Substances Control Act, and the Safety Control on Hazardous Substances Act in compliance with relevant standards on handling, labeling, transportation, and storage.

Phased Reduction Plan for High-risk Chemicals

1 Mid-to-Long-term Target and Roadmap for Reduction of High-risk Chemicals

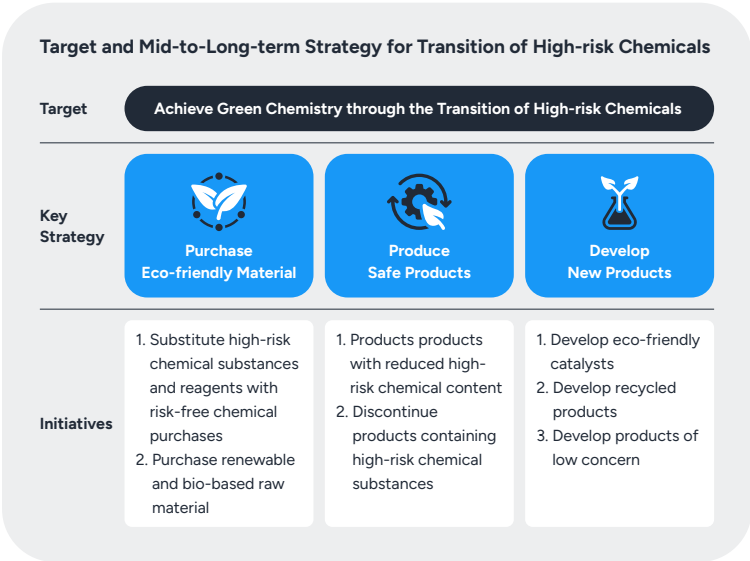
LOTTE Chemical has a mid-to-long-term plan in place to reduce hazardous chemicals and internally identified high-risk chemicals (reduction, substitution, removal, etc.) to minimize harmful impact of its products on health and the environment.

2 Transition of High-risk Chemicals

LOTTE Chemical has been devising transition plans for high-risk chemicals each year since 2023. In developing transition plans, various factors are considered including the hazards associated with chemical substances, the readiness of technology commercialization, and customer demands to maintain product quality expectations. Implementation measures include transitioning to risk-free substances, reducing high-risk chemical content, and discontinuing such substances.

Track Record and Plan for Transition of High-risk Chemicals

Category	No. of Transitions	Details	Impact
2025 Performance	15 cases	6 risk-free transitions 9 discontinuances	Reduction in hazardous substances handled by the company Reduction in worker exposure and hazards
2026 Plan	6 cases	-	-



Participation and Activities related to Domestic and Global Chemical Groups

- 1 Selected as Supplier for Raw Material that Fits Eco-label Certification
- To support clients in quickly obtaining eco-label certification, we were the first Korean petrochemical player to be selected as a suitable supplier of raw material that fits the eco-label standards as part of the initiative led by KEITI*. Since then, a total 48 products have been certified including the initial 38 (including one discontinued) followed by an additional 10. The products can be found on KEITI’s website.
- * KEITI(Korea Environmental Industry and Technology Institute)

- 2 Korea Petrochemical Industry Association (KPIA) Consortium for Joint Registration
- We joined a consortium with fellow Korean petrochemical companies for joint registration in response to K-REACH to help us comply with regulations and effectively voice our opinions..

Employee and Partner Company Training

LOTTE Chemical conducts periodic training for our internal employees and external partner companies to enhance their understanding of regulations on our products and chemical substances, as well as reduce legal risks. Focus is placed on the latest global regulatory trends and actions in the upstream and downstream supply chain to maintain a sustainable supply chain that promotes mutual cooperation and growth.

Course	Topic	Audience	No. of Participants	Total Hours
Understanding and Completing MSDS	GHS classification and MSDS completion	Person in charge of MSDS	13	8
K-REACH Response	K-REACH registration, etc.	Person in charge of K-REACH	1	21
Domestic and global regulations on chemicals	Understanding and responding to regulations	Person in charge of chemical regulations	16	5

* GHS: Globally Harmonized System of Classification and Labelling of Chemicals

Risk Management

- Response to Regulations on Chemical Substances
- LOTTE Chemical is proactively responding to not only Korea’s Act on Registration, Evaluation, etc. of Chemicals, but also EU’s REACH*, Türkiye’s KKDIK**, UK’s REACH, and India’s BIS*** certification. In addition, we have completed the registration, authorization, and reporting of all chemicals imported and manufactured at our business sites.
- * REACH (Registration, Evaluation, Authorization and restriction of CChemicals): European Union’s regulation on the management of chemical substances
- ** KKDIK (Kimyasalların Kaydı, Değerlendirilmesi İzni ve Kısıtlanması (Türkiye REACH)): Türkiye’s regulation on the registration, evaluation, authorization, and restriction of chemicals
- *** BIS (Bureau of Indian Standards): Government body for quality control in charge of quality certification for chemicals and steel in India

K-REACH	EU REACH	Türkiye REACH (pre-registration)	UK REACH (pre-registration)	Ukraine REACH (pre-registration)
115	27	104	36	18

Metrics and Targets

Chemical Substances Safety Management

We monitor the life cycle of hazardous chemicals including its manufacturing, imports, sales, storage, and transportation, strictly abiding by legal mandates on handling and managing the substances. We are strengthening our capabilities in this area through regular drills to prepare against possible leaks through our cascading system and response organization.

- Issuing SVHC* Certificate of Absence
- We issue SVHC* Certificates of Absence to clients to prove safety of our products regarding use of harmful substances or substances of very high concern.
- * SVHC: Substance of Very High Concern

Use and Reduction of Persistent Organic Pollutants

In compliance with legislation on persistent organic pollutants, we maintain a comprehensive reporting and management system for all regulated equipment. We also conduct regular inspections and apply strict management standards to our facilities to prevent leaks and environmental pollution, ensuring all materials are processed properly in accordance with relevant regulations.

Treatment and Disposal of Hazardous Chemical Substances

Hazardous chemical waste is handled lawfully in accordance with relevant legislations through professional treatment companies. We are doing our utmost for safety management such as providing information on hazards that include areas where caution is needed in handling the waste generated from our company.

LOCAL COMMUNITY IMPACT

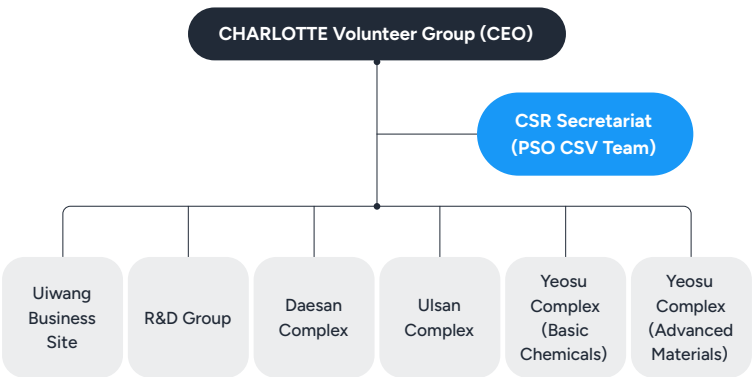
Local Community Impact

Governance

Corporate Social Responsibility (CSR) Organization

LOTTE Chemical operates an organization dedicated to corporate social responsibilities (CSR) and CSR activities to communicate effectively with local stakeholders in the communities where its business sites are located. In addition, we actively encourage voluntary participation from our employees in sharing with communities by launching the ‘Charlotte Volunteer Group’ in 2015. The direction and specific plans of social contribution are deliberated by the ESG Committee composed of relevant experts and reviewed and approved based on appropriateness in addressing local community issues. Through these efforts, we seek to create sustainable social value and grow together along with the communities we belong to.

Corporate Social Responsibility Organization

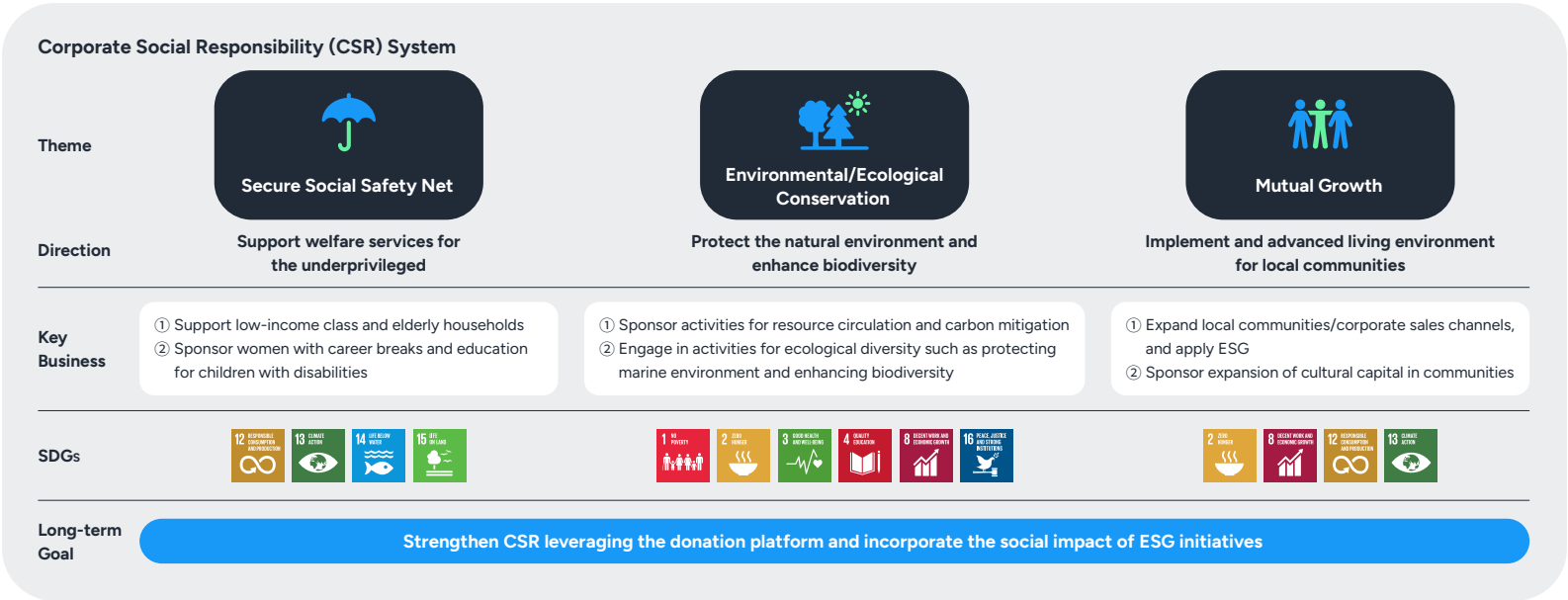


Strategy

CSR Implementation Strategy System

LOTTE Chemical is dedicated to protecting local communities through social contribution and creating a world of co-prosperity through sharing. In line with this vision, we carry out social contribution activities focusing on three key areas: Securing a Social Safety Net, Environmental and Ecological Conservation, and Mutual Growth. Each business site, as a member of the local community, identifies key issues in their given community and sets up plans to resolve them.

Under the social safety net theme, we endorse programs tailored to the socially disadvantaged (people with disabilities, women with career breaks, and the low-income class) while under the environmental/ecological conservation theme, we support activities related to resource circulation, carbon mitigation, and environmental conservation. Under the mutual growth theme, we are unfolding activities to build a more advanced living environment in local communities.



1 Theme 1 – Environmental/Ecological Conservation

Support for Local Resource Circulation Hubs – Generating Social Values of Carbon Neutrality and Job Creation

We collaborate with local governments to develop a waste plastic circular resource system in communities and support the establishment of resource circulation hubs. Through waste separation and recycling education, we foster a local recycling culture and link these initiatives with elderly employment programs and hub operations.

MOU for Establishing Carbon-Offsetting Forests to Prevent Global Warming

The R&D Group has been participating in the 'ESG Corporate Campaign' since 2023, collaborating with the Korean Red Cross, Daejeon City, and Hana Bank, under a Memorandum of Understanding (MOU) to establish a carbon-offsetting forest. In 2025, 3,000 tulip trees, known for their high carbon absorption capacity, were planted along with wildflowers. Employees from LOTTE Chemical's R&D Group volunteered in planting the wildflowers, contributing to the protection of the local environment and investing in a sustainable future.

2 Theme 2 – Expanding the Social Safety Net

'Mom-Pyeonhan' Therapy Class for Children and Families with Disabilities

We sponsored a music therapy program for the physical and emotional rehabilitation of children with disabilities and stress relief for their parents from 2018 to 2024. In 2025, we went one step further and started the



LOTTE Chemical-LOTTE Medical Foundation MOU for the 'mom-Pyeonhan Therapy Class' for children with disabilities

'mom-Pyeonhan Therapy Class' to sponsor treatment costs and support a stable environment for treatments, expanding the scope and format of our support. In addition, we plan to practice our social responsibility by recycling the plastic therapeutic toys that were previously used to contribute to a sustainable environment through resource circulation.

Sponsoring Families from KBS Documentary Program 'Companion' through Community Companionship

We have been providing housing, furniture, and goods to the underprivileged in local communities as part of our sponsoring efforts for 'Companion,' a public service program aired on KBS to reinforce the social safety net and improve civic awareness. We sponsored 50 families through the program in 2025 by improving their living conditions and supplying them with necessities to help disadvantaged children build dreams and grow up healthy in a better environment.

3 Theme 3 – Mutual Growth with Local Communities

Donation of 'Companion Rice' to Local Communities

LOTTE Chemical purchased rice from farms near our business sites and donated 17,542 sacks of 'companion rice' worth KRW 500 million to local communities including the underprivileged in Songpa-gu, Seoul and the Korea Association of Welfare Institutions for Single Parent Families. The 'Companion Rice' were purchased from farms in Daesan where LOTTE

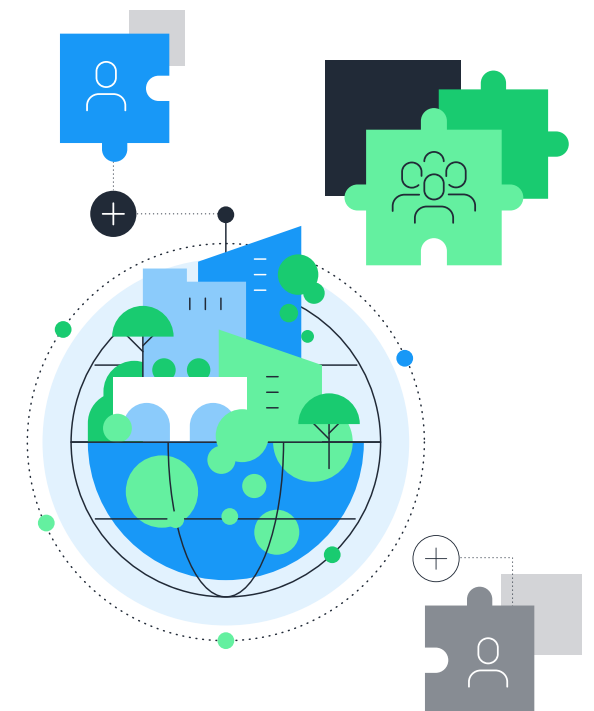


LOTTE Chemical donations of 'Companion Rice' to underprivileged communities

Chemical plants are located to vitalize rural economies near our business site. We purchased white rice and delivered it to the underprivileged to share warmth and renew our commitment to social contribution and mutual growth with local communities.

Implementation of a Sustainable Social Environment

As part of our ESG management, we operate and support education programs that promote the importance of ecosystem protection and resource circulation in partnership with daycare centers, kindergartens, and elementary schools near our business sites. We will continue to expand our efforts in building a sustainable society with our local communities.



Creating Social Values of Circulation and Coexistence in Connection to Our Business

LOTTE Chemical operates Project LOOP, a campaign for implementing a plastic resource circulation system. We aim to fulfill our social responsibility as a petrochemical company through the various activities that have been carried out through Project LOOP since 2020 to build a system for recycling plastic.

1 Project LOOP Social, Discovering and Incubating Social Ventures in Resource Circulation

Project LOOP Social, started in 2020, is a project that discovers, incubates, and connects with social ventures in each part of the resource circulation value chain. In July 2025, the 4th term kicked off, attracting six social venture companies in the fields of waste plastic collection, separation, and conversion into recycled material. We supported the selected companies with business realization funds, expert mentors, acceleration, and online lectures. In September 2025, we also set up a joint Project LOOP booth at the '2025 ESG-ECO EXPO Korea' hosted by the Ministry of Climate, Energy and Environment to support market entry and business expansion for the

social venture enterprises. Through such efforts, we are contributing to a stable resource circulation ecosystem and creating both environmental and social value as part of our sustainable social responsibilities.



Project LOOP 4th Term (Jul. 2025)



2025 ESG-ECO Korea (Sep. 2025)

2 Project LOOP Cluster, Supporting Setup of Resource Circulation Systems in Local Communities

Project LOOP Cluster partners with local governments to create resource circulation hubs with the aim of establishing a waste plastic resource circulation system in local communities. Through education on waste separation and disposal, we are promoting a culture of resource circularity and creating social value by linking it to job opportunities for the elderly. We have been expanding resource circulation hubs in various communities across Incheon, Busan, and Ulsan, etc. since 2021, with the 'Neighborhood ESG Center' first launched in Busan in 2022 adding two more centers in Yeongdo-gu and Jung-gu, Busan in 2025.

The Neighborhood ESG Centers serve as local hubs that address both environmental challenges and issues related to the ageing population. It operates waste plastic collection and raw material development systems while also functioning as a multi-purpose venue that provides environmental education to children.

We are supporting recycling technologies and infrastructure for the stable operation of ESG Centers in each region, contributing to the integration of waste plastic collection and recycling systems into local communities.

