

Best Technology, **Better Future**

LX Semicon 2021-2022 Sustainability Report



Contents

Report Overview

LX Semicon has established an ESG strategy to state its commitment to sustainable growth and change. In addition, important issues derived from the materiality assessment are linked to ESG strategies, and the management approach(MA), management activities and performance, goals, and progress status of each material issue are disclosed in the report. This is LX Semicon's first Sustainability Report, prepared to share LX Semicon's major ESG management activities and achievements with stakeholders. Moreover, LX Semicon will publish the Sustainability Report every year to transparently disclose ESG management activities and achievements to stakeholders.

Reporting Principles and Standards

The LX Semicon 2021-2022 Sustainability Report applies the international sustainability standards guideline, which is the Global Reporting Initiative(GRI) Standards 2021. It also follows the United Nations Global Compact(UNGC)'s ten principles in four areas: human rights, labor, environment, and anti-corruption. In addition, the report satisfies the four principles of inclusivity, materiality, responsiveness, and impact as outlined in the Accountability Principle Standard(AA1000AP), which also outlines the obligation of companies to disclose their approaches to sustainability management.

Reporting Period

This report covers LX Semicon's activities from January 2021 to December 2021, in addition to covering some major activities from the first half of 2022 in order to thoroughly address the interests of stakeholders. In terms of quantitative performance, data from 2019 to 2021 was used such that trends could be identified.

Scope of Report

The report covers the activities of LX Semicon's headquarters and subsidiaries in South Korea(Daejeon Campus and Yangjae Campus) operated by LX Semicon. Consolidated financial information has been prepared following the Korean International Finance Reporting Standards(K-IFRS), and some financial information prepared on a stand-alone basis presented in the form of footnotes. Regarding social and environmental information, the reporting scope of that data is also outlined via footnotes, if there has been a restriction in collecting the data.

Third-Party Assurance

In order to ensure the accuracy, objectivity, and reliability of the report preparation process and all the information prepared, LX Semicon requested DNV, an independent verification agency to verify the report according to international verification standards. The verification results can be found in the verification opinion sheet within Appendix of the report.



More information about
LX Semicon's Sustainability
can be found here

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E-mail : sustainability@lxsemicon.com
Tel : 02-6924-3114
Address : 222, Techno 2-ro, Yuseong-gu,
Daejeon, Republic of Korea

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CORPORATE
OVERVIEW

LX Semicon



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CEO Message

Best Technology, Better Future

LX Semicon is paving the way
for a better future through
technological innovation.



**Through constant innovation and
challenging ourselves,
we will create value for our customers
while fulfilling our social responsibilities
to achieve sustainable growth.**

Dear Stakeholders,

As the pandemic continues on with no end in sight, there is a growing level of fatigue experienced by our society and uncertainty due to rapid changes in global business trends. Despite this situation, 2021 was another record-breaking year for us as our sales reached KRW 1,898.8 billion with an operating profit of KRW 369.6 billion. We would like to express our sincere gratitude once again to everyone at LX Semicon who has worked tirelessly toward sustainable growth. Rather than be content with our current success, we will focus on the following areas of our business.

First, we will make our portfolio more sustainable based on qualitative growth of our existing businesses.

While recognizing the importance of short-term sales and profit growth, we will drive continuous changes and innovation from a long-term perspective. LX Semicon, as a leading fabless semiconductor company in Korea, is committed to innovating technology by driving both qualitative and quantitative growth. We also plan to continue to expand our presence in terms of new project development and investment to create a future-oriented business portfolio that can help our company grow. Moving forward, we will do our best to diversify the values we create for our customers and achieve sustainable growth by establishing a flexible business structure in response to changing market conditions and customers' demands.

Second, we will fulfill our social responsibility by focusing on ESG management.

We recognize our duty as a corporate citizen and that we must meet the expectations and needs of our society, alongside the growth and development of our business. To this end, we developed a strategy to promote ESG management in 2022 and establish the directions and goals that we will pursue under the vision of 'Best Technology, Better Future'. According to this strategy, we plan to fulfill our environmental and social responsibilities by internalizing our ESG management. Starting this year, we will publish the sustainability report each year to share our commitment and progress towards ESG objectives and ensure transparency in our practice for stakeholders.

Third, we will create a healthy and sustainable workplace for our employees.

Our competitiveness as a company depends on our capable people, and at the center of our success, there are our employees who always strive for excellence. We will continue to create a healthy and productive work environment and organizational culture by encouraging close communication with our employees, who are the key drivers of our growth, and support them to reach their full potential. By doing so, we will create a joyful workplace where everyone can feel proud of the work they have accomplished.

Our efforts to build a better future are ongoing. Taking on new challenges can be exciting and intimidating, but we will grow and become a more competitive company in the process. We appreciate your continued interest and support for our commitment to a sustainable future.

Thank you.

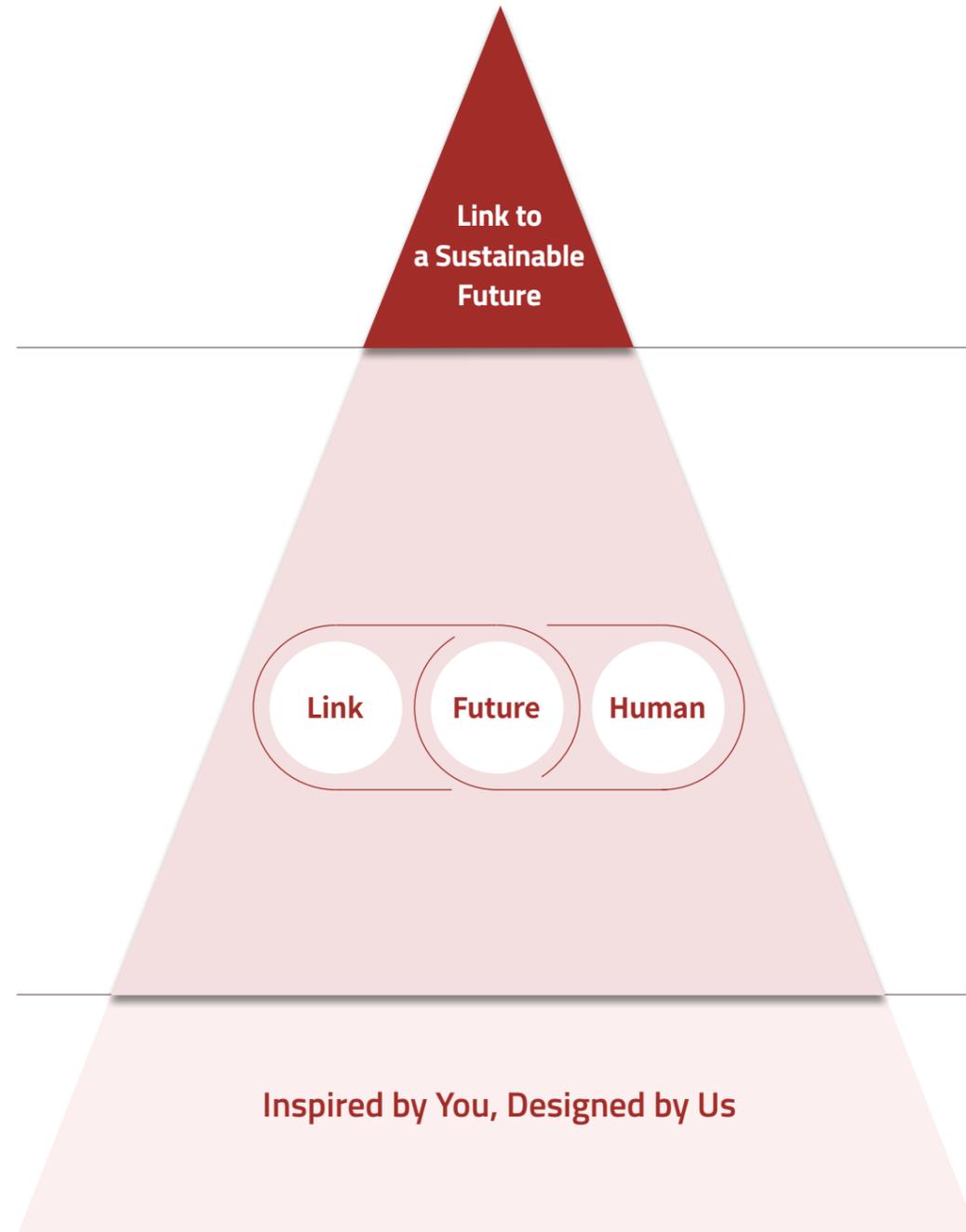
June 2022

CEO of LX Semicon
Sohn Bo-ik

LX Management Philosophy

Our management philosophy is to be "The Link to a Sustainable Future"

By linking Korea to the world, linking new technology to everyday life and linking generations of the present with the past, we move forward to a sustainable future.



The identity and ultimate goal that encompasses LX's philosophy and spirit

- Furthering the humanitarian legacy of our parent company by linking advanced technology to consumers' lives
- Creating new value by linking to a sustainable future through innovation



The most important values embracing the management principles of LX and the business scope of our subsidiaries

- The core value of LX is 'Link, Future, Human'



The will and attitude to fulfill our philosophy

- Discovering opportunities to create future values that generate value based on the lives of our customers
- Developing solutions that utilize LX's technology and innovation to create solutions that generate future value