Project LOOP Social Participations

4th Term

REPLA

Repla

AKRONECO

AkronEco

[aetech]

aetech

TextileRe™

TextileRe

FO Found Objet

Found Objet

Foresys

The Extraordinary in the Common
Foresys

3rd Term

STUDIO LAB

Studio Lab

찬솔사회적협동조합

Chansol Social Coop

TSP Bio Chem

TSP Bio Chem

2nd Term

갈다

Gatda

EPLANT

E-Plant

AUGERD

Aug3rd

1st Term

코끼리공장

Kokkiri-gongjang

WOORIM ICT

Woorim ICT

LOWLIT COLLECTIVE

Lowlit Collective

Foresys

The Extraordinary in the Common
Foresys

PLUSLIFE

PlusLife

Opening of Neighborhood ESG Center in Jung-gu, Busan (Aug. 2025)

2025 CSR Performance

Theme	Program	Starting Year	Description	2025 Performance	UN-SDGs
Environmental/ Ecological Conservation	Biodiversity Protection	2024	Habitat protection program for endangered finless porpoise near our business site	MOU to preserve marine ecosystems and enhance biodiversity at national parks	
	Week for a Better World	2023	An environmental campaign that engages employees to take part in PET recycling and ecological conservation activities near business sites	'One Company, One Stream' Initiative and Soracheon revitalization	
	Carbon-offsetting Forests	2023	Sponsoring forestation for carbon offsetting at Daejeon's Nolubeol Red Cross Ecological Park	Planting of 3,000 high-carbon-absorbing tulip trees and native wildflowers	
	LOTTE Green School	2021	Researchers visit local children's centers to educate children on how to protect Earth and its environment	KRW 3 million in donations	 
Expansion of the Social Safety Net	Mom-Pyeonhan Therapy Class	2018	Sponsoring treatment costs for disabled children for disadvantaged families and supporting a stable environment for treatment	MOU with Bobath Hospital, LOTTE Medical Foundation to fund underprivileged children's treatment costs and provide a stable environment for treatment	
	Dream Lunchbox	2019	Sponsoring lunchboxes for youth not enrolled in schools taking the GED (qualification exam)	KRW 3 million in donations	 
	Humanities and Science Book Donations	2015	Sponsoring books to local children's centers and youth not enrolled in schools	- Humanities/science books (577 books, KRW 9 million) - 8 media coverage cases	
	Sponsorship for KBS Companion	2021	Sponsoring families in 'Companion,' a public service program aired on KBS, by improving living conditions and supplying necessities	Sponsored over 50 disadvantaged children households, improving living conditions and supplying necessities	
Mutual Growth with the Community	Improvement in Living Conditions	2020	Home repair services for senior citizens and the socially disadvantaged in Daesan	Sponsored home repairs for 10 disadvantaged households in Daesan, supporting 5 in 1H and 5 in 2H	
	'Companion' Rice Donation	2021	Rice is purchased from farmers near our Daesan Plant and donated to single parent families for mutual growth with rural communities	Purchased KRW 500 million in rice stalk - 17,542 sacks of 10kg rice - KRW 100m: Donated to Daesan - KRW 200m: Donated to single-parent families nationwide, etc. - KRW 200m: Local social welfare groups	 
	Stable Employment in Local Communities	2020	Supporting the hiring and employment stability of partner companies to develop local communities and enhance their quality of life	Sponsored 31 companies with KRW 70.56 million	

Social Venture Support

Category	Company	Business Description	UN-SDGs
4th Term (2025)	Repla	Conversion of waste plastic into high quality recycled raw material using microbial technology	
	AkronEco	Development of compact waste plastic pyrolysis system based on ultrasonic and electric heating technology	
	aetech	Innovative waste sorting solution based on AI and robotics technology	
	TextileRe	Conversion of waste blended textiles into recycled raw material using targeted polymer extraction technology	
	Found Objet	B2B trading solution for data-based renewable plastic	
	Foresys	Resource circulation, recycling marine plastic into high-value-added material (PA6, PP, PE, PET)	

REINFORCE INFORMATION SECURITY

Reinforce Information Security

Governance

Information Security Implementation System

LOTTE Chemical is doing its utmost to protect its trade secrets including its core technologies and business management strategy. Our information security management system is in compliance with external recommendations, maintaining certification from the International Organization for Standardization on information security management systems (ISO/IEC 27001) since first obtaining certification in 2015. Each year, we grade our IT assets (server, database, network, software, information security solutions) based on an evaluation of their confidentiality, integrity, availability, and estimated losses in case of damages, operating system redundancy and backup measures when identified as a core asset.

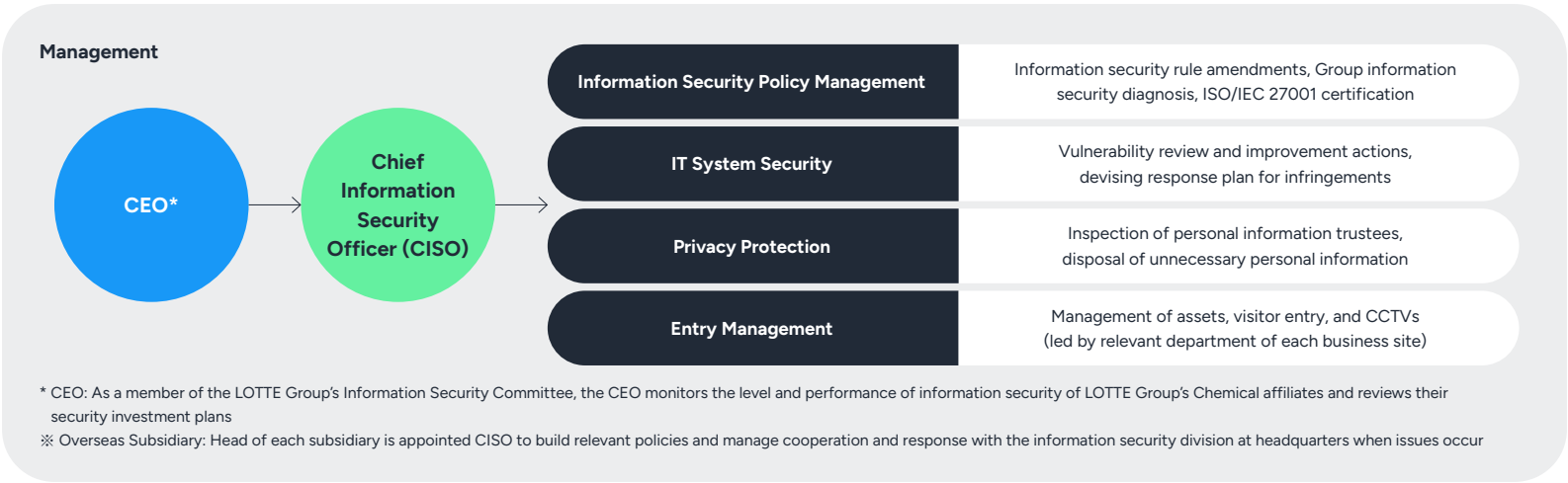
LOTTE Chemical's information security management system covers all areas of security management, physical security, and security technologies with basic principles and detailed guidelines prepared and shared with all employees and stakeholders. The system is revised on an annual basis to take into consideration the enactment and amendments of relevant legislations, as well as changes in the internal and external business environment. We also conduct regular audits on document security, disaster recovery, system authority, confidentiality in system developments, and system disposals to review compliance of information security policies and execution of security measures.

[ISO/IEC 27001](#)

Information Security Organization Management

As of May 1, 2022, the information security organization has been upgraded to a division under direct control of the CEO to meet the requirements for designation of the Chief Information Security Officer (CISO*) in accordance with the Act on the Promotion of Information and Communications Network Utilization and Information Protection and strengthen decision-making authority and independence. As the company's assets record over KRW 5 trillion as of the end of last year, LOTTE Chemical's CISO is prohibited from holding concurrent positions. Therefore, the CISO is appointed among talent that meet both general and special requirements with over 20 years of background in information technology and security. Moreover, we appoint information security officers at each of our domestic R&D centers, plants, and overseas subsidiaries to operate a unified information security management system for joint response when emergency situations break out. We conduct the LOTTE Group's annual information security diagnosis to strengthen accident prevention and enhance the quality of security management. We carry out regularly monitoring to identify vulnerabilities and implement improvements and submit our information security activities to the ESG Committee to raise awareness and management interest in information security.

* CISO: Chief Information Security Officer



Strategy

Information Security Management Policy

LOTTE Chemical is dedicated to the protection of personal information of not only its employees, but also its stakeholders through the personal information internal control plan. The plan reflects the criteria on measures to strengthen stability in personal information management and covers items including encryption and disposal policies related to the company's personal information. It also contains plans on storing and regularly monitoring log records of unauthorized inquiry or downloads of personal information through the company system and monitoring access and history of permission changes regarding personal information that include legally required information. In addition, we destroy unnecessary personal information by regularly checking the status of personal information stored in the personal information processing system and PC of the person in charge of handling personal information. We conduct annual inspections of personal information trustees to ensure that personal information of our customers is being managed safely to maintain the same level of information security at the third-party trustee companies as at LOTTE Chemical.

Risk Management

Information Security Incident Response Process

LOTTE Chemical adopts 13 mandatory security solutions including vaccines, document encryption, media control, and control of access to networks and servers to protect its information assets. We also collaborate with the Group Cyber Control Center to implement a management system for 365*24 detection and incident response related to external cyber attacks. The response system is broken down by severity of incidents to prevent infringements and and take real-time responses in cooperation

with the information security organization and Group Cyber Control Center specialists based on event analysis. Issues that have impact on the company's business are reported to top management and employee compliance requirements are disseminated to prevent the incident from spreading further across the organization. Moreover, in response to nationwide concerns over personal data breaches caused by vulnerabilities in externally exposed systems, we have implemented ASM* solutions to prepare against such threats through stable system management. We also conduct mock hacking at least once a year to ensure business continuity to update our response measures and system in line with each infringement type. Disaster Recovery (DR) training takes place twice a year to check the backup of key company systems (e.g., SAP ERP, Production and Logistics Systems) and the process of handling work manually during the recovery period to prepare against emergency situations and address necessary areas. Moreover, our information security officers participate in mock hacking and system security inspections to identify vulnerabilities and take improvement actions. LOTTE Chemical has completed disclosure of information security information including our relevant investments and key activities. In accordance with the personal information damage liability system implemented since 2019, we re- new personal information damage compensation insurance every year to protect the rights and interests of the information subjects and respond to issues related to personal information incidents.

* ASM (Attack Surface Management): A management method and solution that mitigates cyberattack risks by continuously identifying and managing the organization's externally exposed IT assets and attack points

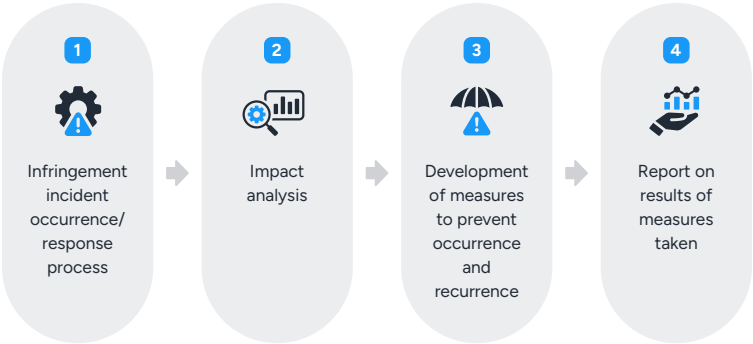
Personal Data Breaches



LOTTE Chemical Grade System for Security Infringements

Severity	Description	Reporting System
Red	- 1hr or longer service denial of internal system - 10 min or longer denial of customer services - Legal or regulatory violation that evokes public criticism	Report to CEO
Orange	- 30 min or longer service denial of internal system - Ongoing penetration attempts to the company including its partners - Information leaks due to viruses or hacking, etc.	
Yellow	- Local service disruptions due to penetration attempts - Security incident concerns due to external penetration - Infringement incidents at other institutions/companies - Appearance of new vulnerabilities with high repercussions	Report to CISO

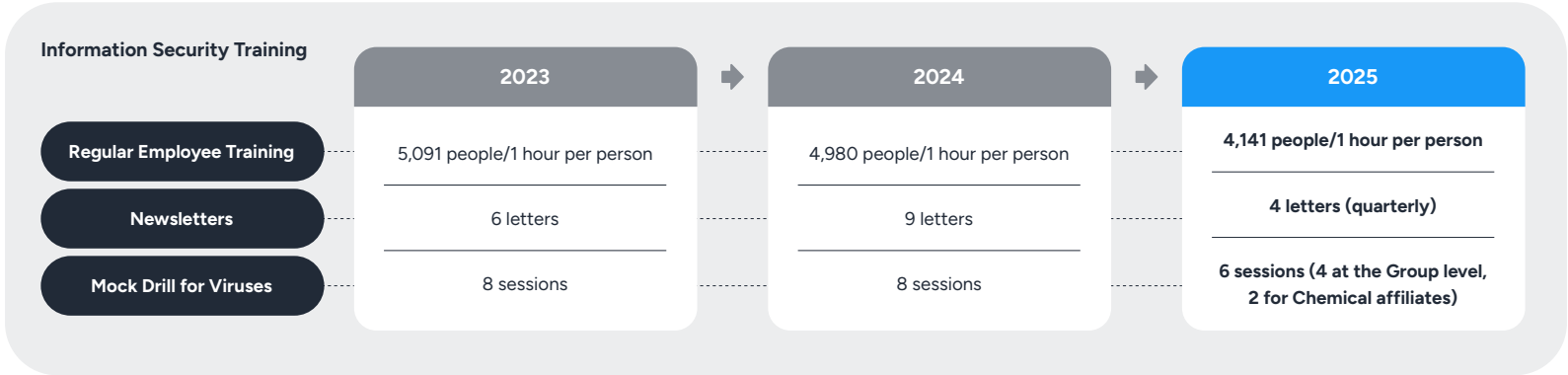
Detection and Response Process for Infringement Incidents



Metrics and Targets

Information Security Reinforcement Activities

To foster a culture of information security among employees and stakeholders, LOTTE Chemical provides annual information security training which includes case studies on ransomware and leakage of confidential business information. In addition, quarterly information security newsletters that cover the company’s information security activities and external security issues are sent out to continuously strengthen the security awareness of our employees. With the recent increase in malicious e-mail containing viruses, we conduct quarterly e-mail mock training where employees infected by the virus are subject to further training to prevent such e-mail security incidents from occurring. In addition, we send letters to inform partners on our policy to register and change accounts annually to prevent trade fraud between LOTTE Chemical and our trade partners. Along with such activities to reinforce information security, LOTTE Chemical also operates a reporting system for employees to report security incidents and signs of potential threat.



Information Security Activities and Outcomes

Category	Employee Awareness on Information Security	Information Security Council Activities	Management Diagnosis and Improvement Actions	Inspection of Internal System Vulnerabilities	Incident Prevention Activities
Specific Activities and Performance	· Information security training 100% completion rate (annual)	· Information Security Committee (C-Level) 2 sessions (semiannual)	· Diagnosis on the Group's information security level 1 session (annual)	· Web mock hacking, IT infrastructure (server, DB) vulnerability diagnosis 1 session (annual)	· Send notice to clients on business email compromise 1 session (annual)
	· Training for persons handling personal information 100% completion rate (annual)	· Information Security Working Council 4 sessions (quarterly)	· ISO27001 (information security standard) certification audit 1 session (annual)		· Inspection of personal information trustees 1 session (annual)
	· Development security training 100% completion rate (annual)				· Infringement response training 1 session (annual)
	· Issuing Newsletters 4 letters (a year)				· Disaster recovery drill 1 session (annual)
	· E-mail virus mock drill 6 sessions (a year)				

GOVERNANCE

LOTTE Chemical pursues sustainable growth by establishing a sound governance structure based on transparent and fair management principles while strengthening risk management. In doing so, we are focused on reinforcing corporate governance and building trust with all stakeholders. Through these dedicated efforts, LOTTE Chemical strives to fulfill its social and environmental responsibilities while maximizing corporate value.



SOUND GOVERNANCE



RISK MANAGEMENT



ETHICAL MANAGEMENT



COMPLIANCE

SOUND GOVERNANCE

Sound Governance

Board Composition

Composition of the Board of Directors

As of the 50th Annual Shareholder's Meeting (March 20, 2026), LOTTE Chemical's Board of Directors is composed of a total nine members consisting of four inside directors and five independent directors. Inside directors are nominated by the Board while independent directors are appointed through resolution of the General Shareholders' Meeting after candidates are recommended and reviewed by the Outside Director Nomination Committee based on the 'Diversity and Expertise Principle'. In order to strengthen checks and balances on management and realize sound governance, independent directors make up more than 50% of the BOD. In addition, the BOD enhances transparency, professionalism, independence, and diversity, and promotes balanced decision-making in our business activities and strategic decisions for the happiness of our stakeholders and improvement of our long-term corporate value. In particular, the Articles of Incorporation specify that the BOD shall not be composed of a specific gender to increase diversity. Hence, female independent directors have been continuously participating in our BOD since 2015. In accordance with BOD regulations, the chairman of the BOD is elected among the nine appointed directors through BOD resolution, and on March 20, 2026, CEO Lee Young-jun was elected by unanimous vote. Drawing on his extensive field experience and industry knowledge, CEO Lee Young-jun has contributed to the company's growth. His appointment reflects confidence in his ability to set the direction for the company's sustainable growth and enhance the corporate value based on his business experience and insight. Meanwhile, we introduced the Senior Independent Director program at the 4th BOD meeting in March 2024 and appointed industrial expert, Sohn Byeong-hyeok as our senior independent director to enhance transparency in the Board's operations and independence of independent directors. Our independent directors serve a three-year term and are eligible for re-election. In 2024, directors Oh Yoon, Sohn Byeong-hyeok,

and Park Ji-soon were newly appointed while in 2025, directors Cho Hye-seong and Seo Hwi-weon were newly appointed. In 2026, directors Oh Yoon and Sohn Byeong-hyeok were re-appointed and Choi Won-Kyung was newly appointed.

LOTTE Chemical's Board of Directors (as of end-March, 2026)

Category	Name	Gender	Expertise	Role (Job Title)
Inside Director	Shin Dong-bin	Male	General business management	Current) Chairman of LOTTE Group Current) LOTTE Chemical CEO
	Lee Young-jun	Male	General business management	Current) Head of the Chemical Group, CEO and head of LOTTE Chemical and the Basic Chemicals business
	Joo Woo-hyun	Male	General business management	Current) CEO of LOTTE Chemical Advanced Materials business
	Sung Nak-sun	Male	Finance/Accounting management	Current) Head of the Chemical Group PSO Finance and Accounting Group (CFO)
Independent Director	Sohn Byeong-hyeok	Male	Industry/R&D	Current) Professor of Chemistry at Seoul National University Former) Vice President of the Polymer Society of Korea
	Oh Yoon	Male	Tax/Accounting	Current) Professor at Hanyang University School of Law
	Cho Hye-seong	Female	Industry/R&D	Former) Consultant at Daesang Corp. Head of the Analysis Center, R&D Lab of LG Energy Solutions
	Seo Hwi-weon	Male	Industry/R&D	Former) Head of AM BU at Samyang Corp., Head of the Additives Business Division at BASF Korea
	Choi Won-kyung	Female	Finance/Accounting	Current) Quality Assurance Partner at BDO Korea Current) Independent Director of Celltrion Healthcare

LOTTE Chemical Board Committees and Operations (as of end-March 2026)

Five committees, including the Audit Committee, are established within the BOD to reinforce expertise and efficiency in the Board's decision-making. In order to enhance independence of each committee, more than half of the committee members are independent directors, especially appointing independent directors as the chair for all committees to strengthen the BOD's role of keeping checks and balances on management.

Category	Key Role	No. of Members	Members	Meetings held in 2025
Audit Committee	Audits the company's accounting and operations Requests reports on operations and inspects the company's financial status Handles legal matters or the Articles of Incorporation and tasks delegated by the BOD	3	Oh Yoon (Independent Director/Chair) Seo Hwi-weon (Independent Director) Choi Won-kyung (Independent Director)	5
Transparent Management Committee	Deliberates insider trading and private contracts over a certain amount and proposes internal policy for fair trade	3	Oh Yoon (Independent Director/Chair) Seo Hwi-weon (Independent Director) Choi Won-kyung (Independent Director)	5
Independent Director Nomination Committee	Nominates and verifies candidates for independent director	3	Cho Hye-seong (Independent Director/Chair) Sohn Byeong-hyeok (Independent Director) Oh Yoon (Independent Director)	2
Compensation Committee	Deliberates and proposes remuneration policies	3	Sohn Byeong-hyeok (Independent Director) Cho Hye-seong (Independent Director) Seo Hwi-weon (Independent Director)	2
ESG Committee	Deliberates and proposes ESG policies	4	Cho Hye-seong (Independent Director/Chair) Sohn Byeong-hyeok (Independent Director) Choi Won-kyung (Independent Director) Joo Woo-hyun (Inside Director)	4

ESG Committee

Established in September 2021, the ESG Committee consists of three independent directors and one inside director. LOTTE Chemical’s ESG Committee carries out decision-making, deliberations, and reviews on matters related to ESG management by integrating the company’s ESG perspective to ensure environmental and social corporate responsibility, transparent governance, and sustainable growth. The ESG Committee regularly convenes at least four meetings a year, and holds additional meetings, when necessary, depending on the agenda.