LX Semicon Vision and Core Values



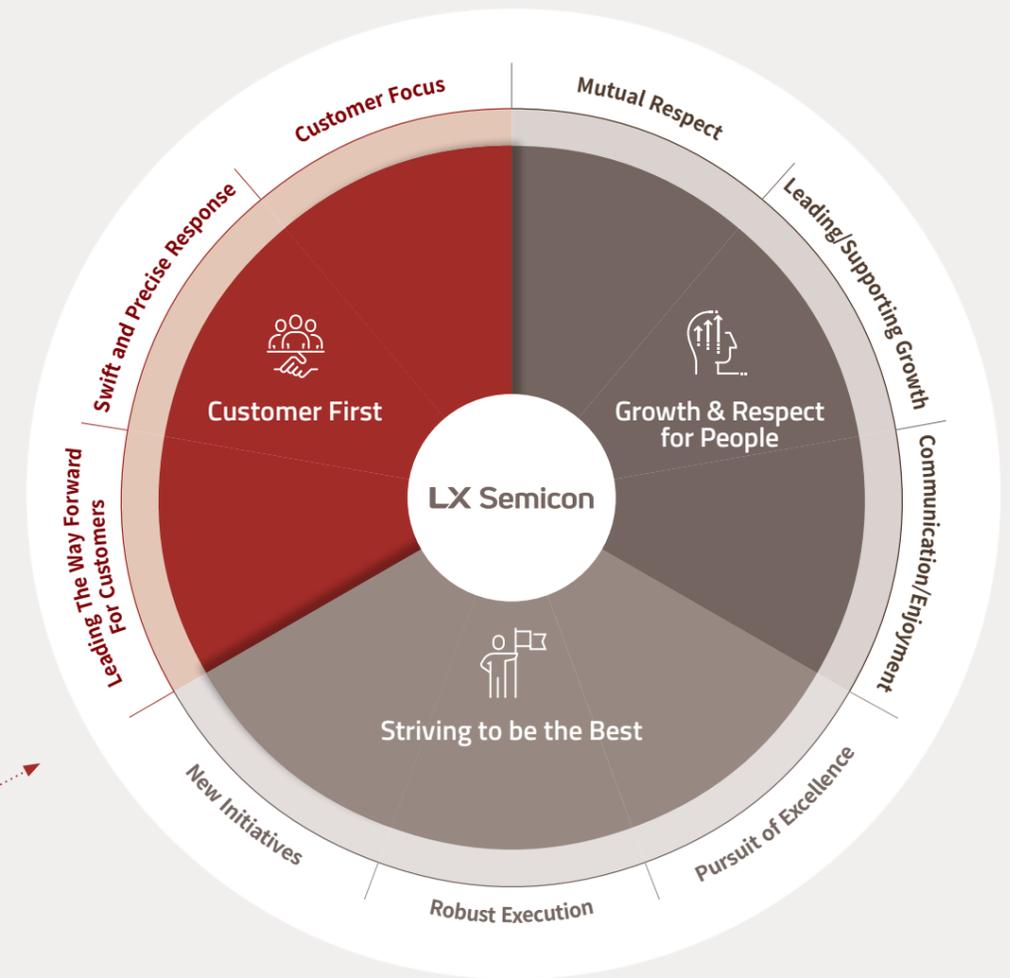
Vision

Top System IC, Greatness Anywhere!

LX Semicon aims to be the global leader in System IC technologies and ensure our customers can discover and use our superb products everywhere!

Core Value

<p>A company inspiring the highest degree of trust from customers</p>	<p>A company growing with its people</p>	<p>A company leading the future of technology</p>
<p>Responding to customer needs proactively, swiftly and precisely</p>	<p>Fostering human growth through mutual respect and open communication</p>	<p>Striving to be the best through new initiatives and robust execution</p>



About Us

Introducing LX Semicon

LX Semicon is a semiconductor company with no production facilities(fabless), which achieved growth in the display industry. We have strengthened our competitive advantages and market position leading innovation in key parts for display panels based on original technologies such as Driver IC(D-IC), Timing Controller(T-Con), and Power Management Integrated Circuit(PMIC). We are laying the foundation to become a leading system semiconductor design company based on unmatched technological excellence and new growth engines for the future.

(As of December 31, 2021)

Name of company	LX Semicon Co., Ltd.
Headquarters located at	222, Techno 2-ro, Yuseong-gu, Daejeon
Industry	Semiconductor design
Product category	System IC
CEO	Sohn Bo-ik
Date of incorporation	November 11, 1999

LX Semicon Global Network(Business Sites)

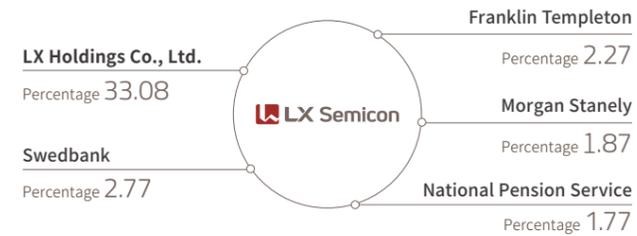
- Company
- Subsidiaries
- Branch Office
- Headquarters

Santa Clara CA



Shareholding Structure

(As of December 31, 2021)



Shareholders	No. of shares	Percentage
LX Holdings Co., Ltd.*	5,380,524	33.08
Swedbank	450,000	2.77
Franklin Templeton	368,984	2.27
Morgan Stanley	304,390	1.87
National Pension Service	288,601	1.77

* Largest shareholder

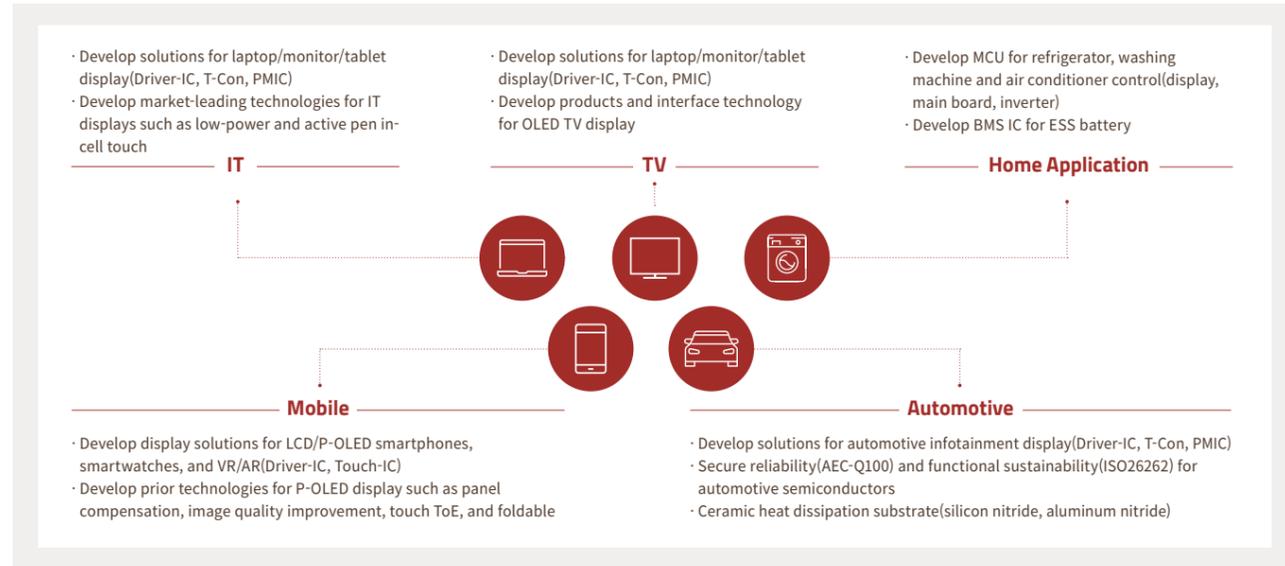
LX Semicon History

- 2021. 07. Changed the company name to LX Semicon
- 2021. 05. LX Holdings launched and incorporated as an affiliate
- 2020. 12. Sales reached KRW 1 trillion
- 2018. 06. The 10th KOSDAQ Award(Job Creation Category)
- 2015. 07. Acquired a part of LG Electronics System IC business division
- 2015. 04. Acquired a part of Lucem System IC division
- 2014. 07. Joined the LG affiliated group
- 2010. 06. Listed on KOSDAQ
- Developed CEDS Interface technology for ultra-high-speed, ultra-thin, and high-definition next-generation TVs
- 2008. 11.
- 2006. 05. Developed ultra-low power IP and T-CON
- 2002. 09. Developed MD Architecture for LCD and SD-IC
- 1999. 11. The company was founded

Business Status

Business Field

Since its establishment in 1999, LX Semicon has continued to grow, starting with products applied to displays for IT and expanding its portfolio to various products related to the TV, IT, and mobile industries. LX Semicon does not stop there and is striving to grow into a global system semiconductor company by advancing into new fields such as automobiles and home appliances.



Business Portfolio and Major Products

	TV	IT	Mobile	Automotive	Home Application
Classification					
Introduction of Business Portfolio	<ul style="list-style-type: none"> Develop Driver-ICs for TV LCD and OLED Develop high-speed interface IP, analog IP technology, and prior technology necessary for new displays and applications Deliver value to customer product development by securing total solutions for TV display 	<ul style="list-style-type: none"> Develop Driver-ICs for LCD/OLED of laptops, monitors, and tablets Deliver value to customer product development by securing total solutions for TV display 	<ul style="list-style-type: none"> Develop Driver-ICs for LCD/P-OLED of smartphones, smartwatches, and VR/AR wearable devices Technology development to achieve mobile display performance Develop high-definition display improvement algorithm, enhancement, and correction technology(overcoming panel limitations) Develop Touch-IC that detects and transmits external signals such as finger touch and active pen 	<ul style="list-style-type: none"> Develop LCD/P-OLED Driver-IC for automotive electronics Develop of SiC power semiconductors 	<ul style="list-style-type: none"> Develop MCU products to control the operation of the display, motor, and main system of home appliances/consumer sets Develop analog, IP, circuits, and control algorithms to improve APM Core-based MCU product's performance
Major Products	TV Display Driver-IC, T-Con, PMIC	Driver-IC, T-Con, and PMIC for displays of laptop and TV monitor	Driver-IC, T-Con, and PMIC for displays of smartphones and smartwatches VR/AR Wearable Display Driver-IC Finger Touch, Active-Pen Touch-IC	Driver-IC, Touch-IC, PMIC, and T-Con for automotive displays APS/BLS/Heat dissipation substrates SiC-MOSFET for EV	MCU for home appliances and consumer electronics and AI MCU Motor Driver-IC for home appliances and consumer electronics

Growing LX Semicon

Leading fabless company in South Korea

* World's Top 12th fabless company in 2021 as chosen by Omdia

In 2021, the company changed its name from Silicon Works to LX Semicon for a new start. In 2021, we ranked first in the domestic fabless manufacturing and 12th in the global market, making it the only South Korean fabless company to achieve sales exceeding 1 trillion won (KRW 1.8988 trillion). Looking ahead, LX Semicon will continue to work to develop into a global system semiconductor company through continuous growth.