Key Roles of the ESG Committee

- 1Establish and approve ESG management strategies and action plans
- 2Publish reports to increase disclosure of ESG information
- 3Review agenda to be referred to the BOD as ESG implementation strategy
- 4Manage and oversee material ESG risks
- 5Review communication and response measures regarding key external stakeholders

Current ESG Committee Training

Date	Training Course	Details
May 22, 2025 (2nd Committee)	Introduction to LOTTE Chemical's current ESG management status	- LOTTE Chemical ESG strategy (GREEN PROMISE 2030) - LOTTE Chemical ESG management and governance structure
Jun. 24, 2025 (3rd Committee)	IFRS S2 Report and Biodiversity Assessment outcome	- Outcome of the climate strategy and financial impact analysis - Outcome of the biodiversity impact assessment
Apr. 24, 2026 (2nd Committee)	Global ESG disclosure trends	- Trends in global ESG disclosures

ESG Committee Activities

Year	Session	Date	Main Agenda
2025	1st	Jan. 22, 2025	Resolution ① Approval of 2025 targets for ESG focus areas and performance of previous year Resolution ② Approval of CSR activity directions and annual business plan (proposed) Resolution ③ Approval of increasing ceiling amount for purchasing renewable energy (proposed) Report ① Report on introduction of internal carbon pricing
	2nd	May 22, 2025	Resolution ① Approval of the ESG Policy Book amendment (proposed) Report ① ESG materiality assessment outcome Report ② Report on stakeholder trends and response plan
	3rd	Jun. 24, 2025	Resolution ① Approval of ESG integrated strategy development (proposed) Resolution ② Approval of publishing 2024 ESG Report
	4th	Sep. 3, 2025	Resolution ① Approval of change of ESG Fund (proposed) Report ① 2025 human rights management advancement results Report ② 2025 supply chain ESG risk assessment outcome Report ③ 2025 ESG focus area targets and performance
2026	1st	Feb. 9, 2026	Resolution ① Approval of 2026 CSR direction and annual business plan (proposed) Resolution ② Approval of biodiversity policy implementation strategy (proposed) Resolution ③ Approval of 2026 ESG focus area targets and previous year's performance
	2nd	Apr. 24, 2026	Resolution ① Approval of appointment of ESG Committee member (proposed) Report ① ESG materiality assessment outcome Report ② Report on stakeholder trends and response plan

Board Operations

Board Activities

LOTTE Chemical’s BOD is the highest decision-making body within the company where, as of end-March 2026, a total nine* experts and executives from each field exchange various perspectives on pending issues to determine the company’s mid-to-long-term strategy. In principle, the BOD is convened at least once every three months in accordance with Article 6 (Meetings) of the BOD Regulations while convening extraordinary meetings in case of urgent matters.

A total 14 BOD meetings were convened in 2025. In addition, key issues regarding the economy, society, and environment that may influence the company’s sustainable management are frequently reported to the BOD to incorporate their expertise in company policies.

(Our Board of Directors consisted of 11 members in 2025 of which the majority of six were independent directors. As of end-March 2026, the Board of Directors consists of nine members of which the majority of five are independent directors.)

LOTTE Chemical BOD Operations

Category	2023	2024	2025
No. of Agenda Items	55	56	44
No. of Meetings Convened	11	11	14
Inside Director Attendance (%)	93	98	97
Independent Director Attendance (%)	95	96	98

* Other non-executive directors are included in the attendance rate of inside directors
Attendance rate calculation standards: Average of all directors in office during the given period
* The non-executive director is included in the inside director attendance rate.
Attendance rates are based on the average for all directors who served during the given period.

Board Independence and Diversity

LOTTE Chemical recommends and appoints BOD members based on their career and expertise. We disclose the qualifications, background of appointment, and independence of directors through public announcements. The areas of expertise of our independent directors include industry, accounting, tax, law, and finance. With expert knowledge in their respective fields, the independent directors offer assistance in making rational decisions. In addition, we have been appointing female independent directors since 2015 to enhance diversity and independence in our

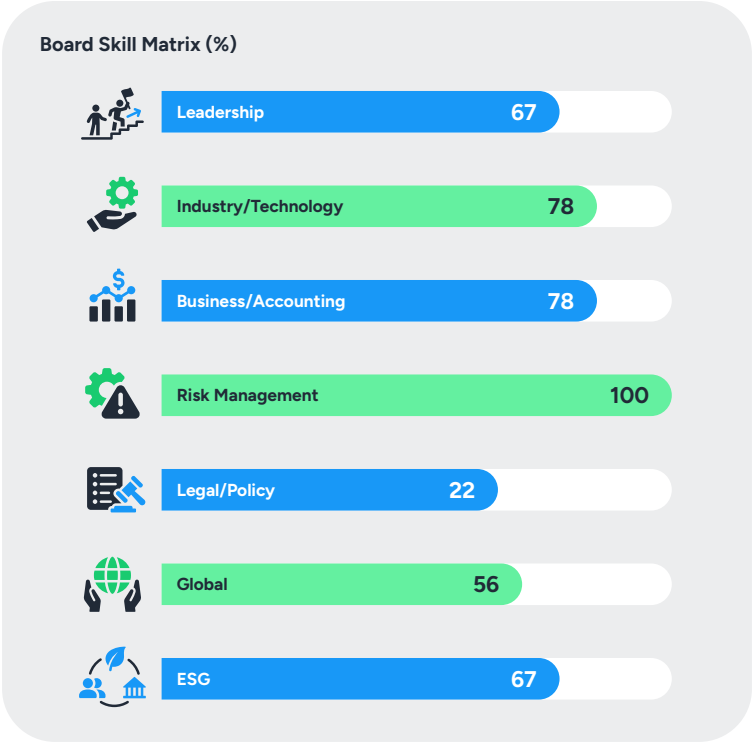
governance which has also been reflected in the articles of incorporation. We also removed the restrictions that were placed on qualifications for the BOD chairman while introducing the senior independent director system in 2024 to strengthen independence. We have also incorporated the clause related to separate election of audit committee members stipulated in the amended Commercial Act in our Articles to ensure independence of the audit committee. In fact, all of the BOD committee chairs are independent directors. This way, we are strengthening the independence of independent directors and reflecting shareholder interests in a balanced manner.

Board Expertise

LOTTE Chemical strives to enhance the expertise of its BOD for sustainable management and rational decision-making. Our BOD members have a high level of understanding on our industry as experts in various fields related to our key business activities are nominated as candidates and appointed as directors following careful examination and consideration. In addition, we continuously offer information and training on the petrochemical industry to our independent directors to enhance their understanding through site visits and reports on various issues. The Audit Committee is comprised of independent directors, all of whom are professionals in accounting/finance and tax/law. In addition, the Audit Committee has sufficient independence and expertise, chaired by an accounting and tax specialist.

Independent Director Training (2025~2026)

Date	Lead	Attendance of Independent Directors	Training Details
May 22, 2025	Internal	Park Ji-soon, Cho Woon-hang, Sohn Byeong-hyeok, Cho Hye-seong (ESG Committee members)	Understanding LOTTE Chemical's ESG current business
Jun 17, 2025	Internal	Sohn Byeong-hyeok, Cho Woon-hang, Park Ji-soon, Oh Yoon, Seo Hwi-weon, Cho Hye-seong	Direction of the Chemical Group's global business
Jun 24, 2025	External	Park Ji-soon, Cho Woon-hang, Sohn Byeong-hyeok, Cho Hye-seong (ESG Committee members)	IFRS S2 Report and Biodiversity Assessment outcome
Jul 15, 2025	Internal	Sohn Byeong-hyeok, Cho Woon-hang, Park Ji-soon, Oh Yoon, Seo Hwi-weon, Cho Hye-seong	Training on revisions of the Commercial Act
Sep 25, 2025	Internal	Sohn Byeong-hyeok, Cho Woon-hang, Park Ji-soon, Oh Yoon, Seo Hwi-weon, Cho Hye-seong	LOTTE Chemical Advanced Materials business status
Oct 20, 2025	Internal	Sohn Byeong-hyeok, Cho Woon-hang, Park Ji-soon, Oh Yoon, Seo Hwi-weon, Cho Hye-seong	LOTTE Chemical Group's strategic direction and future growth drivers
Dec 16, 2025	Internal	Sohn Byeong-hyeok, Cho Woon-hang, Park Ji-soon, Oh Yoon, Seo Hwi-weon, Cho Hye-seong	LOTTE Chemical's carbon neutrality roadmap
Mar 4, 2026	Internal	Sohn Byeong-hyeok, Cho Woon-hang, Park Ji-soon, Oh Yoon, Seo Hwi-weon, Cho Hye-seong	Governance policy trends and impact
Apr 14, 2026	Internal	Sohn Byeong-hyeok, Oh Yoon, Seo Hwi-weon, Cho Hye-seong, Choi Won-kyung	Case study of restructuring the petrochemical business in Japan
Apr 24, 2026	External	Sohn Byeong-hyeok, Cho Hye-seong, Choi Won-kyung	Global ESG disclosure trends



Board Performance Evaluation and Compensation

LOTTE Chemical conducts objective evaluations once a year on BOD members whose terms are scheduled to expire and incumbent independent directors based on their BOD contribution, internal and external influence, and expertise to be leveraged for reappointment decisions. The remuneration of directors is managed transparently and fairly through the BOD's Compensation Committee and approved at the Annual Shareholder's Meeting. Remuneration for individual inside directors is determined by reflecting the company's key values while remuneration for individual independent directors is determined and paid equally within the limit approved by the general shareholder's meeting. Compensation for Audit Committee members is paid based on separate fees determined by the Compensation Committee in consideration of their legal responsibilities, time, and effort. The remuneration limit for directors approved by the 2025 General Shareholder's Meeting was KRW 11 billion, and the total amount paid was approximately KRW 4.1 billion. Remuneration of each director and auditor over KRW 500 million is disclosed in the Annual Report in accordance with relevant laws.

Transparent Disclosure

Activities to Enhance Shareholder Value

LOTTE Chemical recognizes that transparent and reliable disclosure is fundamental to enhancing shareholder value and is committed to providing shareholders and market stakeholders with timely information on the company's key business and management matters. In accordance with relevant laws and regulations, we promptly disclose key resolutions of the Board of Directors and its committees, material information that can influence investment decisions, and financial and non-financial information to support investors in making rational decisions. We view transparent disclosure as a means for reducing information asymmetry between the company and investors while enhancing market predictability and confidence to enhance shareholder value. To this end, we have strengthened our internal review process for disclosures and continue to monitor the information needs of investors and other stakeholders even after disclosures are made.

Additionally, in response to growing demand for ESG information disclosure from domestic and global stakeholders, we are expanding our ESG communication channels to include voluntary disclosures on the stock exchange and updates on our website, not to mention English disclosures and materials to improve accessibility for foreign investors. Going forward, LOTTE Chemical remains committed to strengthening investor trust through transparent disclosures and active market communication to drive sustainable shareholder value.

Mid-to-Long-term Dividend Policy and Disclosure

LOTTE Chemical operates dividend policies by balancing enhancement of shareholder value and sustainable growth. To improve the predictability of our shareholder return policy, we have developed and disclosed our mid-term shareholder return policy that covers the period from 2022 to 2026.

This policy targets an annual dividend payout ratio of approximately 30%, based on adjusted net income which excludes one-off gains from separate financial statements. However, actual dividend payments are determined by considering the company's financial condition, business environment, cash flow, investment plans, and changes in business structure, while reviewing both dividend sustainability and financial soundness.

In addition, we amended the relevant Articles of Incorporation at the 2024 General Shareholders' Meeting to enhance dividend predictability for investors by improving our dividend procedures. We are strengthening our shareholder return execution by utilizing interim dividend policies. LOTTE Chemical will continue to strive to enhance shareholder value through transparent dividend policies and continuous efforts toward shareholder returns.

Purchasing Treasury Stock

LOTTE Chemical purchased a total 608,272 shares of treasury stock worth approximately KRW 100 billion over two occasions from 2022 to 2024 to reinforce accountable business management and increase shareholder value. Purchases of treasury stock will be reviewed carefully going forward, considering the company's financial state, business environment, cash flow, investment plans, and business restructuring.

RISK MANAGEMENT

Integrated Risk Management System

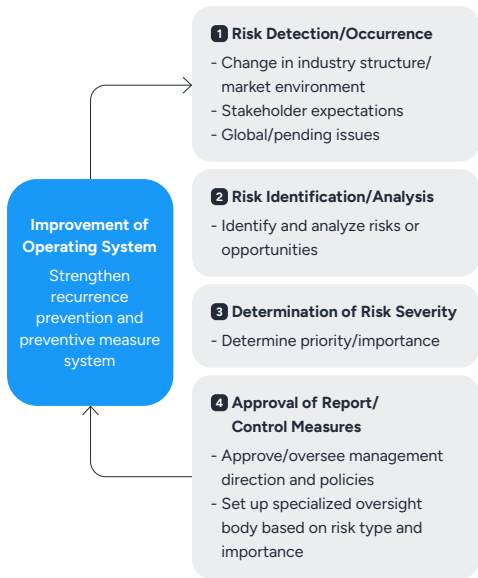
Risk Management Governance

LOTTE Chemical operates systematic risk management to identify and respond to potential risk factors that can emerge across its business. We manage risks by grouping them into daily risks and special risks based on their level of importance. We continuously respond to daily risks by forming committees and councils consisting of members of management under the Management Committee and CEO. As special risks have greater impact when occurring and require legal or technical expertise, we are doing our utmost for prevention with committees set up within the Board of Directors to implement a stronger risk management system.

Response Measure by Risk Type

LOTTE Chemical practices comprehensive and systematic risk management that covers not only common risks that accompany corporate activities such as operational and financial risks, but also non-financial risks regarding the environment, safety, supply chain, information security, ethics, and compliance.

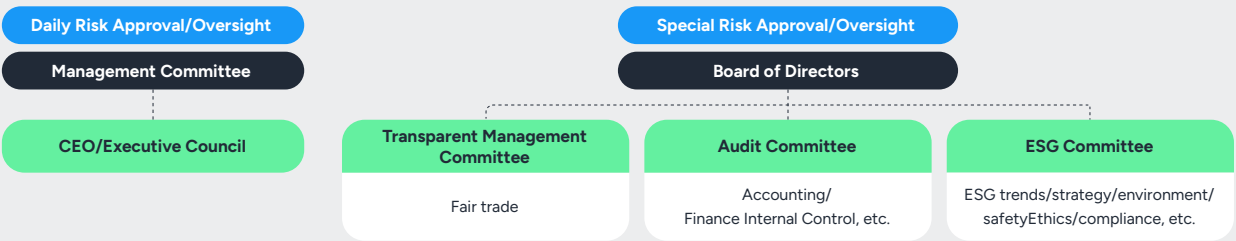
Risk Management Process



Response by Risk Type

Category	Type	Details	Response Strategy (Measure)
Operational Risk	Management	- Failing to make timely changes to business portfolio in line with industry structure/ market evolutions - Undermined efficiency in resource input	- Reinforce periodic industry/market sensing and company-wide portfolio reviews - Focus business capabilities on high value-adding specialty chemicals - Strengthen review of investments and regularly inspect progress of key investments
	Raw Material	Sales/production losses due to failing to secure supply of raw and auxiliary material	- Push for long-term contracts with suppliers - Diversify raw material, such as LPG and Ethane, etc. - Diversify regions that supply raw material
	Logistics	Delivery issues caused by lack of ships and accidents, etc.	- Push for long-term contracts with logistics partners - Continuous market monitoring by relevant departments - Introduce post-evaluation for logistics partners
Financial Risk	Liquidity and Credit	Losses resulting from ineffective liquidity management and credit rating downgrades driven by non-compliance with financial contracts	- Periodic forecasting and adjustments of cash supply and demand - Manage credit rating and maintain financial flexibility
	Internal Control	Corporate losses and damage to image caused by misconduct	- Establish internal accounting regulations and management system - Continuous monitoring and control by specialized department
	Finance	- Impact from fluctuating exchange rates due to growth of the global business - Increased interest rate volatility due to evolving financial markets	- Continuous monitoring by relevant departments - Use of hedging tools such as interest rates and F/X SWAP, etc. - Minimize financial expenses by realizing an appropriate short/ long-term borrowing structure
Non-financial Risk	Environment	- Violation of environmental laws and regulations - Rise in costs due to lack of emission permits - Production sanctions and damaged brand image in case of environmental pollution	- Reinforce legal monitoring and compliance processes - Develop and implement Net-Zero roadmap - Increase investments in reducing energy usage and secure emission permits - Increase investments in environmental facilities, such as air pollution prevention facilities, etc.
	Safety	- Recovery costs and losses in case of safety incidents - Damage to external image in case of accidents related to chemical substances or violations of law	- Improve safety program and strengthen employee training - Increase investments in safety, such as for testing high-risk facilities, etc. - Conduct safety tests for all business sites and partners - Set up Chemical Substance Management System
	Information Security	Loss/suspension of work or damaged external image due to information security issues	- Continuous monitoring and inspection by specialized department - Employee training
	Ethics and Compliance	- Violations of law, such as on fair trade, anti-corruption, and safe work environments, etc. - Corporate/employee ethics	- Operate compliance regulations and process - Operate continuous monitoring systems - Employee training
	Supply Chain	Discontinued supply and damage to external image in case of legal or unethical issues	- Build supply chain risk management process - Develop and cascade Code of Conduct for partners

LOTTE Chemical's Risk Management Governance System

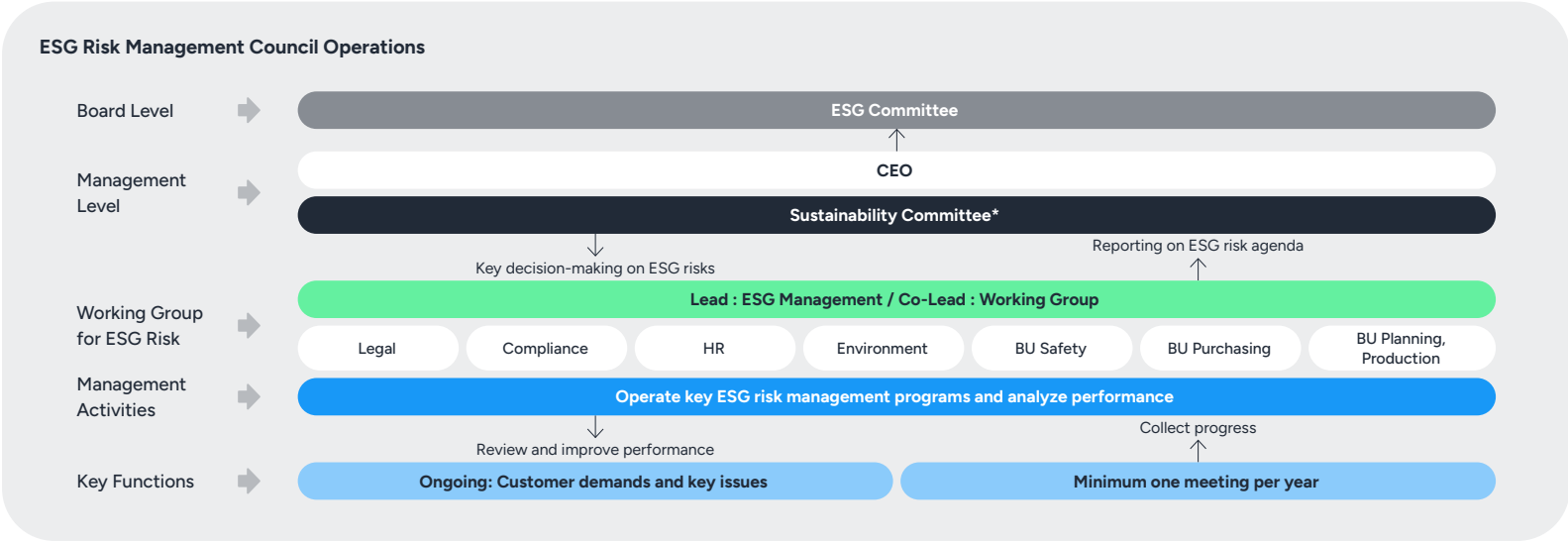


ESG Risk Management System

LOTTE Chemical established an ESG Risk Management System in 2022 to carry out ratings/due diligence on ESG risks across our value chain and respond to customers. We have put in place ESG policies and standards that meet global regulations and customer demands, and a due diligence response system to address the stricter ESG evaluation procedures of customers.

ESG Risk Management Council (operated by the Sustainability Committee)

LOTTE Chemical operates the Sustainability Committee, an internal management meeting where C-level and key ESG departments gather to prepare policies that reflect external trends and customer demands which become the basis for managing risks across our company and value chain, as well as raise and report key risk agenda to the ESG Committee.



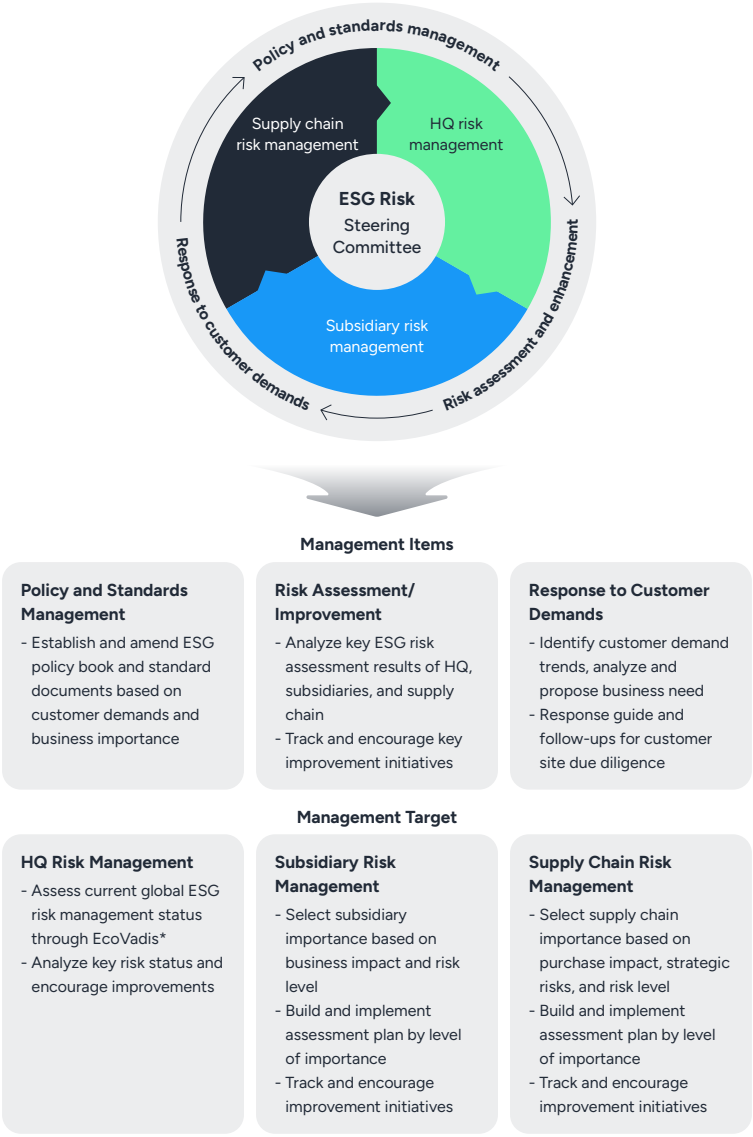
* Sustainability Committee: A committee for ESG risk management that reviews the ESG strategic initiative action plan and implementation performance

Key Functions of the Risk Management Council



- **Regular: Respond to stakeholder risk assessments/due diligence and select contents for external disclosures**
 - Report ESG risk assessment and due diligence results and build response measures
 - Annual VOC report of key customers/investors/media
 - Conduct materiality assessment and select contents for ESG Report
 - Report analysis of annual ESG management trends and regulations
- **Ongoing: Operated at the discretion of the chair (immediate risk response, significant changes in the business environment, etc.)**
- **Reports results to CEO and ESG Committee**

LOTTE Chemical ESG Risk Management System



* EcoVadis: A global and highly credible third-party ESG risk assessment platform

Risk Management through LOTTE Chemical's ESG Policy Book

LOTTE Chemical's ESG Policy Book is a document that summarizes key standards and our perspective on key ESG risks, placing focus on our response to external stakeholders.

LOTTE Chemical ESG Policy Book Differentiation and Competitiveness

1 Clear direction for sustainable management

- Incorporates Group charters and focuses on our ESG policies
- Policy implementation is scheduled to be disclosed through our Sustainability Reports

2 Systematic policy book hierarchy

- Prepares policy book logic tree in relation to internal standard documents
- Reviews standard documents needed for implementing ESG policies in each area

3 Response to ESG due diligence

- Supports response to external initiatives and supply chain due diligence

Criteria for Preparing LOTTE Chemical's ESG Policy Book

1 Domestic Law

- Environmental: Air/water/soil/carbon neutrality/emission rights/energy use rationalization act, etc.
- Social: Fair trade/product safety/labor standards/safety/human rights/information security, etc.
- Governance: Commercial law/capital market act/anti-corruption act/anti-graft act, etc.

3 International Regulations

- Sustainability: OECD Guidelines for Multinational Enterprises(2011), etc.
- Environment: UN Framework Convention on Climate Change(1992), etc.
- Human Rights: UN Guiding Principles on Business and Human Rights (2011), etc.
- Ethics: UN Convention against Corruption

2 Client Demands and Evaluation Criteria

- Client Code of Conduct
- Responsible Business Association (RBA)
- Ecovadis
- Sustainability Accounting Standards Board (SASB), etc.

4 Policy Operations

LOTTE Chemical ESG Policy Book Contents

Environmental	Social	Governance	Other (partner companies, etc.)
1. Environmental Management Charter 2. Environmental Management Policy • Implementation/operation of environmental management system • Prevention of environmental pollution - GHG reduction and prevention of air pollution - Water resource management and prevention of water pollution - Prevention of soil pollution • Resource circulation • Chemical safety management • Green purchasing • Environmental due diligence • Biodiversity	1. Human Rights Management Charter 2. Human Rights Management Policy • Implementation/operation of human rights management system • Sub-policies on human rights management - Human rights protection - Prohibition of child labor and minors - Working hours and wages - Anti-discrimination - Prohibition of forced labor - Workplace safety - Freedom of association and right to collective bargaining - Compliance with responsible mineral regulations 3. Safety and health policy 4. Product safety policy 5. Information security policy	1. Corporate Governance Charter 2. Compliance Management Charter 3. Compliance Policy • Anti-corruption policy • Anti-monopoly policy • Fair tax policy 4. Ethical Management Policy • Implementation/operation of ethical management system - Ethical management system - Ethical management training - Regular and special audits • Reporting ethical management violations and protection of whistleblowers 5. ESG Risk Management Policy	Partner Company Code of Conduct

ETHICAL MANAGEMENT

Ethical Management

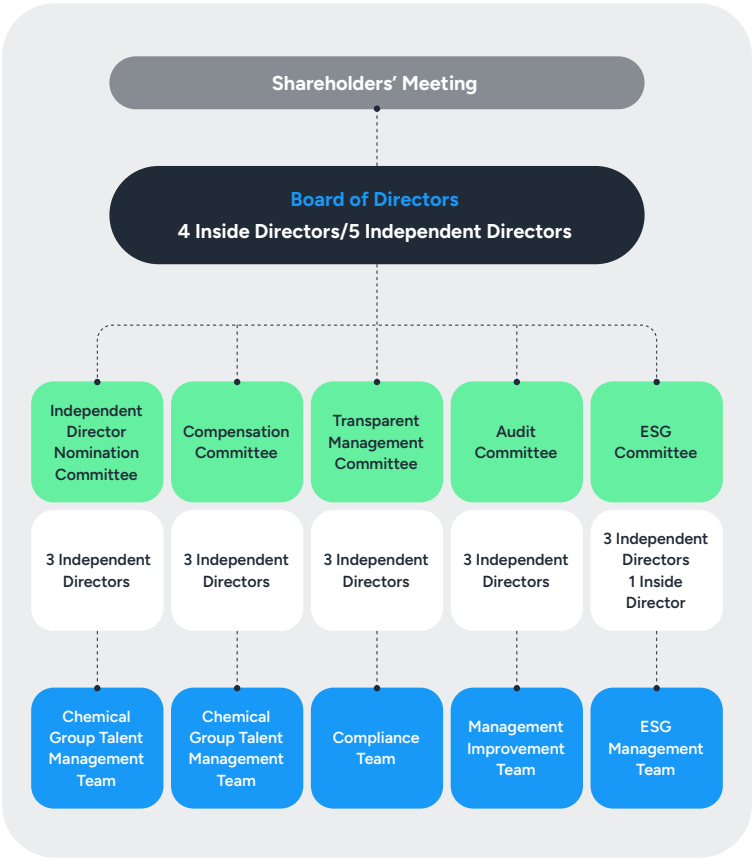
Governance

Ethical Management System

Based on LOTTE Group’s Code of Conduct, LOTTE Chemical has an ethical management system that takes into account individual work and business conditions. With the aim of integrating a transparent ethical culture into the company, the Management Improvement Division, overseen directly by the CEO, engages in various activities including carrying out internal audits, handling reports, and conducting ethics training.

Audit Committee

Our Management Improvement Team is an exclusive organization under the Audit Committee, striving to ensure the committee’s independence. The Audit Committee not only covers approval and reports related to legal obligations but also plays an active role in internal control by reviewing and approving the Internal Audit Department’s audit plans, reviewing non-auditing services provided by external auditors, and reporting on the external auditor’s audit activities. The Audit Committee also has the right to consent to the appointment and dismissal of the head of the internal audit department. Further details are indicated in the company’s Policies on the Audit Committee.



Strategy

Ethical Management Values and Code of Conduct

LOTTE Chemical stresses ethical management as a core value of its business activities, and strives to carry out transparent, fair, and reasonable work practices based on its Code of Conduct.

1 Ethical Management Values

We seek to advance our business, pursue common interests, and realize our corporate philosophy of creating a prosperous future through ethical management to return our results and value to customers, employees, partners, shareholders, and society.



2 Code of Conduct

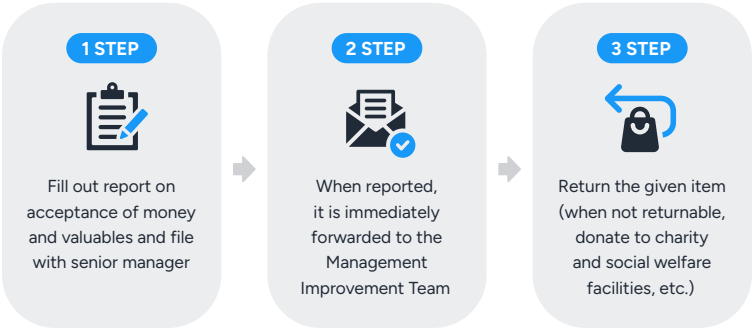
Our Code of Conduct is applied to all permanent and contract employees working at LOTTE Chemical and subsidiaries where LOTTE Chemical holds management rights. The Code of Conduct is composed of five parts - Customers, Employees, Partners, Shareholders, and Society – and sets forth LOTTE principles and action plans for each part.

[Code of Conduct](#)

3 Guidelines on Acceptance of Money and Valuables

LOTTE Chemical offers guidelines on the acceptance of money and valuables for its employees. The regulations on acceptance of money and valuables prohibits receiving money and valuables from stakeholders and states that any provisions should be refused and returned immediately. When issues occur, it should be consulted with the Management Improvement Team. We are in compliance with the necessary procedures and regulations in the process of returning or handling money and valuables by operating a center for returning such money and valuables. When there is a violation of guidelines, it is handled based on “Shinmungo (reporting channel) Operation and Case Handling Guidelines” to investigate reports on violations and protect the whistleblower. We ensure confidentiality and have the obligation to protect those who report such violations from any disadvantages.

Process of the Center for Returning Gifts of Money and Valuables



Code of Conduct

Category	LOTTE Principles	Action Plan
Theme C. Trust with Our Customers	C1. Providing the best products and services C2. Honest marketing C3. Protecting customer information C4. Protecting our brand	Be the first brand in customers' hearts Honesty is the easiest way of gaining customer trust Customer information matters the most The best way to represent the LOTTE brand to our customers is you
Theme E. Trust with Our Employees	E1. Equal opportunity and fair treatment E2. Mutual respect among our members E3. Gender equality E4. Safe working environment E5. Protecting our assets E6. Protecting intellectual property rights E7. Preventing information leakage	We set business apart from pleasure and provide fair opportunities We are all someone's precious family LOTTE is working to create happy families and a fair workplace Safety is the top priority in all circumstances The assets of the company are for all employees We shall protect our intellectual property achieved through our hard work Information leakage begins with negligence
Theme P. Trust with Our Partners	P1. Compliance with the Fair Trade Act P2. Respecting our partners P3. Fair competition P4. Legitimate collection of information P5. Prohibition of corruption and improper solicitation	Fairness and trust are the power binding us and our partners as one team Mutual respect strengthens the relationship between us and our partners Fair competition makes us stronger Information shall be collected in a lawful way Every favor comes with a price, no matter how small it may be
Theme SH. Trust with Our StockHolders	SH1. Improving shareholder value SH2. Preventing conflicts of interest SH3. Enhancing accounting transparency SH4. Prohibition of inhouse trading	LOTTE pursues long-term improvement of shareholder value We think about the interests of our stakeholders Honest reporting makes our effort and passion more valuable We shall not make improper financial gains with insider information
Theme S. Trust with Society	S1. Environmental protection S2. Creating social value and social contribution S3. Respect for human rights S4. Respect for cultural diversity S5. Compliance with laws of each country S6. Separation of politics and economy	Nature is something we have borrowed from our future generations Sharing what is received from society with society is our biggest pleasure Love and respect for humanity is an important value of LOTTE We can earn respect only when we respect others We work to abide by the laws of each country and prevent crimes Politics and the economy can fulfill their roles when they are separated

Ethical Management System

LOTTE Chemical works hard to share a culture of ethical management with our employee by implementing an efficient ethical management system. We operate various reporting channels for both internal and external stakeholders to report unethical conduct of our employees and conduct monthly online employee training along with irregular offline training sessions to internalize ethical management across our business. In addition, we carry out internal control through our Audit Committee and Internal Accounting Management System regarding our accounting and work processes.

LOTTE Chemical's Ethical Management System



Reporting Channels

LOTTE Chemical operates internal and external reporting channels to allow employees to report violations of legislations and ethical management and unfair and unethical conduct. Reports can be filed anonymously or under real names while we practice a principle of carrying out investigations 100% for all reports. Informants and details of reports are kept strictly confidential with 37 cases being filed in 2025.

1 Internal/External Reporting Channels and Informant Protection

LOTTE Chemical operates various reporting channels including online websites, email, postal mail, and hotlines to allow stakeholders to easily consult and report ethical management affairs. In addition, by introducing additional external compliance reporting channels, we have reinforced the fairness and anonymity of the reporting process for our employees. We also operate an internal

Grievance Committee to handle investigations and consultations regarding issues in the workplace including sexual harassment and workplace bullying.

2 Process of Handling Reports

Informants may file reports anonymously or using their real name. All reports filed are processed transparently in accordance with the procedures stipulated in the 'Shinmungo (reporting channel) Operation and Case Handling Guidelines', "External Compliance Report Channels and Case Handling Guidelines." When unethical behavior is confirmed through investigations, measures such as disciplinary actions are taken. In addition, protection of informant identities are strictly guaranteed in the course of investigation based on provisions for confidentiality, informant protection, and prohibition of retaliation.

Procedures for Handling Reports



Ethical Management Training and Internalization

LOTTE Chemical conducts various ethical management training such as group and online training for all our employees including part-time employees to internalize ethical management.

Ethical Management Training Offerings

Category		Unit	2023	2024	2025
Collective Training (Employees)	Number of Courses	Courses	11	16	19
	Training Hours	Hours	11	16	19
	Number of Completions	Persons	119	215	148
	Target Audience	Persons	119	215	148
	Ratio	%	100%	100%	100%
Online Training (Employees)	Number of Courses	Courses	8	12	12
	Training Hours	Hours	1	1	1
	Number of Completions	Persons	4,465	4,348	3,831
	Target Audience	Persons	4,732	4,676	3,981
	Ratio	%	94%	93%	96%

1 Collective Training

Training for employees such as new joiners, seasoned workers, and expatriates cover various topics including ethical management at the individual/ organization level, legal compliance such as for the Anti-Graft Act, information ethics, and global ethics, etc.

2 Online Training

LOTTE Chemical conducts monthly online employee training by making training videos on topics related to ethical management such as workplace bullying, use of company funds and assets, work discipline, corruption, and improper solicitations. In addition, we have been expanding our targets to all LOTTE chemical subsidiaries since 2024 to prevent wrongful conduct and raise employee awareness on ethics.

Online Training in 2025

Jan Sexual Harassment Definition and Standards	May Conflicts of Interest	Sep Proper Principles
Feb Dealing with Sexual Harassment	Jun Workplace Bullying	Oct AI Work Ethics
Mar Win-win Relations	Jul Human Rights Protection	Nov Legal and Regulatory Compliance
Apr Ethical Minds	Aug Anti-fraud	Dec Importance of Integrity

Metrics and Targets

Ethical Management Diagnosis/Audit and Improvements

LOTTE Chemical performs regular audits based on annual audit plans and special audits that are conducted when necessary to address external complaints, accusations or certain matters. Standards and procedures for audits are stipulated in the 'Internal Audit Guidelines' of our internal regulations to ensure a standardized process is followed. Based on the audit results, if necessary, we also recommend taking appropriate measures in accordance with the 'Integrated Rules of Employment' and cascade them through special training and company-wide notices to prevent recurrence of the same issue. In addition, we carry out an annual compliance diagnosis along with the entire LOTTE Group to check on ethical awareness and understand where the company stands in terms of ethical management, making continuous efforts to identify and correct areas that require improvement.

COMPLIANCE

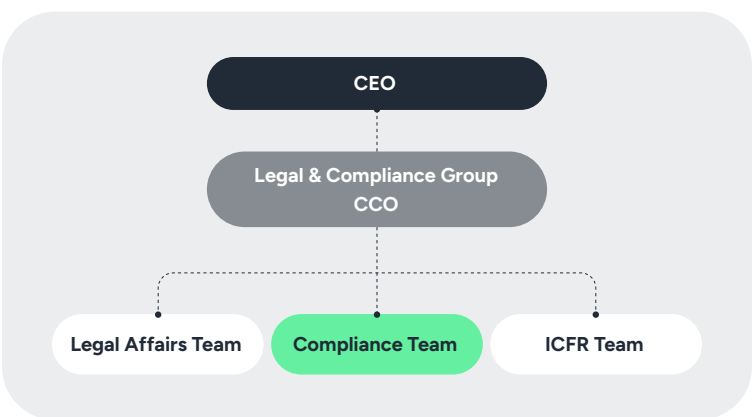
Compliance

Compliance Management System

Compliance Organization and Operations

LOTTE Chemical supports the Chief Compliance Officer (CCO), who is in charge of the Legal & Compliance Group directly under the CEO to manage overall compliance risks across the company and also serves as manager of both the fair trade compliance program and internal control system. We also set up a Compliance Team which is an organization dedicated to operating an independent and practical compliance program. The Compliance Team is preparing the Compliance Management Charter and overhauling various internal policies related to compliance management, anti-corruption, fair trade, and trade secrets along with internal standards regarding fair trade (code of conduct, checklist, dos & don'ts, booklet, and guidelines, etc.).

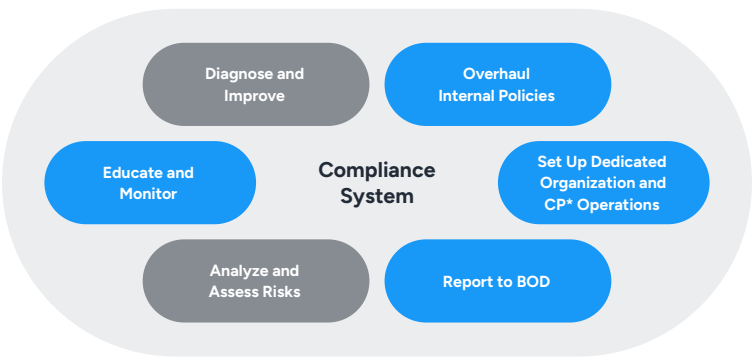
Compliance Organization



Compliance System

LOTTE Chemical plans and executes a compliance program that starts with analyzing and assessing key compliance risks. We have annual training plans and a monitoring plan in place, showcasing our determination for strengthening compliance through CEO compliance training and a compliance pledge made by our management. We also established compliance policies, take measures based on the severity of violations, conduct assessments based on compliance diagnoses, and carry out improvement activities (validity assessment). Compliance management is also evaluated and reflected in organization evaluation scores. In addition, results of the compliance system are reported to the BOD once a year to manage our compliance performance.