Global Top 3rd in the field of Driver-IC for display

LX Semicon is cooperating with various global major electronic companies based on its world-class competitive edge in Driver-ICs. With the global market expansion, the company has made it to the world's top 3 makers of display Driver-ICs as of 2021.

Pursuing business expansion into growth areas such as automobiles

LX Semicon is nurturing various automotive products such as automotive infotainment Display-ICs and next-generation power semiconductors, and supplies heat dissipation substrates that support high strength and high heat dissipation performance for electric vehicles, etc. In addition, MCU, which serves as the brain to control various characteristics of each product, is currently applied to various home appliances and is recognized for its excellent performance and quality.

ESG HIGHLIGHT

018 Developing New Growth Engines for the Future

020 Establishment of ESG Management

022 Safety & Health Mgmt. and Establishment of Response System



Developing New Growth Engines for the Future

Building Business Competitiveness

Since its establishment in 1999, LX Semicon has been continuously growing through investment and R&D every year. Amidst the uncertainty and chaos in the global economy brought by COVID-19 that began in 2020, LX Semicon is contributing to the growth of the South Korean semiconductor industry as the country's number one fabless company not only in name but in reality through its cutting-edge technology development and market expansion committed to bolstering its competitiveness in the market.

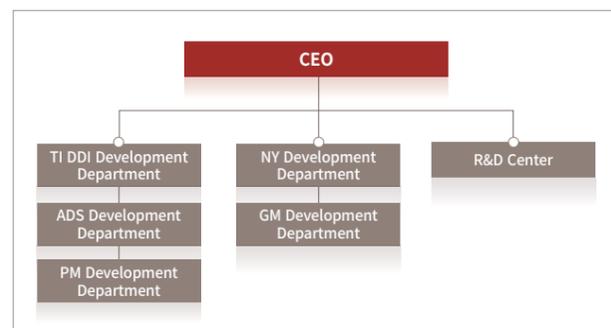
Enhancing Technological Competitiveness

LX Semicon is contributing to stable parts procurement and price competitiveness of Korean companies by providing core parts of Display system semiconductors as a total solution and localizing products that have been heavily dependent on imports. We also provide a foundation for growth together by providing customized premium products that take into account the diverse needs of our customers.

Overview of Key R&D Efforts

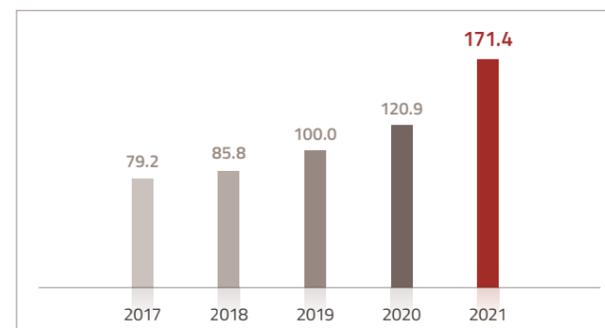
LX Semicon has acquired technologies to connect with various products across the entire display sector. In particular, we developed technologies that can be applied to various product groups ranging from IT devices such as laptops, monitors, and tablet PC to TV and mobile devices, and have secured its competitiveness in these categories. Currently, our main products are Driver-IC, T-Con, and PMIC. We are continuing its sales growth by expanding its product lineup to include mobile-oriented P-OLED DDI and Touch Controller. We are also developing Power IC, MCU, etc., which are system semiconductors for home and automotive electronics through expanding our technology to various applications beyond display with the aim of securing diverse growth engines.

R&D Organization



R&D Budget

(Unit: KRW billion)



Intellectual Property Rights Status

At LX Semicon, we are not only developing but also protecting our technology. The core competitiveness of the semiconductor industry comes from technology; we are working hard to own and protect intellectual property rights. To this end, a dedicated organization composed of experts handles all tasks for securing and protecting intellectual property rights, such as patent right development and follow-up management/dispute response.

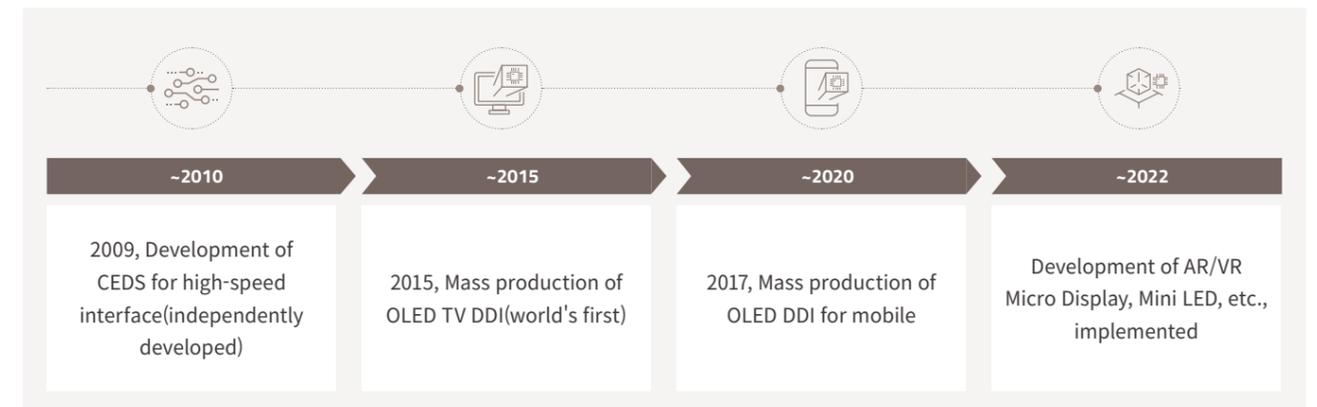
(As of December 31, 2021)