Compliance System



* CP(Compliance Program)

Implementation Strategy



International Standards Certification

In 2019, LOTTE Chemical became the first Korean chemical player to receive ISO 37001 certification, the international standard for anti-corruption management systems. Following a successful post-certification review, we obtained ISO 37301 certification for compliance management systems in 2022. In 2024, LOTTE Chemical's company-wide compliance management system was recognized as meeting global standards through integrated certification (ISO 37001 & 37301).

[ISO37001](#) [ISO37301](#)

Compliance Program

Risk Assessment

LOTTE Chemical plans and operates a compliance program to prevent risks after analyzing and identifying internal regulations and risks. In 2025, such risk analysis identified 79 key risks in the 6 categories of fair trade, anti-corruption, information security, industrial safety & environment, employment & unfair treatment, and financial capital market & anti-money laundering. Risk levels were assessed, and control measures such as training and monitoring were executed for special management of risks through close cooperation with relevant departments. Risks are managed and updated annually.

Compliance Message/Compliance Letter/Compliance Pledge

The CEO's compliance message and compliance letters are delivered regularly to our employees and partners to showcase LOTTE Chemical's strong determination to practice compliance management. Our employees also sign Compliance Pledges each year.

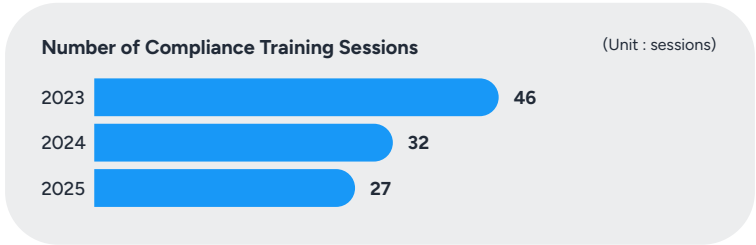
Ongoing Monitoring System

LOTTE Chemical operates a continuous monitoring system through which risks are continuously managed. In 2025, requests for explanation were carried out and checked for 467 of the 3,136 cases monitored regarding anti-

corruption, and four warning and cautionary measures were taken through the email monitoring system. As for areas that require additional improvement, in-depth training was carried out to employees in relevant departments along with supplementary measures based on internal regulations.

Compliance Training (including Fair Trade)

LOTTE Chemical offers group training based on function, topic, and business site along with online training for all employees, CEO compliance management training, and training for executives, as well. We also regularly issue our Compliance Newsletter and Compliance Management Webtoon to help raise employee awareness.



Compliance Training Offered

2025	Training Course	No. of Sessions
Jan/Aug	Expatriate Training	3
Jan	Training on Trade Secrets	1
Jan	Collusion Prevention Training	1
Jan/Feb/Sep	New Joiner Training	3
Mar	Training for Subsidiary Subcontracting Managers	2
Apr/May/Dec	Training for Seasoned New Joiners	3
May/Aug	Subcontracting Act	3
May	ISO Integrated Certification Internal Auditor Training	1
May/Jul	Training for ISO Managers	2
Jul	BOD Training on Revised Commercial Act Guidelines	1
May ~ Aug	LOTTE Code of Conduct and Statutory Training	1
Sep	Subsidiary Subcontracting Act	1
Quarterly	Compliance Management Webtoon	4

Anti-corruption Management

Led by the Compliance Team, LOTTE Chemical conducts training for all employees to remind them on the need and importance of anti-corruption compliance. This training covers details of domestic and overseas anti-corruption laws, including the Korean anti-graft law, and operates internal rules to prevent corruptive behavior and comply with anti-corruption principles. In addition, when contact with stakeholders such as public officials are required, prior-/post-contact reports must be submitted and approved while money and goods restricted by the anti-graft law must also be reviewed and approved before being executed.

Donations and Sponsorships

LOTTE Chemical established and operates inhouse standards on 'donation and sponsorship procedures' to make the compliance process regarding donations and sponsorships clear. It is applied to all business sites to ensure donations and sponsorships are carried out only for suitable beneficiaries that have been thoroughly examined in advance.

Number of Donations and Sponsorships Reviewed



Trade Secret Management

LOTTE Chemical established and operates regulations on the protection of trade secrets and monitors compliance to prevent relevant risks and ensure that trade secrets are not leaked.

Expanding the Compliance System to Domestic and Overseas Subsidiaries

LOTTE Chemical conducts compliance training for overseas subsidiaries and established standard compliance rules and policies to disseminate the compliance system to our subsidiaries at home and abroad.

Strengthening Supply Chain Compliance

LOTTE Chemical carries out compliance pledges to ensure transparent and fair trade with our partner companies and applies standard contracts and an electronic procurement system for efficient transactions. In addition, we developed ESG (Environment/Society/Governance) policies and notified them to our partner companies while also taking part in the Price Indexation System to improve transaction terms for suppliers.

Internal Control System

LOTTE Chemical established internal control regulations, designing and operating an internal control system which is reported to the BOD.

Compliance Diagnosis and Reporting

Every year, diagnosis of employee awareness on compliance and overall compliance levels is carried out with annual performance reported to the BOD.

Fair Trade Compliance Programs (CP)

LOTTE Chemical has been operating the Fair Trade Compliance Program since 2006, setting forth clear behavior standards to prevent violation of legislations.

Management of Unfair Trade Practices

LOTTE Chemical is in compliance with fair trade principles and provides training on its internal regulations (fair trade code of conduct). After reviewing all areas regarding fair trade, we take supplementary measures and make improvements when necessary to be in compliance with legislations.

Management of Internal Transactions

LOTTE Chemical operates internal standards (Internal Trade Guidelines) that set forth areas that must be abided when carrying out internal transactions, reviewing all aspects of internal transactions and taking measures, when

need- ed, to ensure compliance with relevant legislations. Moreover, the Transparent Management Committee, composed of independent directors, reviews compliance with fair trade laws and internal regulations regarding internal transactions of a certain scale.

Fair Trade with Partner Companies

LOTTE Chemical makes various efforts toward fair trade management and mutual cooperation with our partners. We conduct training through meetings with partner companies for each business site and check on compliance with relevant laws regarding fair trade with our partners. Stringent management of fair trade is carried out with improvement measures implemented in case of non-compliance or reconsidering contracts. In addition, internal departments that work the closest with partners receive training on the Subcontracting Act. We also offer continuous advisory services and monitor activities to ensure compliance and promote mutual cooperation and shared growth with SMEs. Accordingly, we have been participating in the Ministry of SMEs and Startups' Price Indexation System pilot project since 2022.

Compliance with the Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises

We are strictly managing subcontractor transactions through prior review processes and monitoring. In 2021, we reviewed the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises in relation to SMEs which are not subject to the Fair Transactions in Subcontracting Act. We also have set up a Subcontract Dispute Mediation Committee since 2023 to prevent disputes and resolve them promptly upon occurrence.

Fair Trade Training

The Compliance Team conducts training to all employees to remind them on the need and importance of complying with the principles of fair trade. Training is offered periodically on fair trade laws and regulations, recent

legal cases and court rulings, and internal standards, catering to the needs of participants by staff level and function such as executives, managers, new joiners, seasoned employees, expatriates, subcontracting personnel, and sales managers.

Reporting Unfair Trade

LOTTE Chemical operates various channels for employees to make anonymous reports at any time, anywhere, in case of unfair and inappropriate behavior.

Number of Transparency Committee Meetings Convened



Number of Internal Transactions Reviewed



Number of Partner Companies that Underwent Training



Internal and External Reporting Channels and Handling Procedures



4 APPENDICES

ESG DATABOOK

GRI, TCFD, SASB INDEX, UN SDGS

MEMBERSHIPS

GHG REPORT VERIFICATION

INDEPENDENT ASSURANCE OPINION STATEMENT



ESG DATABOOK

ESG Data Management System

LOTTE Chemical established calculation methodologies and management principles for each ESG indicator to ensure the consistency, comparability, and reliability of this ESG information. Based on these standards, we implemented an ESG Management System to systematically collect and manage ESG data. The system is designed to manage ESG information in accordance with company-wide standardized criteria, and its scope will be gradually expanded to include consolidated subsidiaries.

The ESG Management System incorporates a structured governance process covering data input, review, and approval, with clearly defined roles and responsibilities for the generation, verification, and approval of each ESG indicator. If any errors are found during verification process, we retroactively revise and disclose the data for the past three years. The reasons for such revisions are clearly stated in footnotes, enhancing the transparency and reliability of the information.

LOTTE Chemical will continue to enhance its data management and disclosure systems to proactively respond to changes in mandatory domestic and global ESG reporting requirements and to provide consistent ESG data to our stakeholders.



Financial Data
Financial
Statements

Category	Unit	2025	2024	2023
Current assets	KRW million	7,994,481	8,983,402	9,814,400
Cash and cash equivalents	KRW million	1,870,312	2,111,786	2,701,528
Short-term financial instruments	KRW million	824,440	1,319,619	1,100,894
Financial assets at fair value through profit or loss ("FVTPL")	KRW million	17,548	39,805	111,510
Trade and other account receivables	KRW million	1,865,049	2,174,114	2,328,537
Financial lease receivables	KRW million	2,907	1,796	597
Current tax assets	KRW million	65,553	93,082	114,520
Other financial assets	KRW million	95,365	61,672	329,367
Other current assets	KRW million	343,276	359,212	325,717
Inventory assets	KRW million	2,910,030	2,818,404	2,801,729
Non-current assets held for sale	KRW million	0	3,911	0
Non-current assets	KRW million	23,122,853	25,568,928	23,661,910
Long-term financial instruments	KRW million	78,833	78,549	138,878
Financial assets at FVTPL	KRW million	109,509	102,763	234,181
Financial assets at fair value through other comprehensive income ("FVOCI")	KRW million	24,727	366,893	253,317
Other financial assets	KRW million	245,470	305,661	86,596
Investments in associates and joint ventures	KRW million	3,779,051	3,854,222	3,833,620
Property, plant, and equipment	KRW million	14,585,076	16,084,512	14,272,599
Investment properties	KRW million	56,039	56,160	57,242
Right-of-use assets	KRW million	384,642	464,397	438,789
Other intangible assets	KRW million	2,645,192	3,314,147	3,732,329
Financial lease receivables	KRW million	15,919	8,183	8,456
Other non-current assets	KRW million	385,356	210,008	203,175
Deferred tax assets	KRW million	813,037	723,433	402,730
Total assets	KRW million	31,117,333	34,552,330	33,476,310
Current liabilities	KRW million	7,673,638	8,502,343	6,523,538
Non-current liabilities	KRW million	5,815,266	6,062,043	6,720,232
Total liabilities	KRW million	13,488,904	14,564,386	13,243,770
Equity attributable to owners of the Parent Company	KRW million	12,584,877	14,352,322	15,543,127
Capital stock	KRW million	213,877	213,877	213,877
Other paid-in capital	KRW million	2,085,907	1,730,354	1,942,927
Other components of equity	KRW million	1,241,186	1,345,657	421,562
Retained earnings	KRW million	9,043,907	11,062,434	12,964,761
Non-controlling interests	KRW million	5,043,552	5,635,623	4,689,414
Total equity	KRW million	17,628,428	19,987,945	20,232,541

Financial Data
Income
Statement

Category	Unit	2025	2024	2023
Sales	KRW million	18,483,005	19,894,809	19,564,418
Cost of sales	KRW million	18,220,986	19,590,281	18,830,977
Gross profit (loss)	KRW million	262,019	304,529	733,441
Selling, general and administrative expenses	KRW million	1,205,135	1,219,064	1,125,079
Operating profit (loss)	KRW million	(943,116)	(914,535)	(391,637)
Finance income	KRW million	288,570	445,110	510,139
Finance costs	KRW million	866,366	801,964	734,960
Share of profit in associates and joint ventures	KRW million	(104,721)	(120,811)	20,261
Other non-operating income	KRW million	325,312	478,526	565,224
Other non-operating losses	KRW million	1,425,410	1,375,809	466,273
Effect of KIFRS 1029	KRW million	15,690	14,060	7,872
Profit (Loss) before income tax	KRW million	(2,710,040)	(2,279,264)	(496,677)
Income tax benefits	KRW million	(226,560)	(440,780)	(433,689)
Net profit	KRW million	(2,476,176)	(1,825,556)	(39,243)
Other comprehensive income (loss)	KRW million	(84,735)	1,308,804	42,104
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	KRW million	(69,134)	492,069	(4,258)
Remeasurements of defined benefit plans	KRW million	25,160	(23,780)	(22,378)
Gain (loss) on valuation of financial assets at FVOCI	KRW million	(53,409)	86,474	42,884
Retained earnings in equity method	KRW million	369	6,003	(23,205)
Foreign currency translation of foreign operations	KRW million	(37,324)	424,010	(1,231)
Equity adjustments using equity method	KRW million	(3,929)	(638)	(328)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	KRW million	(15,600)	816,735	46,362
Gain (loss) on derivative financial instruments	KRW million	8,711	6,741	21,229
Foreign currency translation of foreign operations	KRW million	8,351	724,364	1,765
Equity adjustments using equity method	KRW million	(32,663)	85,630	23,368
Total comprehensive income	KRW million	(2,560,911)	(516,752)	2,861
Total comprehensive income attributable to	KRW million		-	-
Owners of the Parent Company	KRW million	(2,085,212)	(824,448)	(5,306)
Non-controlling interests	KRW million	(475,699)	307,696	8,166
Losses per share				
Basic and diluted earnings per share	KRW	(48,311)	(40,565)	(1,199)
Basic and diluted loss per share	KRW	(48,441)	(40,565)	(1,199)
Basic and diluted earnings per share from discontinued operations	KRW	130	230	427

ESG Data_General and Economic Data

Reporting Period
and Cycle

Indicator	Unit	2025	2024	2023
Cumulative number of ESG Report publications ¹⁾	Times	19	18	17
No. of disclosures of tentative sales performance, sales performance forecasts, future business management plans	Times	4	4	4

1) Published since 2007, titled 'Sustainability Report' until 2021

Economic Value
Generation and
Distribution

Indicator	Category	Unit	2025	2024	2023	Notes
Distribution of Economic Value	Cost of operations	KRW 100 million	194,261	213,245	193,783	Operating expenses (COGS+SG&A) – Distribution to Employees
	Employees	KRW 100 million	10,675	10,573	9,158	Salary, retirement benefits, welfare benefits
	Shareholder/Investor_Dividend	KRW 100 million	422	843	1,476	
	Shareholder/Investor_Interest expense	KRW 100 million	4,084	4,213	3,789	
	Government_Corporate tax	KRW 100 million	(2,266)	(4,326)	(4,130)	
	Community_Donations	KRW 100 million	52	84	89	
	Total	KRW 100 million	207,228	224,632	204,165	Based on GRI 201-1 standards on economic value distributed

※ Based on main financial statements

Government
Financial Support

Indicator	Unit	2025	2024	2023
Tax exemption and deduction	KRW million	2,382	1,636	1,378
Aid for research and development	KRW million	2,072	1,234	2,322

※ Based on main financial statements

ESG Data_Environment

GHG Emission
Target

Indicator	Category	Unit	2025	2024	2023	Notes
Annual GHG emission target	Total	tCO ₂ eq	5,370,000	6,170,000	6,280,000	
No. of projects on GHG reductions	Total	Number	109	84	54	
Ratio of emissions subject to emission-limiting regulations		%	100	100	100	

Direct GHG
Emissions (Scope 1)

Indicator	Category	Unit	2025	2024	2023	Notes
Direct GHG (Scope 1) emissions – By business site	Yeosu Complex (Basic Chemicals)	tCO ₂ eq	1,840,806	1,886,740	2,055,487	Data based on 2023/2024 final statements and 2025 initial statement submitted (total emissions are rounded down at the business site level, may resulting in discrepancies compared to the aggregated Scope 1 and Scope 2 emissions)
	Yeosu Complex (Advanced Materials)	tCO ₂ eq	53,727	54,925	52,387	
	Daesan Complex	tCO ₂ eq	1,355,069	1,534,019	1,449,663	
	Ulsan Complex	tCO ₂ eq	342,893	329,796	438,757	
	Other	tCO ₂ eq	2,177	2,959	3,047	
	Total	tCO ₂ eq	3,594,672	3,808,439	3,999,341	
Direct GHG (Scope 1) emissions – By stationary combustion	CO ₂	tCO ₂ eq	3,588,733	3,774,834	3,962,568	'Data based on 2023/2024 final statements and 2025 initial statement submitted (total emissions are rounded down at the business site level, may resulting in discrepancies compared to the aggregated Scope 1 and Scope 2 emissions)
	N ₂ O	tCO ₂ eq	2,986	3,341	3,555	
	CH ₄	tCO ₂ eq	2,954	30,778	33,219	
	Total	tCO ₂ eq	3,594,672	3,808,439	3,999,341	

Indirect GHG
Emissions
(Scope 2)

Indicator	Category	Unit	2025	2024	2023	Notes
Indirect GHG (Scope 2) emissions	Yeosu Complex (Basic Chemicals)	tCO ₂ eq	750,220	900,833	864,644	2023/24 final statements and 2025 initial statement submitted
	Yeosu Complex (Advanced Materials)	tCO ₂ eq	330,098	355,034	348,185	
	Daesan Complex	tCO ₂ eq	533,613	650,497	693,873	
	Ulsan Complex	tCO ₂ eq	154,541	178,421	242,131	
	Other	tCO ₂ eq	7,634	9,661	10,370	
	Total	tCO ₂ eq	1,776,107	2,094,447	2,159,203	

Direct and Indirect
GHG Emissions

Indicator	Unit	2025	2024	2023	Notes
Total	tCO ₂ eq	5,370,773	5,902,878	6,158,540	
Scope 1, Scope 2 GHG emission intensity	tCO ₂ eq/KRW billion	451	433	457	Based on separate financial statements

ESG Data_Environment

Other Indirect
GHG Emissions
(Scope 3)

Indicator	Unit	2025	2024	2023	Notes
Scope 3 emissions	tCO ₂ eq	11,641,691	13,231,056	8,078,185	Scope 3 reverification (refer to p.50 of this report, excluding Cat.12)
Scope 3 emission intensity	tCO ₂ eq/KRW billion	977	970	600	

GHG Sales

Indicator	Unit	2025	2024	2023	Notes
GHG sales	tCO ₂ eq	125,400	152,688	127,663	

Energy
Consumption Within
the Organization

Indicator	Category	Unit	2025	2024	2023	Notes
Total energy consumption in the organization	Yeosu Complex (Basic Chemicals)	TJ	49,176	52,707	55,548	
	Yeosu Complex (Advanced Materials)	TJ	6,584	7,044	7,013	
	Daesan Complex	TJ	38,649	44,385	44,511	
	Ulsan Complex	TJ	7,988	8,717	11,412	
	Other ¹⁾	TJ	238	280	281	
	Total	TJ	102,635	113,133	118,765	
	Intensity	TJ/KRW billion	8.62	8.29	8.82	
Total non-renewable energy consumption in the organization	Fuel	TJ	70,559	74,919	78,697	Based on separate financial statements
	Electricity	TJ	18,313	21,822	24,960	
	Steam	TJ	13,706	16,334	15,102	
	Total	TJ	102,574	113,070	118,759	
Ratio of renewable energy use		%	61TJ/0.06	63TJ/0.06	6TJ/0.01 or less	REC purchases (as of 2025, 21TJ at Daesan Complex, 28TJ at the R&D Group, and 12TJ at Seoul headquarters)

1) Seoul headquarters, Uiwang business site, R&D Group, Future Technology Center, Incheon Complex, etc.