Classification	Unit	Application status	Patent rights	Total
Korea		542	278	820
Overseas	Case	593	390	983
Total		1,135	668	1,803

Diversifying Business Portfolio

Through constant innovation, LX Semicon is striving to take the technology it has built up. In particular, in line with the changes, when everything is connected through semiconductors, LX Semicon will make more efforts to develop related technologies that can be used in various fields such as sensors, artificial intelligence, MCU, and communication chips. To this end, LX Semicon is a leading company in the domestic fabless industry and is striving to strengthen its technology based on preemptive R&D. In particular, starting with the development of CEDS, a high-speed interface, in 2008, it succeeded in mass-producing LED TV DDI(Display Driver-IC) for the first time in the world in 2015, maintaining its unrivaled global market share. In addition, in 2017, we mass-produced OLED DDI for mobile, the main market for small displays. Moreover, we are conducting preemptive R&D to develop related technologies such as Mini LED, Micro LED, and Micro OLED, which are next-generation displays.

Technology Development History(Since 2008)



Development of 3D Sensing Technology

By developing a 3D sensing solution that enables a variety of devices to recognize space quickly and accurately, LX Semicon aims to secure technologies related to virtual reality and augmented reality that can be used in various industries such as mobile, automobile, and logistics. To this end, LX Semicon has signed business agreements with major global companies to develop sensing solutions to be applied to new fields such as home IoT, logistics, and automobiles through mutual future cooperation.

Opening of Future R&D Center

LX Semicon expands new business portfolio based on the system semiconductor technology that constitutes core competency. We have created 'LX Semicon Future Research Center' to research various semiconductor-related future technologies jointly with KAIST. Future Research Center is a research center specializing industry-university cooperation, operated to jointly carry out semiconductor-related tasks by utilizing KAIST's research manpower and infrastructure. It selects and implements twelve priorities, including AI-based data processing processors, semiconductor technology in the metaverse field, next-generation display materials, high-precision sensor technology, and image quality improvement processing. Going forward, the R&D center will also discover research tasks for various core technologies essential to the semiconductor industry.