Energy Production

Indicator	Unit	2025	2024	2023	Notes
Total self-generated energy	TJ	9,576	12,787	10,982	

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Water-related
Risks

Indicator	Category	Unit	2025	2024	2023	Notes
Management of water-related risks and opportunities	Business sites located in water-stressed regions ¹⁾	Number	9	10	10	

1) Refer to 'About this report' (sales of the Daegu Water Treatment Plant)

Water Withdrawal

Indicator	Category	Unit	2025	2024	2023	Notes
Total amount of water withdrawal	Yeosu Complex (Basic Chemicals)	1,000 Tons	20,972	21,772	20,664	
	Yeosu Complex (Advanced Materials)	1,000 Tons	2,548	2,575	2,217	
	Daesan Complex	1,000 Tons	11,702	13,765	11,988	
	Ulsan Complex	1,000 Tons	5,187	5,526	7,736	
	Other ¹⁾	1,000 Tons	114	107	86	
	Total	1,000 Tons	40,524	43,745	42,692	
	Water withdrawal unit	1,000 Tons/KRW billion	3.40	3.21	3.17	Based on separate financial statements
	Ratio of water withdrawal in water-stressed regions	1,000 Tons	100	100	100	
Amount of water withdrawal by water source	Third-party industrial water	1,000 Tons	40,524	43,738	42,681	
	Groundwater ²⁾	1,000 Tons	0	7	11	

1) Seoul headquarters, Uiwang business site, R&D Group, Future Technology Center, Incheon Complex, etc.

2) No other water sources than third-party industrial water in 2025

Water
Consumption

Indicator	Category	Unit	2025	2024	2023	Notes
Total Water Consumption ¹⁾	Yeosu Complex (Basic Chemicals)	1,000 Tons	17,867	18,046	17,036	
	Yeosu Complex (Advanced Materials)	1,000 Tons	572	482	398	
	Daesan Complex	1,000 Tons	8,694	10,789	9,195	
	Ulsan Complex	1,000 Tons	2,695	2,842	3,467	
	Other	1,000 Tons	101	92	71	
	Total	1,000 Tons	29,929	32,251	30,168	
	Water withdrawal intensity	1,000 Tons/KRW billion	2.51	2.37	2.24	Based on separate financial statements
Amount of water recycled	Yeosu Complex (Advanced Materials)	1,000 Tons	1,344	1,391	1,598	
	Other	1,000 Tons	4	4	4	
	Total	1,000 Tons	1,348	1,395	1,602	

1) Calculation formula revised to Water Withdrawal-Wastewater Discharge

ESG Data_Environment

Wastewater Discharge

Indicator	Category	Unit	2025	2024	2023	Notes
Total wastewater discharge	Yeosu Complex (Basic Chemicals)	1,000 Tons	3,105	3,726	3,628	
	Yeosu Complex (Advanced Materials)	1,000 Tons	1,977	2,093	1,819	
	Daesan Complex	1,000 Tons	3,008	2,976	2,793	
	Ulsan Complex	1,000 Tons	2,493	2,684	4,269	
	Other ¹⁾	1,000 Tons	12	15	14	
	Total	1,000 Tons	10,595	11,494	12,524	
Treated amount in final wastewater discharge		1,000 Tons	10,595	11,494	12,524	
Total wastewater discharge to water-stressed regions		1,000 Tons	10,595	11,494	12,524	
Total amount of pollutants discharged with wastewater		Tons	956	1,100	932	

1) R&D Group, etc.

Water Pollutant Emissions

Indicator	Category	Unit	2025	2024	2023	Notes
TOC	Yeosu Complex (Basic Chemicals)	Tons	231	192	196	
	Yeosu Complex (Advanced Materials)	Tons	73	75	165	
	Daesan Complex	Tons	34	30	36	
	Ulsan Complex	Tons	82	73	65	
	Other ¹⁾	Tons	0	1	0	
	Total	Tons	420	381	461	
SS	Yeosu Complex (Basic Chemicals)	Tons	171	219	170	
	Yeosu Complex (Advanced Materials)	Tons	16	41	63	
	Daesan Complex	Tons	4	2	5	
	Ulsan Complex	Tons	25	36	34	
	Other ¹⁾	Tons	0	0	0	
	Total	Tons	216	298	272	
BOD	Yeosu Complex (Basic Chemicals)	Tons	121	201	149	
	Yeosu Complex (Advanced Materials)	Tons	25	34	30	
	Daesan Complex	Tons	6	4	7	
	Ulsan Complex	Tons	6	6	7	
	Other ¹⁾	Tons	0	0	0	
	Total	Tons	158	245	193	

1) R&D Group, Future Technology Center, etc.
※ Amounts less than 0.5 Tons are indicated as '0'

ESG Data_Environment

NOx, SOx and
Other Major Air
Pollutant Emissions

Indicator	Category	Unit	2025	2024	2023	Notes
NOx (nitrogen oxide) emissions ¹⁾	Yeosu Complex (Basic Chemicals)	Tons	820	1,209	1,474	
	Yeosu Complex (Advanced Materials)	Tons	41	44	41	
	Daesan Complex	Tons	1,024	1,346	2,424	
	Ulsan Complex	Tons	229	194	242	
	Other ²⁾	Tons	1	2	3	
	Total	Tons	2,115	2,795	4,184	
	Intensity	Tons/KRW billion	0.2	0.2	0.3	
SOx (sulfur oxide) emissions	Yeosu Complex (Basic Chemicals)	Tons	10	14	25	
	Yeosu Complex (Advanced Materials)	Tons	3	4	5	
	Daesan Complex	Tons	14	17	17	
	Ulsan Complex	Tons	240	73	104	
	Other ²⁾	Tons	0	0	0	
	Total	Tons	266	108	151	
PM (particulate matter) emissions	Yeosu Complex (Basic Chemicals)	Tons	34	12	31	
	Yeosu Complex (Advanced Materials)	Tons	3	4	11	
	Daesan Complex	Tons	3	20	22	
	Ulsan Complex	Tons	4	6	7	
	Other ³⁾	Tons	1	1	1	
	Total	Tons	45	43	72	
VOC (volatile organic compounds) emissions	Yeosu Complex (Basic Chemicals)	Tons	46	39	47	
	Yeosu Complex (Advanced Materials)	Tons	6	22	28	
	Daesan Complex	Tons	84	122	79	
	Ulsan Complex	Tons	13	14	12	
	Total	Tons	149	198	167	
HAPs (hazardous air pollutant) emissions	Yeosu Complex (Basic Chemicals)	Tons	29	34	31	
	Yeosu Complex (Advanced Materials)	Tons	14	22	28	
	Daesan Complex	Tons	44	87	34	
	Ulsan Complex	Tons	9	10	12	
	Other	Tons	-	-	-	
	Total	Tons	97	153	105	

1) NOx emissions mitigated by installing Ultra-Low-NOx burners
2) Uiwang Business Site, R&D Group, Incheon Complex
3) Uiwang Business Site, R&D Group

ESG Data_Environment

Emissions of
Ozone-depleting
Substances

Indicator	Category	Unit	2025	2024	2023	Notes
Amount of production		Tons	-	-	-	
Amount of inflow		Tons	3.8	10.3	4.7	
Amount recovered		Tons	-	11.3	-	

Waste Discharge
and Recycling

Indicator	Category	Unit	2025	2024	2023	Notes
Waste discharge by business site	Yeosu Complex (Basic Chemicals)	Tons	25,867	34,372	33,140	
	Yeosu Complex (Advanced Materials)	Tons	14,748	36,099	33,656	
	Daesan Complex	Tons	16,559	12,373	18,573	
	Ulsan Complex	Tons	10,301	13,060	19,137	
	Other ¹⁾	Tons	1,215	2,263	2,171	
	Total	Tons	68,689	98,166	106,678	
Intensity of waste discharge		Tons/KRW billion	5.77	7.20	7.92	Based on separate financial statements
Discharge of designated waste by business site	Yeosu Complex (Basic Chemicals)	Tons	16,485	21,723	18,421	
	Yeosu Complex (Advanced Materials)	Tons	1,425	2,560	2,510	
	Daesan Complex	Tons	10,774	7,878	14,878	
	Ulsan Complex	Tons	646	682	886	
	Other	Tons	67	1,059	1,125	
	Total	Tons	29,398	33,902	37,820	
Discharge of general waste by business site	Yeosu Complex (Basic Chemicals)	Tons	9,382	12,649	14,719	
	Yeosu Complex (Advanced Materials)	Tons	13,323	33,539	31,147	
	Daesan Complex	Tons	5,784	4,495	3,695	
	Ulsan Complex	Tons	9,655	12,378	18,251	
	Other	Tons	1,147	1,203	1,047	
	Total	Tons	39,292	64,264	68,859	
Waste recycling and treatment	Total waste recycled	Tons	61,012	85,292	91,920	
	Ratio of total waste recycled	%	88.8	86.9	86.2	
	Total waste to landfill	Tons	2,185	3,571	5,131	
	Total waste incinerated	Tons	5,397	8,669	9,409	
	Waste treated through other or unknown methods	Tons	72	633	219	

1) Research institutes general offices (Seoul headquarters, Uiwang business site, R&D Group, etc.)

ESG Data_Environment

Waste Discharge
and Recycling

Indicator	Category	Unit	2025	2024	2023	Notes
Recycling of designated waste by business site	Yeosu Complex (Basic Chemicals)	Tons	14,701	19,329	16,433	
	Yeosu Complex (Advanced Materials)	Tons	399	557	474	
	Daesan Complex	Tons	10,525	6,826	14,183	
	Ulsan Complex	Tons	554	300	629	
	Other	Tons	5	972	1,041	
	Total	Tons	26,184	27,984	32,760	
Recycling of general waste by business site	Yeosu Complex (Basic Chemicals)	Tons	7,936	10,417	10,771	
	Yeosu Complex (Advanced Materials)	Tons	12,178	31,053	28,180	
	Daesan Complex	Tons	4,727	2,809	2,304	
	Ulsan Complex	Tons	8,961	12,000	17,017	
	Other	Tons	1,027	1,030	888	
	Total	Tons	34,829	57,309	59,160	

Direct Waste
Disposal

Indicator	Category	Unit	2025	2024	2023	Notes
Amount of designated waste treated	Landfill	Tons	15	842	575	
	Incineration	Tons	4,026	5,062	4,475	
	Other	Tons	22	14	10	
Amount of general waste treated	Landfill	Tons	2,820	2,728	4,556	
	Incineration	Tons	2,935	3,607	4,935	
	Other	Tons	72	620	208	
Total amount of designated and general waste treated		Tons	9,891	12,873	14,758	

Chemical
Substances¹⁾

Indicator	Category	Unit	2025	2024	2023	Notes
Consumption of hazardous chemical substances ²⁾		Tons	3,100,002	3,427,981	2,047,078	Data recalculation
Chemical substance emissions ³⁾		Tons	228	538	646	

1) Due to difference in reporting periods, 2025 consumption is based on 2024 as final confirmation of figures will be made in September 2026 under the Chemical Substances Control Act
2) Data recalculated due to change in the calculation method used in reporting performance at Daesan Complex
3) Correction to data aggregation error

ESG Data_Environment

Product Lifecycle
Assessment (LCA)

Indicator	Category	Unit	2025	2024	2023	Notes
No. of products that conducted LCA		Number	369	397	231	
No. of products being sold		Number	2,549	2,538	2,044	
Ratio of products that conducted LCA among total products		%	15.6	15.6	11.3	

Environmental
Technology
Developments and
Investments

Indicator	Category	Unit	2025	2024	2023	Notes
No. of patented clean technology		Number	658	767	834	Corrected errors from manual aggregation of 2024 data
Eco-friendly investment expenditures		KRW million	80,718	165,855	210,972	
Ownership and ratio of zero-emission vehicles	No. of zero-emission vehicles	Units	73	17	12	Including Electric/Hydrogen/Hybrid vehicles (2025)
	Total no. of vehicles	Units	159	185	197	
	Ratio of zero-emission vehicles	%	45.9	9.2	6.1	

Products Registered
in the Chemical
Substances
Management System

Indicator	Category	Unit	2025	2024	2023	Notes
Ratio of products that contain Category 1 and 2 Health and Environmentally Hazardous Substances under the Globally Harmonized System (GHS) of Classification and Labelling	No. of products that contain such substances	Number	640	478	203	
	Ratio of products that contain such substances	%	25.1	18.8	9.9	
	Ratio of such products that have undergone a hazard assessment ¹⁾	%	54.1	64.6	33.0	

1) In compliance with domestic and international laws and regulations, hazard assessments were conducted on hazardous substances subject to these laws and regulations

Purchases of
Eco-friendly Products
and Services¹⁾

Indicator	Category	Unit	2025	2024	2023	Notes
Eco-friendly purchases		KRW million	74,776	91,849	86,258	

1) Including BIO-MEG, pyrolysis/bio-based naphtha, etc.

ESG Data_Social

Risk Assessment

Indicator	Category	Unit	2025	2024	2023	Notes
No. of times occupational safety and health management procedures were implemented	Regular process	Times	8	8	8	
	Irregular process	Times	1,131	3,815	489	
	Total	Times	1,138	3,819	497	
Business sites where occupational safety and health management procedures were implemented		Number	8	8	8	

Occupational Safety and Health Management System

Indicator	Category	Unit	2025	2024	2023	Notes
Business sites with health and safety management system certification (ISO 45001)		Number	7	8	8	Daegu business site excluded due to sales
No. of employees represented through the Occupational Safety and Health Committee		Persons	4,347	4,581	4,640	Those working at business sites with Occupational Safety and Health Committees
Ratio of employees represented through the Occupational Safety and Health Committee		%	98	96.2	93.5	

Workers Subject to the Occupational Safety and Health Management System

Indicator	Category	Unit	2025	2024	2023	Notes
Employees	Ratio of workers subject to the system	%	100	100	100	
Partner Companies	Ratio of workers subject to the system	%	100	100	100	

Work-related Injuries

Indicator	Category	Unit	2025	2024	2023	Notes
Employees	No. of industrial accidents	Cases	6	9	3	
	No. of deaths due to work-related injuries	Cases	0	0	0	
	No. of serious work-related injuries	Cases	0	0	0	
	No. of recordable injuries	Cases	10	7	3	
	Lost time injury frequency rate (LTIFR)	No. of cases per 1 million working hours	0.85	0.79	0.32	LTIRF, TRIR recalculated
	Total recordable incident rate (TRIR)	No. of cases per 200,000 working hours	0.24	0.18	0.04	
Partner Companies	No. of deaths due to work-related injuries	Cases	0	0	0	
	No. of serious work-related injuries	Cases	0	0	0	
	No. of recordable injuries	Cases	2	4	1	
	Lost time injury frequency rate (LTIFR)	No. of cases per 1 million working hours	0.29	1.3	0.20	
	Total recordable incident rate (TRIR)	No. of cases per 200,000 working hours	0.12	0.26	0.06	

ESG Data_Social

Work-related
Illnesses

Indicator	Category	Unit	2025	2024	2023	Notes
Employees	No. of deaths due to illness	Cases	0	0	0	
	No. of recordable cases of work-related illnesses	Cases	0	0	0	
Partner Companies	No. of deaths due to illness	Cases	0	0	0	
	No. of recordable cases of work-related illnesses	Cases	0	0	0	

Lost Time Injury
Rate (LTIR)

Indicator	Category	Unit	2025	2024	2023	Notes
Employees	Annual LTIR target	No. of cases per 200,000 working hours	0.069	0.069	0.069	
	LTIR		0.193	0.135	0.06	Recalculated
Partner Companies	Annual LTIR target	No. of cases per 200,000 working hours	0.069	0.069	0.069	
	LTIR		0.058	0.259	0.04	

Transport Incidents

Indicator	Category	Unit	2025	2024	2023	Notes
No. of transport incidents		Cases	0	0	0	

Process Safety
Incidents

Indicator	Category	Unit	2025	2024	2023	Notes
Process safety incident count (PSIC)		Cases	1	0	0	
Process safety total incident rate (PSTIR)		No. of cases per 200,000 working hours	0.02	0	0	

Safety and Health
Impact Assessment
in Product and
Service Categories

Indicator	Category	Unit	2025	2024	2023	Notes
Ratio of products that have had a safety and health impact assessment for improvement purposes		%	100	100	100	

※ Based on MSDS issued

ESG Data_Social

Employees

Indicator	Category	Unit	2025	2024	2023	Notes
Male	Permanent_Manager (Executive)	Persons	77	74	100	
	Permanent Manager (Management-level)	Persons	1,134	1,157	1,178	
	Permanent Staff (Admin/Managerial)	Persons	393	467	526	
	Permanent Staff (Production and Other)	Persons	1,920	2,159	2,183	
	Contract Staff (Full-time)	Persons	7	83	150	
	Contract Staff (Part-time)	Persons	24	25	29	
	Subtotal	Persons	3,555	3,965	4,166	Including domestic/overseas workers
Female	Permanent Manager (Executive)	Persons	5	4	3	
	Permanent Manager (Management-level)	Persons	295	285	267	
	Permanent Staff (Admin/Managerial)	Persons	237	245	254	
	Permanent Staff (Production and Other)	Persons	232	242	237	
	Contract Staff (Full-time)	Persons	7	7	19	
	Contract Staff (Part-time)	Persons	17	16	16	
	Subtotal	Persons	794	799	796	Including domestic/overseas workers
Total employees	Total	Persons	4,349	4,764	4,962	
Permanent employees	Male	Persons	3,524	3,857	3,987	
	Female	Persons	769	776	761	
Contract employees	Male	Persons	31	108	179	
	Female	Persons	25	23	35	
Female ratio among total employees		%	18.3	16.8	16.0	
Female ratio among total manager positions		%	19.9	19.0	17.4	
Average tenure of total employees		Years	14.5	14	13.8	Business Report

Employee New Hires

Indicator	Category	Unit	2025	2024	2023	Notes
Male	Manager (Executive)	Persons	2	4	2	
	Manager (Management-level)	Persons	3	8	26	
	Staff (Admin/Managerial)	Persons	16	48	119	
	Staff (Production and Other)	Persons	26	109	346	
Female	Manager (Executive)	Persons	0	1	0	
	Manager (Management-level)	Persons	2	2	4	
	Staff (Admin/Managerial)	Persons	24	36	46	
	Staff (Production and Other)	Persons	18	14	18	
Total		Persons	107	222	561	
No. of new hires by minority group	Employees with disabilities	Persons	16	11	23	
Recruiting expenses		KRW million	190	545	1,097	

ESG Data_Social

Employee Turnover

Indicator	Category	Unit	2025	2024	2023	Notes
Male	Manager (Executive) Voluntary turnover	Persons	1	9	5	
	Manager (Executive) Non-voluntary turnover	Persons	14	28	6	
	Manager (Management-level) Voluntary turnover	Persons	31	56	35	
	Manager (Management-level) Non-voluntary turnover	Persons	60	19	20	
	Staff (Admin/Managerial) Voluntary turnover	Persons	48	60	39	
	Staff (Admin/Managerial) Non-voluntary turnover	Persons	3	0	2	
	Staff (Production and Other) Voluntary turnover	Persons	63	113	74	
	Staff (Production and Other) Non-voluntary turnover	Persons	174	100	93	
	Subtotal	Persons	394	385	274	
Female	Manager (Executive) Voluntary turnover	Persons	0	0	0	
	Manager (Executive) Non-voluntary turnover	Persons	0	1	0	
	Manager (Management-level) Voluntary turnover	Persons	7	9	3	
	Manager (Management-level) Non-voluntary turnover	Persons	4	0	2	
	Staff (Admin/Managerial) Voluntary turnover	Persons	18	20	21	
	Staff (Admin/Managerial) Non-voluntary turnover	Persons	0	0	0	
	Staff (Production and Other) Voluntary turnover	Persons	3	16	6	
	Staff (Production and Other) Non-voluntary turnover	Persons	4	1	2	
	Subtotal	Persons	36	47	34	
Total		Persons	430	432	308	
Voluntary turnover rate	Male	%	4.0	6.0	3.7	
	Female	%	3.5	5.6	3.8	
	Total	%	3.9	5.9	3.7	
Non-voluntary turnover rate	Male	%	7.1	3.7	2.9	
	Female	%	1.0	0.3	0.5	
	Total	%	6.0	3.1	2.5	
Turnover rate	Total	%	9.9	9.1	6.2	

ESG Data_Social

Parental Leave

Indicator	Category	Unit	2025	2024	2023	Notes
No. of employees entitled to parental leave	Female	Persons	109	86	93	
	Male	Persons	170	146	168	
	Subtotal	Persons	279	232	261	
No. of employees that took parental leave	Female	Persons	109	86	93	
	Male	Persons	110	103	133	
	Subtotal	Persons	219	189	226	
No. of employees that returned to work after parental leave	Female	Persons	50	62	65	
	Male	Persons	90	125	123	
	Subtotal	Persons	140	187	188	
Employees subject to return to work after parental leave		Persons	151	187	180	
Work return rate after parental leave		%	100	100	100	
No. of employees who returned to work after parental leave ended and were still employed 12 months later	Female	Persons	52	59	63	
	Male	Persons	82	123	122	
	Subtotal	Persons	134	182	185	
No. of employees who were not retained 12 months after turning from parental leave	Female	Persons	1	3	2	
	Male	Persons	16	2	1	
Ratio of 12-month retention after returning from parental leave		%	87	97	98	

※ Consistent with disclosure standards used in the Business Report

Average Employee Salary

Indicator	Category	Unit	2025	2024	2023	Notes
Average employee salary		KRW million	99	98	98	Business Report

Percentage of Female to Male Employees' Basic Salary

Indicator	Category	Unit	2025	2024	2023	Notes
Percentage of average female salary to male salary		%	66.7	67.3	67.0	Business Report

Welfare Benefit Expenses

Indicator	Category	Unit	2025	2024	2023	Notes
Welfare benefit expenses		KRW million	97,834	104,460	101,073	

ESG Data_Social

Average Hours of Training and Other Related Performance Per Employee

Indicator	Category	Unit	2025	2024	2023	Notes
Average hours of training		Hours	71	68	59	
Average training expenses per employee		KRW million	1.0	1.1	1.3	

Employee Regular Performance and Career Development Evaluations

Indicator	Category	Unit	2025	2024	2023	Notes
No. of employees subject to 360-degree evaluation (Male)	Permanent Manager (Executive)	Persons	73	89	72	
	Permanent Manager (Management-level)	Persons	1,119	1,154	1,175	
	Permanent Staff (Admin/Managerial)	Persons	0	0	0	
	Permanent Staff (Production and Other)	Persons	3	48	11	
No. of employees subject to 360-degree evaluation (Female)	Permanent Manager (Executive)	Persons	4	4	2	
	Permanent Manager (Management-level)	Persons	260	250	247	
	Permanent Staff (Admin/Managerial)	Persons	0	0	0	
	Permanent Staff (Production and Other)	Persons	1	12	7	
Total		Persons	1,460	1,557	1,514	
No. of employees subject to 360-degree evaluation (Male)	Permanent Manager (Executive)	Persons	73	89	72	
	Permanent Manager (Management-level)	Persons	1,119	1,154	1,168	
	Permanent Staff (Admin/Managerial)	Persons	0	0	0	
	Permanent Staff (Production and Other)	Persons	3	48	11	
No. of employees subject to 360-degree evaluation (Female)	Permanent Manager (Executive)	Persons	4	4	2	
	Permanent Manager (Management-level)	Persons	260	250	247	
	Permanent Staff (Admin/Managerial)	Persons	0	0	0	
	Permanent Staff (Production and Other)	Persons	1	12	7	
Total		Persons	1,460	1,557	1,507	

Employee Regular Performance and Career Development Feedback

Indicator	Category	Unit	2025	2024	2023	Notes
No. of employees who performed MBO (Management by Objective) evaluations (Male)	Permanent Manager (Executive)	Persons	73	89	98	
	Permanent Manager (Management-level)	Persons	1,119	1,154	1,175	
	Permanent Staff (Admin/Managerial)	Persons	394	451	504	
	Permanent Staff (Production and Other)	Persons	75	141	124	
No. of employees who performed MBO (Management by Objective) evaluations (Female)	Permanent Manager (Executive)	Persons	4	4	3	
	Permanent Manager (Management-level)	Persons	260	250	247	
	Permanent Staff (Admin/Managerial)	Persons	214	223	234	
	Permanent Staff (Production and Other)	Persons	33	37	34	
Total		Persons	2,172	2,349	2,419	

ESG Data_Social

Employee training on human rights policies and procedures

Indicator	Category	Unit	2025	2024	2023	Notes
No. of employees who completed training on human rights policies and procedures		Persons	4,576	4,708	4,962	
Percentage of employees who completed training on human rights policies and procedures		%	100	100	100	
Total hours of employee training on human rights polices and procedures		Hours	17,180	19,303	11,016	

Labor-Management Relations

Indicator	Category	Unit	2025	2024	2023	Notes
No. of labor union members		Persons	1,751	1,905	2,026	
Labor union membership rate		%	40.2	40.0	40.8	

Collective Bargaining

Indicator	Category	Unit	2025	2024	2023	Notes
No. of employees subject to collective bargaining		Persons	1,751	1,905	2,026	
Ratio of employees subject to collective bargaining		%	40.2	40.0	40.8	

Information Security Management System

Indicator	Category	Unit	2025	2024	2023	Notes
No. of executives responsible for information security		Persons	1	1	1	
Frequency of cyberattack response system testing		Times	12	12	12	
Frequency of audits on information security policies and system		Times	4	4	2	

Confirmed Cases of Complaints regarding Breaches of Customer Privacy and Loss of Customer Data

Indicator	Category	Unit	2025	2024	2023	Notes
No. of breaches of customer privacy		Cases	0	0	0	
No. of complaints regarding confirmed breaches of customer privacy		Cases	0	0	0	
No. of issues occurred in relation to information security		Cases	0	0	0	

ESG Data_Social

Spending on
Local Community
Engagement and
Contribution Activities

Indicator	Category	Unit	2025	2024	2023	Notes
Donation value (by activity type)	Charitable donations	KRW million	3,453	2,857	2,340	
	Local community investments	KRW million	1,008	3,867	3,975	
Donation value (by spending type)	Total monetary donations	KRW million	3,839	6,175	5,554	
	Total in-kind donations	KRW million	622	549	761	
Total		KRW million	4,461	6,724	6,315	
Activity hours		Hours	2,483	3,600	3,874	
Indirect costs		KRW million	70	34	45	

Suppliers to the
Organization

Indicator	Category	Unit	2025	2024	2023	Notes
Total no. of suppliers		Number		2,235	2,224	
No. of key suppliers ¹⁾	Total no. of key Tier 1 suppliers	Number		808	931	
	Total no. of key Tier 2 suppliers	Number		1,427	1,293	
Ratio of purchasing in total purchases	Key Tier 1	%		91	100	
	Key Tier 2	%		9	0	

1) Change in criteria: Recalculated based on Tier 1 and Tier 2 (Tier 1: Transactions of KRW 100 million or more, Tier 2: Transactions of less than KRW 100 million)
2024 performance was used for determining total number of suppliers, tiers, and 2025 supply chain assessments
2025 performance was also used for 2026 tier selection and calculating estimated purchasing ratios
2023 performance calculated Tier 1, 2 suppliers based only on transaction value, including one-time transaction partners and those expected to discontinue relations in 2024

Supply Chain
Sustainability
Management

Indicator	Category	Unit	2025	2024	2023	Notes
No. of suppliers trained on sustainable procurement		Number	112	100	166	
Training record on Code of Conduct/Anti-Corruption/Fair Trade		Number	59	109	34	

ESG Data_Social

Local Sourcing Rate
at Key Business
Regions

Indicator	Category	Unit	2025	2024	2023	Notes
Local sourcing rate at key business regions	Total purchase value	KRW million	6,972,997	7,186,249	7,893,347	
	Value of local sourcing at key business regions (domestic)	KRW million	4,573,357	4,838,697	4,707,813	
	Local sourcing rate at key business regions	%	65.6	67.3	59.6	

※ When imports are purchased from entities other than LOTTE Chemical (domestic subsidiary, specialized distributor, etc.) after completing the domestic customs process, it is recognized as a domestic purchase, and total purchase value is recalculated, including key raw materials such as Naphtha, etc.

R&D Expenditures

Indicator	Category	Unit	2025	2024	2023	Notes
R&D expenditure		KRW million	135,072	148,185	120,369	

Grievance
Mechanisms¹⁾

Indicator	Category	Unit	2025	2024	2023	Notes
No. of grievances submitted through official mechanisms and procedures	Supply chain	Cases	15	11	3	
	Human rights	Cases	4	5	1	
	Other	Cases	18	27	27	
No. of grievances addressed through official mechanisms and procedures	Supply chain	Cases	15	11	3	
	Human rights	Cases	4	5	1	
	Other ²⁾	Cases	18	28	26	Action for one unhandled case in 2023 was completed in 2024

1) Type of grievance

- Supply chain: Grievances arising from business relationships, such as the supply chain and clients, etc.
- Human rights: Grievances arising from inside the company, such as workplace harassment, etc.
- Other: Other simple complaints or grievances related to personal misconduct, etc.

ESG Data_Governance

Governance Structure
and Composition
(Board of Directors
and Committees)

Indicator	Category	Unit	2025	2024	2023	Notes
No. of BOD meetings convened		Meetings	14	11	11	
Tenure of BOD Committee members	Shin Dong-bin	Years	33	32	31	Joo Woo-hyun Inside Director: Appointed in March 2026
	Lee Young-jun	Years	6	5	4	
	Joo Woo-hyun	Years	-	-	-	
	Sung Nak-sun	Years	2	1	-	
	Oh Yoon	Years	2	1	-	
	Sohn Byeong-hyeok	Years	2	1	-	Choi Won-kyung Independent Director: Appointed in March 2026
	Seo Hwi-weon	Years	1	-	-	
	Cho Hye-seong	Years	1	-	-	
	Choi Won-kyung	Years	-	-	-	
Total no. of BOD directors	Male_Inside Director	Persons	4	4	5	
	Female_Inside Director	Persons	-	-	-	
	Male_Independent Director	Persons	3	5	5	
	Female_Independent Director	Persons	2	1	1	
	Male_Other Non-Executive Director	Persons	-	1	-	
	Female_Other Non-Executive Director	Persons	-	-	-	
Average tenure of members belonging to the highest decision-making body and its committees (average BOD tenure)	Based on Independent Directors	Years	4	4	4	
Ratio of independent directors in the BOD		%	55.5	54.5	54.5	
No. of long-serving independent directors		Persons	0	0	0	
No. of independent directors exceeding the legal minimum standard		Persons	0	0	0	
Ration of long serving auditors or Audit Committee members		Persons	0	0	0	
Ratio of non-audit services provided by external auditors		%	0	52	0	
No. of Independent Director Nomination Committee meetings convened		Meetings	2	2	1	
Ratio of independent directors within the Independent Director Nomination Committee		%	100	100	67	
No. of Compensation Committee meetings convened		Meetings	2	6	2	
Ratio of independent directors in the Compensation Committee		%	100	100	100	
No. of Audit Committee meetings convened		Meetings	5	5	4	
Ratio of Audit Committee members that meet the requirements for accounting or financial experts according to law	No. of Audit Committee members that meet the requirements	Persons	1	1	2	
	Total no. of Audit Committee members	Persons	3	3	3	
	Ratio of directors that meet expert requirements	%	33.3	33.3	67	
No. of ESG Committee meetings convened		Meetings	4	5	4	

ESG Data_Governance

Appointment and
Selection for Highest
Governing Body

Indicator	Category	Unit	2025	2024	2023	Notes
No. of female registered directors who are not controlling shareholders and their relatives		Persons	2	1	1	
No. of executives who have a track record of undermining corporate value and shareholders’ rights and interests		Persons	0	0	0	

Role of the Highest
Governing Body in
Overseeing Impact
Management

Indicator	Category	Unit	2025	2024	2023	Notes
Frequency of key environmental management issues reported to the BOD		Times	2	2	2	Annual
Frequency of economic, environmental, and human impact management issues reported to the BOD		Times	8	6	6	Annual
Frequency of climate issues reported to the BOD		Times	2	2	1	Annual

Communication on
Key Items

Indicator	Category	Unit	2025	2024	2023	Notes
Minimum notice date specified in the bylaws for notice of a BOD meeting		Days	1	1	1	
BOD average attendance rate		%	97.3	97.3	93.9	
Inside director average attendance rate		%	96.8	95.7	92.2	
Independent director average attendance rate		%	97.6	98.5	95.2	
Minimum required BOD attendance rate		%	75.0	75.0	75.0	

Remuneration
Policies

Indicator	Category	Unit	2025	2024	2023	Notes
Total director remuneration cap			2025 Business Report p.457~461			
Total remuneration paid to directors						
Annual individual remuneration for inside directors						

ESG Data_Governance

Annual Total
Compensation Rate

Indicator	Category	Unit	2025	2024	2023	Notes
Annual total compensation for the organization's highest paid individual		KRW million	2,275	3,800	4,773	Based on the highest paid individual in the Business Report
Median value of total annual employee compensation		KRW million	86	86	92	
Percentage of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees		%	3.8	2.3	1.9	

Company Ownership
and Operations
(voting rights,
regulations on general
shareholder meetings,
internal trade)

Indicator	Category	Unit	2025	2024	2023	Notes
Total no. of shares	Executive stock ownership status	Shares	22,240	1,462	1,280	
	Stock ownership by majority shareholder and affiliated person	Shares	23,325,551	23,325,551	23,333,398	
	Equity ratio held by the majority shareholder and affiliated person	%	54.5	54.5	54.6	
	Treasury stock ownership status	Shares	608,272	608,272	598,972	
	Equity ratio held by treasury stock	%	1.4	1.4	1.4	
	Shares held by employee stock ownership union	Shares	752,018	862,208	962,787	
	Equity ratio held by employee stock ownership union	%	1.8	2.0	2.3	
	Other_Ownership held by non-registered executives	Shares	16,434	30,453	2,405	
	Other_Ownership held by National Pension Service (NPS)	Shares	3,198,386	2,494,550	3,248,175	
	Other_Equity ratio held by NPS	%	7.5	5.8	7.6	
	Other_Ownership held by others	Shares	14,852,518	15,436,420	14,629,682	
	Total	Shares	42,775,419	42,775,419	42,775,419	
No. of unfair insider trading		Cases	-	-	-	
No. of violations related to disclosure of insider trading		Cases	-	-	-	
No. of days prior to general shareholders meeting for notifying convening of meeting ¹⁾		Days	15	18	20	
Total equity ratio of the company held by subsidiaries		%	55	55	55	
Net profit before deduction of corporate tax		KRW million	(2,710,040)	(2,279,264)	(496,677)	
Rate of shareholder return	Dividend	KRW million	42,167	84,334	147,618	
	Dividend per share	KRW	1,000	2,000	3,500	
	Purchasing of treasury stock	KRW million	-	-	49,974	
	Other shareholder returns	KRW million	-	-	-	
	Net profit	KRW million	(2,476,176)	(1,825,556)	(39,243)	
	Shareholder return ratio	%	(2)	(5)	(504)	

1) 50th General Shareholders Meeting: Notice made on March 5, and meeting held on March 20

ESG Data_Governance

Business Site
Corruption Risk
Assessment

Indicator	Category	Unit	2025	2024	2023	Notes
Business sites assessed for corruption risks ¹⁾		Number	7	7	8	

1) Seoul headquarters, Uiwang business site, Yeosu Complex (Basic Chemicals), Yeosu Complex (Advanced Materials), Daesan Complex, Ulsan Complex, R&D Group

Notification and
Training on
Anti-corruption Policy
and Procedures

Indicator	Category	Unit	2025	2024	2023	Notes
Notification rate on anti-corruption policy and procedures ¹⁾	BOD	%	100	100	100	
	Employees	%	100	100	100	
Notifications made on anti-corruption policy and procedures ²⁾	Suppliers	Number	1,618	3,641	3,641	
Anti-corruption training performance	BOD	Persons	3	5	3	
Ratio of anti-corruption training	Employees	%	96	93	94	

1) Notices in internal system

2) Target companies remain identical

Confirmed
Anti-corruption Cases
and Measures Taken

Indicator	Category	Unit	2025	2024	2023	Notes
Total no. of corruption and bribery cases		Cases	1	2	5	Number of internal investigations
No. of supplier contracts terminated/non-renewed due to corruption or bribery		Cases	0	0	0	

GRI CONTENTS INDEX

Statement of use

LOTTE Chemical reports on sustainable management for the period from January 1, 2025 through December 31, 2025 in accordance with GRI Standards 2021 reporting principles.

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standards

As of the release date of this report, there are no applicable sector standards.