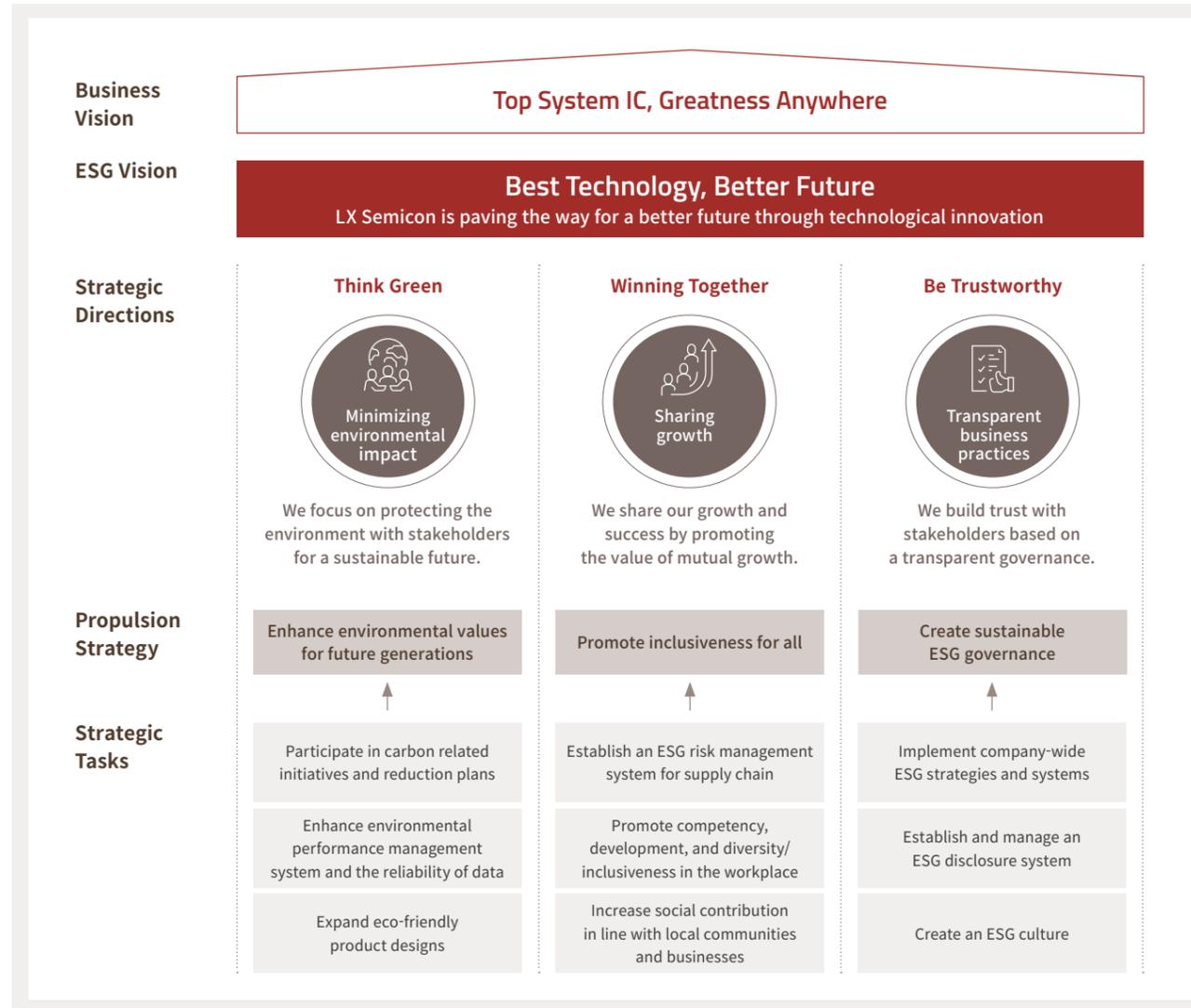


Establishment of ESG Management System

Building a foundation for ESG management for sustainable growth

Recognizing the importance of ESG, LX Semicon has set a vision and strategy that laid the foundation for ESG management in the second half of 2021. Our ESG vision, 'Best Technology, Better Future', reflects our founding principle 'Link to a Sustainable Future' and core values 'Link, Future, People'. It represents our commitment to a brighter future through technological innovation and ESG management. Going forward, we will commit ourselves to internalize and promote ESG management in line with our ESG vision and strategy with our stakeholders.

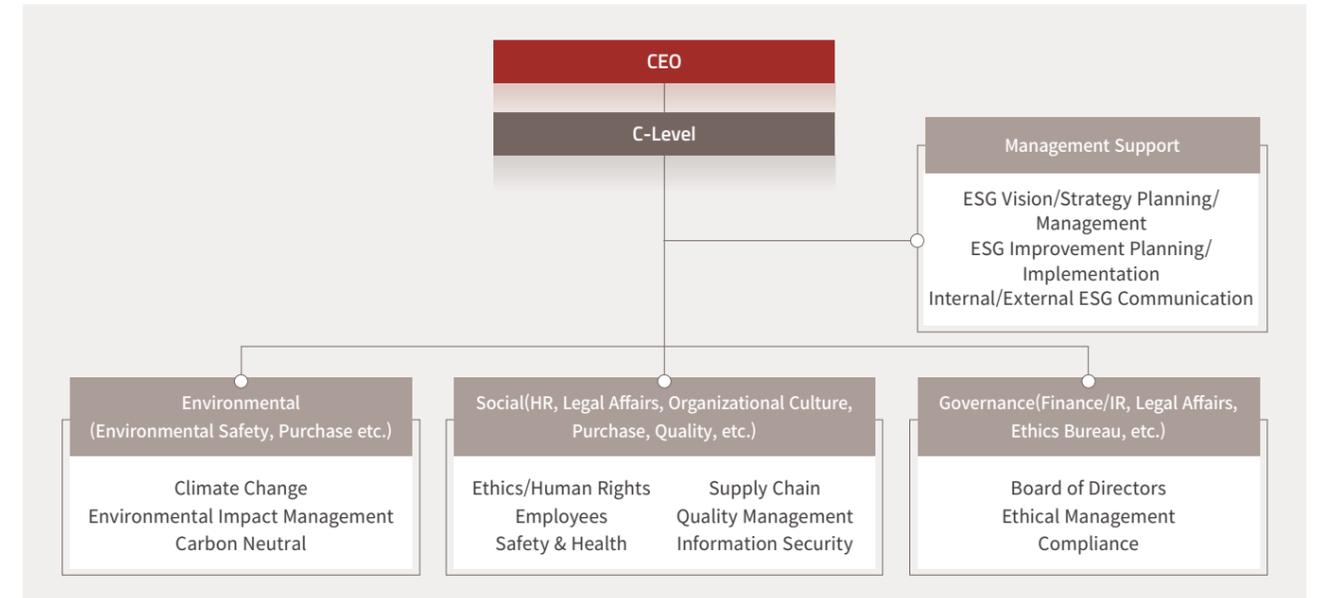
LX Semicon ESG Vision and Strategy



LX Semicon engages in programs to minimize environmental impact and support mutual growth through cooperation with various stakeholders while focusing on human rights, diversity, ethical operations, and building a foundation for sustainable growth. We are also committed to achieving sustainable growth by establishing a transparent and fair governance structure in order to internalize ESG within our company, and we plan to implement improvement activities by discovering tasks in all areas of 'Environmental', 'Social', and 'Governance' based on ESG Strategy.