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Notes
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	6~21, Business Report p.4~7	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency, and contact point	2	
	2-4	Restatements of information	113	
	2-5	External assurance	146	
	2-6	Activities, value chain, and other business relationships	6~10	
	2-7	Employees	127	
	2-8	Workers who are not employees	Business Report p.455	
	2-9	Governance structure and composition	99~102, 134~135	
	2-10	Nomination and selection of the highest governance body	99	
	2-11	Chair of the highest governance body	99	
	2-12	Role of the highest governance body in overseeing the management of impacts	13~15	
	2-13	Delegation of responsibility for managing impacts	14, 100, 135	
	2-14	Role of the highest governance body in sustainability reporting	14~15, 135	
	2-15	Conflicts of interest	99~103	
	2-16	Communication of critical concerns	14, 100, 134	
	2-17	Collective knowledge of the highest governance body	100	
	2-18	Evaluation of the performance of the highest governance body	101	
	2-19	Remuneration policies	101, Business Report p.457~461	
	2-20	Process to determine remuneration	101, Business Report p.457~461	
	2-21	Annual total compensation ratio	136	
	2-22	Statement on sustainable development strategy	5, 138	
	2-23	Policy commitments	13, 24, 28, 31, 39~40, 61~62, 69, 78, 81~82, 86, 89, 91, 96, 106~107, 109	
	2-24	Embedding policy commitments	105	
	2-25	Processes to remediate negative impacts	103~104, 108	
	2-26	Mechanisms for seeking advice and raising concerns	108	
	2-27	Compliance with laws and regulations	Business Report p.474~476	
	2-28	Membership associations (initiatives)	144	
	2-29	Approach to stakeholder engagement	18	
	2-30	Collective bargaining agreements	74, 79	

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Notes
Material Topic & Topic Standards				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	19	
	3-2	List of material topics	20	
Material Topic 1 Climate Change				
GRI 3: Material Topics 2021	3-3	Management of material topics	21	
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	45~47	
GRI 305: Greenhouse Gas (GHG) Emissions	305-1	Direct GHG Emissions (Scope1)	117	
	305-2	Indirect GHG emissions (Scope2)	117	
	305-3	Other indirect GHG emissions (Scope3)	50, 118	
	305-4	GHG emissions intensity	117	
	305-5	Reduction of GHG emissions	42~44	
	305-6	Emissions of ozone-depleting substances (ODS)	122	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	121	
Material Topic 2 Energy				
GRI 3: Material Topics 2021	3-3	Management of material topics	21	
GRI 302: Energy	302-1	Energy consumption within the organization	118	
	302-3	Energy intensity	118	
	302-4	Reduction of energy consumption	42~44	
Material Topic 3 Resource Circulation				
GRI 3: Material Topics 2021	3-3	Management of material topics	21	
GRI 301: Materials	301-2	Recycled input materials used	33	
Material Topic 4 Product Environmental Impact				
GRI 3: Material Topics 2021	3-3	Management of material topics	21	No relevant topic standards
Material Topic 5 Hazardous Chemical Substances				
GRI 3: Material Topics 2021	3-3	Management of material topics	21	
SASB : Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1(1)	Percentage of products that contain Category 1 and 2 health and environmental hazardous substances of the Globally Harmonized System of Classification and Labeling of Chemicals (GHS)	124	
	RT-CH-410b.1(2)	Percentage of such products that have undergone a hazard assessment	124	
Material Topic 6 Employees and Process Safety				
GRI 3: Material Topics 2021	3-3	Management of material topics	21	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	61~62	
	403-2	Hazard identification, risk assessment, and incident investigation	63~64	
	403-3	Occupational health services	65~67	
	403-4	Worker participation, consultation and communication on occupational health and safety	60, 66	
	403-5	Worker training on occupational health and safety	67	
	403-6	Promotion of worker health	65	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	68	
	403-8	Workers covered by an occupational health and safety management system	125	
	403-9	Work-related injuries	125	
	403-10	Work-related illness	126	
Material Topic 7 Supply Chain				
GRI 3: Material Topics 2021	3-3	Management of material topics	21	
GRI 308: Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	83~85	
GRI 414: Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	83~85	

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Notes
General Topic Standards				
GRI 201 : Economic Performance	201-1	Direct economic value generated and distributed	116	
	201-3	Defined benefit plan obligations and other retirement plans	76	
	201-4	Financial assistance received from government	116	
GRI 203 : Indirect Economic Impacts	203-1	Infrastructure investments and services supported	92~94	
GRI 204 : Procurement Practices	204-1	Proportion of spending on local suppliers	133	
GRI 205 : Anti-corruption	205-1	Operations assessed for risks related to corruption	110, 137	
	205-2	Communication and training about anti-corruption policies and procedures	110~111, 137	
	205-3	Confirmed incidents of corruption and actions taken	137	
GRI 206 : Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	110~111, Business Report p.474~476	
GRI 303 : Waster and Effluents	303-1	Interactions with water as a shared resource	28	
	303-2	Management of water discharge-related impacts	28	
	303-3	Water withdrawal	28, 119	
	303-4	Water discharge	28, 120	
	303-5	Water consumption	28, 119	
GRI 306 : Waste	306-1	Waste generation and significant waste-related impacts	29	
	306-2	Management of significant waste-related impacts	29	
	306-3	Waste generated	122	
	306-4	Waste diverted from disposal (reuse, recycle, etc.)	122	
	306-5	Waste diverted to disposal (incineration, landfill, etc.)	123	
GRI 401 : Employment	401-1	New employee hires and employee turnover	127~128	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	75~76	
	401-3	Parental leave	75, 129	
GRI 404 : Training and Education	404-1	Average hours of training per year per employee	130	
	404-2	Programs for upgrading employee skills and transition assistance programs	71~72	
	404-3	Percentage of employees receiving regular performance and career development reviews	130	
GRI 405 : Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	127, 134	
	405-2	Ratio of basic salary and remuneration of women to men	129	
GRI 406 : Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	133	
GRI 407 : Freedom of Association and Collective Bargaining	407-1	Freedom of association and collective bargaining rights	79	No negative impacts during reporting period
GRI 408 : Child Labor	408-1	Operations at significant risk for incidents of child labor	79	
GRI 409 : Forced or Compulsory Labor	409-1	Operations at significant risk for incidents of forced labor	79	
GRI 411 : Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	-	No issues during reporting period
GRI 415 : Public Policy	415-1	Political contributions	-	Not reported as prohibited by Korean Law
GRI 416 : Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	126	
GRI 418 : Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	131	

TCFD INDEX

Category	TCFD Recommendations	LOTTE Chemical's Response	Page
Governance	a) Describe the Board's oversight of climate-related risks and opportunities	LOTTE Chemical discusses and makes decisions on climate change response and energy savings targets and performance under the management and supervision of the BOD's ESG Committee. The ESG Committee is the highest decision-making body within the BOD, in charge of setting internal policies and targets to reduce fossil fuel dependency and promote the transition to a low-carbon economy. In addition, the committee receives reports on relevant matters to monitor carbon mitigation targets and performance at least twice a year and oversees financial decisions in the carbon mitigation process such as transitioning to renewable energy.	36~37
	b) Describe management's role in assessing and managing climate-related risks and opportunities	LOTTE Chemical's Sustainability Committee composed of internal executives covers the management of overall ESG management initiatives including climate change and stakeholder risks as its key agenda. In addition, a separate Net-Zero Council equipped with relevant expertise has also been set up to review performance of carbon-neutrality initiatives and promote practical results by meeting each quarter to manage targets, discuss issues, and share best practices. The CEO has decision-making authority on executions for addressing climate issues and overseeing the ESG Management Division, which is dedicated to ESG matters and handles overall environmental and climate issues.	36~38
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Considering the internal and external stakeholders and impact period (short-, medium-, and long-term), LOTTE Chemical identifies physical and transition risks related to climate change and selects material risks and opportunities considering the company's business and value chain structure.	39
	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning	LOTTE Chemical identified the quantitative/qualitative current and estimated financial impact of climate-related key risks and opportunities, parts of which were based on consolidated statements, and has built a response strategy accordingly.	39~44
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	LOTTE Chemical analyzed climate scenarios based on the International Energy Agency's (IEA) Net Zero 2050 (Below 1.5°C) scenario and built plans to pursue new clean energy businesses in hydrogen and ammonia production, purchase renewable energy, and recycle waste plastic, etc.	46~48
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	LOTTE Chemical conducted analysis on global standards, evaluation criteria, media, and leading group benchmarking to identify climate change risks and opportunities across the business, and is carrying out risk assessments including environmental, social, and financial impacts by reflecting and analyzing the opinions of stakeholders.	49~50
	b) Describe the organization's processes for managing climate-related risks	LOTTE Chemical reports risk response measures and strategies to the BOD's ESG Committee and to management and establishes its final risk management process system according to management's decision.	37~38, 49
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	LOTTE Chemical reflects non-financial risks, including climate change, and operational and financial risks in the company's management decisions through the ESG Committee risk management governance.	37
Metrics & Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	LOTTE Chemical monitors the emission performance such as of Scope 1, Scope 2, and Scope 3, intensity and change rate of GHG emissions, GHG reductions, GHG sales volume, eco-friendly investment for environmental management, and percentage of zero-emission vehicles.	50~53
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	Scope 1 : 3,594,672 tCO ₂ eq Scope 2 : 1,776,107 tCO ₂ eq Scope 3 : 11,641,691 tCO ₂ eq Related risks: Policy and regulatory risks (rise in credit purchasing costs due to the reinforced emissions trading system, rise in freight costs due to transition to a low-carbon transport market, weakened cost competitiveness due to global carbon tariff regulations, etc.), market risks (growing demand for low-carbon products, rise in raw material prices due to carbon regulations and carbon taxes in the supply chain), reputation risks (increased needs to adopt renewable energy)	45~47, 50, 117
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	LOTTE Chemical developed plans to reduce GHG emissions by 20% by 2030 compared to 2018, setting KPIs and making efforts to achieve this goal.	42, 54

SASB INDEX

Category	Topic	Unit	SASB Code	LOTTE Chemical Response				Notes
				2025	2024	2023	Page	
GHG Emissions	Gross global Scope 1 emissions	tCO ₂ eq	RT-CH-110a.1	3,594,672	3,808,439	3,999,341	117	
	Percentage covered under emissions-limiting regulations	%	RT-CH-110a.1	100	100	100.0	117	
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	RT-CH-110a.2	In place	In place	In place	In place	GREEN PROMISE 2030 Net-Zero Roadmap
Air Quality	(1) NO _x (excluding N ₂ O)	Tons	RT-CH-120a.1	2,118	2,795	4,184	121	
	(2) SO _x	Tons	RT-CH-120a.1	307	108	151	121	
	(3) Volatile organic compounds (VOCs)*	Tons	RT-CH-120a.1	7	198	167	121	
	(4) Hazardous air pollutants (HAPs)	Tons	RT-CH-120a.1	97	153	105	121	
Energy Management	(1) Total energy consumed	TJ	RT-CH-130a.1	102,574	113,076	118,759	118	Total energy consumption within the organization
	(2) Percentage renewable	%	RT-CH-130a.1	0.06%	0.06%	Less than 0.01%	118	
	(3) Total self-generated energy	TJ	RT-CH-130a.1	9,576	12,787	10,982	118	
Water Management	(1) Total water withdrawal	1,000 Tons	RT-CH-140a.1	40,524	43,745	42,692	119	
	(2) Total water consumed	1,000 Tons	RT-CH-140a.1	29,929	32,251	30,168	119	
	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Cases	RT-CH-140a.2	-	-	-		
	Description of water management risks and discussion of strategies and practices to mitigate those risks	-	RT-CH-140a.3	In place	In place	In place	In place	Water resource management
Hazardous Waste Management	Amount of hazardous waste generated	Tons	RT-CH-150a.1	29,398	33,902	37,820	122	Designated waste discharge
Community Relations	Discussion of engagement processes to manage risks and opportunities associated with community interests	-	RT-CH-210a.1	In place	In place	In place	In place	Community environment and ecosystem protection, expanding social safety net, co-existence with local community
Workforce Health and Safety	(a) (1) Total Recordable Incident Rate (TRIR) of direct employees	No. of cases per 200,000 working hours	RT-CH-320a.1	0.23	0.15	0.06	125	
	(b) (1) Total Recordable Incident Rate (TRIR) of contract employees	No. of cases per 200,000 working hours	RT-CH-320a.1	0.12	0.26	0.04	125	
	(a) (2) Fatality rate of direct employees	%	RT-CH-320a.2	0	0	0	125	
	(b) (2) Fatality rate of contract employees	%	RT-CH-320a.2	0	0	0	125	
Safety & Environmental Stewardship of Chemicals	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	%	RT-CH-410b.1	25.1	18.8	9.9	124	
	(2) Percentage of such products that have undergone a hazard assessment	%	RT-CH-410b.1		64.6	33.0	124	
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	-	RT-CH-530a.1	In place	In place	In place	100~102	Regulatory risk and opportunity analysis
Process Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC)	Cases	RT-CH-540a.1	1	0	0	126	
	Process Safety Total Incident Rate (PSTIR)	No. of cases per 200,000 working hours	RT-CH-540a.1	0.02	0	0	126	
	No. of transport incidents	Cases	RT-CH-540a.2	0	0	0	126	

UN SDGS(SUSTAINABLE DEVELOPMENT GOALS) COMMITMENT

LOTTE Chemical promotes activities in connection to the ESG management direction and UN Sustainable Development Goals (SDGs), and seeks to join in achieving the UN SDGs which are the common goals of mankind.

UN SDGs		LOTTE Chemical Key Activities	Page
	Ensure healthy lives and promote well-being for all ages	• Group accident insurance/retirement pension plans • Programs for work-life balance • Support for mental health care	75~76
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Talent nurturing programs, such as global competency education and online training, etc.	70~72
	Achieve gender equality and empower all women and girls	• Customized programs for women and children • Stipulation of anti-discrimination through enactment of human rights management policies	75, 79~80
	Ensure availability and sustainable management of water and sanitation for all	• Reuse of process water, cleaning water, and firefighting water, and the identification of the degree of pollution of reused water • Operation of own wastewater treatment plants (Daesan, Yeosu, Ulsan Complexes)	28
	Ensure access to affordable, reliable, sustainable and modern energy for all	• Introduction of an energy management system • Use of renewable energy sources in business sites at home and abroad • Expansion of zero-emission vehicles • Driving hydrogen energy and battery material businesses	42~44
	Ensure responsible consumption and production patterns	• Establishment and implementation of procurement policy for sustainable raw material • Advanced supply chain management system • Compliance with responsible mineral regulations • Continued Project LOOP social venture activities • Obtainment of global sustainable materials certification, 'ISCC PLUS' • Life Cycle Assessments (LCA)	31~34, 85, 93~94
	Take urgent action to combat climate change and its impacts	• Establishment of goals and action plan for 2030 carbon reduction and 2050 Net-Zero • Continued activities for GHG mitigation	42~44, 50~53
	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	• Biodiversity analysis using the LEAP method • Planning and driving phased implementation of biodiversity conservation activities near business sites	55~57
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	• Implementation of ethical management • ISO 37001&37301 integrated certification and operation of an anti-corruption monitoring system • Employee training on compliance and implementation of risk removal activities	107~111

MEMBERSHIP ASSOCIATIONS

Korea Fair Competition Federation	Korea Association for Intellectual Property	Korea Listed Companies Association
Korea Chemicals Management Association	Korea Fire Safety Institute	Korea Industrial Technology Association
The Climate Group	Korea Electric Engineers Association	Korea Responsible Care Council
Korea AEO Association	The Korea Professional Engineer Association of Mould and Die	Korea Fine Chemical Industry Association
Korea Hydrogen Industry Association	The Membrane Society of Korea	The Korean Institute of Chemical Engineers
Europe Petrochemical Association	Federation of Korean Industries	The Polymer Society of Korea
Korea H2 Business Summit	Korea Enterprises Federation	Korea Japan Economic Association
Green Plastic Alliance	Korea Chemical Industry Association	Korea International Trade Association
Hydrogen Convergence Alliance	Korea Business Council for Sustainable Development	The National Academy of Engineering of Korea
Clean Ammonia Association	Korea Chamber of Commerce and Industry	Korea Battery Industry Association

GHG ASSURANCE STATEMENT

Verification Target

Korean Foundation for Quality (hereinafter ‘KFQ’) has conducted a verification of GHG Report of LOTTE Chemical Corporation” (hereinafter ‘Company’) for 2025.

Verification Purpose

The purpose is to ensure the reliability of the company’s GHG Report in relation to the operation of the Emissions Trading Scheme.

Verification Scope

KFQ’s verification covered all facilities and emission sources under the operational control and organizational boundary (excluding Daegu) of Company during 2025.

Verification Criteria

The verification process was based on [Rule for emission reporting and certification of GHG emission trading Scheme*], [Rules for verification of operating the GHG emission trading scheme**]] and [ISO14064-3] for every applicable part.

* Notification No. 2025-64 of Ministry of Environment
** Notification No. 2025-165 of Ministry of Environment

Level of Assurance

The Verification has been planned and conducted as the ‘Rules for verification of operating the GHG emission trading scheme’, and the level of assurance for verification shall be satisfied as reasonable level of assurance. And it was confirmed through an internal review whether the entire process of verification was conducted effectively.

Verification Limitation

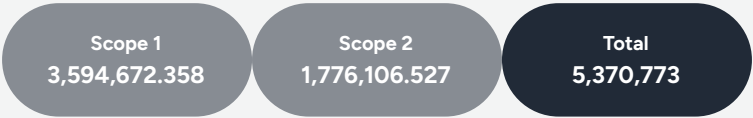
The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

Verification Opinions

KFQ present the following conclusions regarding the GHG emissions data included in the GHG Report.

- ① GHG emissions have been appropriately calculated according to the “Rule for emission reporting and certification of GHG emission trading Scheme” and “ISO14064-1” methodologies.
- ② The materiality assessment result of GHG emissions has satisfied the criteria for an organization that emits more than 5,000,000 tCO₂-eq by meeting less than 2% of the total emissions.
- ③ Thus, KFQ concludes that GHG Emissions of Company in 2025 is correctly calculated and reported in accordance with “Rule for emission reporting and certification of GHG emission trading Scheme”.

(Unit: tCO₂eq)

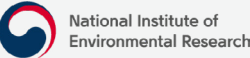


* The totals in this verification statement do not match the totals in emission trading scheme because the total emissions of each facility are calculated by truncating to integer units.

May 29, 2026

Ji Young Song

CEO Ji-Young Song
Korean Foundation for Quality



THIRD-PARTY ASSURANCE STATEMENT

To: The Stakeholders of
LOTTE CHEMICAL CORPORATION

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the “Assurer”) was requested to verify 2025 LOTTE CHEMICAL ESG REPORT (hereinafter referred to as the “Report”). The Assurer is independent of LOTTE CHEMICAL CORPORATION and has no major operational financial interest other than assurance. This assurance opinion statement is intended to provide information related to the assurance of LOTTE CHEMICAL CORPORATION report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by LOTTE CHEMICAL CORPORATION and the assurance was carried out under the assumption that the information and data presented were complete and accurate.

LOTTE CHEMICAL CORPORATION is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to LOTTE CHEMICAL CORPORATION only.

The Assurer is responsible for providing LOTTE CHEMICAL CORPORATION management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified and providing the information to all stakeholders of LOTTE CHEMICAL CORPORATION. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than

LOTTE CHEMICAL CORPORATION in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with LOTTE CHEMICAL CORPORATION includes the following:

- Reporting contents during the period from January 1st to December 31st 2025 included in the report, some data included the first half of 2026.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material topics determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

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

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

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by LOTTE CHEMICAL CORPORATION.

[Universal Standards]

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

[Topic Standards]

201-1~4, 203-1, 204-1, 205-1~3, 206-1, 301-2, 302-,1, 302-3~4, 303-1~5, 305-1~7, 306-1~5, 308-2, 401-1~3, 403-1~10, 404-1~3, 405-1~2, 406-1, 407-1, 408-1, 409-1, 411-1, 414-2, 415-1, 416-1, 418-1

THIRD-PARTY ASSURANCE STATEMENT

Methodology

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

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staff on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material topics through interviews with senior managers in the departments responsible.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the LOTTE CHEMICAL CORPORATION Seoul Headquarters to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

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

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with LOTTE CHEMICAL CORPORATION. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that LOTTE CHEMICAL CORPORATION's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environmental performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

LOTTE CHEMICAL CORPORATION defined employees, customers, government/related agencies, shareholders/investors, partner companies, and local community as Key Stakeholder Groups (Core, Strategy and Environmental). To collect opinions by each stakeholder group in the context of sustainability, operated the stakeholder engagement process. LOTTE CHEMICAL CORPORATION conducted a review of the stakeholder engagement process to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. LOTTE CHEMICAL CORPORATION disclosed the results related to the process in the Report.

INDEPENDENT ASSURANCE OPINION STATEMENT

Materiality: Identification and reporting of material sustainability topics

LOTTE CHEMICAL CORPORATION implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality evaluation, LOTTE CHEMICAL CORPORATION conducted the analysis of global sustainability reporting or assessment standards, and conducted the IRO (Impact, Risk, Opportunity) analysis to derive the impact and financial materiality. LOTTE CHEMICAL CORPORATION derived 7 material topics through the relevant process, and disclosed GRI topic standards disclosures related to material topics in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

LOTTE CHEMICAL CORPORATION operated a management process for material topics in the context of sustainability derived from the materiality assessment. LOTTE CHEMICAL CORPORATION established mid- to long-term sustainability plans and goals according to the management methodology established to effectively reflect the expectations of key stakeholders. LOTTE CHEMICAL CORPORATION disclosed the process including policy, indicator, activity and response performance on material topics in the Report.

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

LOTTE CHEMICAL CORPORATION identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the reported material topics. LOTTE CHEMICAL CORPORATION established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities

for material topics at the governance level, disclosed mid- to long-term plans and strategic system in the Report.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic Standards: 201-2, 203-1, 204-1, 205-1~3, 301-2, 302-1, 302-3~4, 303-3~5, 305-1~7, 306-3~5, 308-2, 401-1, 401-3, 403-1~10, 404-1, 404-3, 405-1~2, 414-2

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- Lotte Chemical is formalizing its underlying procedures, including the materiality assessment process and calculation of climate change financial

impact, in anticipation of upcoming consolidated disclosure mandates. In future reporting, upgrading the calculation system for sustainability metrics to encompass all consolidated subsidiaries, while specifying rigorous internal control procedures, will be highly effective in strengthening the accuracy and completeness of its performance indicators.

GRI-reporting

LOTTE CHEMICAL CORPORATION provided us with their self-declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by LOTTE CHEMICAL CORPORATION. The sector standard was not applied.

Issue Date: 23/06/2026

For and on behalf of BSI (British Standards Institution):

BSI representative



Jungwoo Lee,
Lead Assurer, LCSAP



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