ESG Propulsion System

LX Semicon is dedicated to promoting ESG management by implementing various programs for improvement through cooperation among teams and departments in our company.



Declaration of ESG Vision

LX Semicon held a ceremony to declare the ESG vision with all our employees, including the CEO, and pledged our commitment to practicing ESG management. Based on this, we plan to identify areas of improvement and implement various ESG-related tasks. Our ESG vision and goals are posted on the in-house online bulletin board, and in other key locations, so that all employees can practice and raise awareness about ESG management.

Safety & Health Mgmt. and Establishment of Response System

Promoting safety management and raising safety and health awareness

LX Semicon recognizes Safety and Health as a top priority and carries out activities to secure and manage the Safety and Health of our employees. In particular, we are striving to create safe working environment through continuous improvement of company-wide Safety and Health management, compliance with critical laws and regulations. In addition, we will monitor and improve company-wide Safety and Health risks through the certification of the Safety and Health Management System in 2022, to create an environment that can preemptively manage Safety and Health.

Safety and Health Management Policy

01.	02.	03.	04.	05.
We comply with Safety and Health laws and regulations while enacting continuous improvement.	We are committed to raising safety awareness and creating a safe and healthy work environment.	We support safety training to increase the understanding of safety and health.	We ensure all our employees participate in Safety and Health programs, fulfill the responsibilities, duties assigned to them.	We fulfill our social responsibility through active and transparent communication and disclosure to stakeholders.

Safety and Health Activities

Introducing Healthcare System

We introduced a company-wide healthcare system for the safety and health of our employees in 2022. To this end, we have established a health checkup reservation system and we are operating a health care service system in connection with a specialized institution. Moreover, we support health care activities for employees with findings on three major diseases(blood pressure, dyslipidemia, and blood sugar), and at the same time, we provide various health care programs such as smoking cessation and diet programs. In addition, we will continue to make efforts to protect members safely by strengthening prevention activities to prevent COVID-19.

Risk Assessment in Workplace

We conduct risk assessments at our workplaces to enhance safety and health at a company-wide level. By doing so, we identify the level of risk and implement appropriate management activities based on the results. From the 'very high risk' level to the 'need to provide periodic health and safety education' level, we quantify each risk factor to manage the risks. We also classify and define six risk factors that require inspection when conducting risk assessment. Furthermore, we make necessary improvements to reduce risks and prevent accidents to create a safe workplace.

Risk classification	Criteria	Risk classification	Criteria
Mechanical Factors	Constriction, caught-in, roll-in, cut, severance, falling objects(rails, fences, safety fences)fall, protective devices, idle facilities, etc.	Biological Factors	Organic solvents, air quality, microorganisms, viruses, pathogens and wastes, laboratories, etc.
Electrical Factors	Electric shock, static electricity, distribution box, electric wiring, grounding, earth leakage circuit breaker, electric fire, etc.	Work Factors	Repeated works, unsafe working position, handling of heavy objects, noise, vibration, storage areas and job safety training
Chemical Factors	Gas, steam, mist, dust, fire, explosion, reactive chemicals, oil facilities, etc.	Environmental Factors	Overturning, falling(path, stairs), high/low temperature, lighting, heat stroke, cold working environment, path, working hours(nightshift), facilities, etc.

Zero Safety Accidents

LX Semicon has set improvement action plans to prevent accidents in 2022. A task force has been organized in response to the Serious Accident Punishment Act while preparing a response plan aligned to each situation and planning activities to improve the performance of safety and health personnel. We also plan to engage in activities to strengthen safety management by setting safety standards for suppliers and partners.

Safety Data

Classification	Unit	2019	2020	2021
Occupational accident rate	%	0.09	0	0
Lost-time injuries (No. of Cases)	Case	1	0	0

Safety and Health Training

At LX Semicon, we organize Safety and Health training for employees to raise awareness. Online Safety and Health training is conducted on a regular basis while offline training sessions will be organized for employees separately. We also plan to organize special training sessions with focus on Safety and Health every quarter.

Safety and Health Training

Classification	Unit	2019	2020	2021
Training hours	Hours	23,832	24,096	30,072
No. of participants	Employees	993	1,003	1,253

Precision Safety Diagnosis of Labs

We regularly conduct precision safety diagnosis to identify risk factors to prevent accidents at our labs and develop improvement measures. The diagnosis is carried out under Article 104 of the Occupational Safety Act which is applied to corporate research institutes with 50 or more permanent employees and 10 or more researchers engaged in research activities. It is conducted once in every two years in accordance with the guidelines for laboratory safety inspection and precision safety diagnosis. After visually inspecting the exterior, additional indoor and outdoor Safety and Health related matters are checked and evaluated using separate inspection equipment. The inspection focuses on electricity, fire hazard, gas, chemical engineering, and industrial sanitation. If there is a serious violation with a rating of 4 or higher, an investigation must be initiated and correction must be completed within 3 months. We define and manage appropriate follow-up measures for each rating.

Rating	Safety status of labs
1	There are no issues with the lab in terms of safety environment and maintenance.
2	Some flaws have been found in the lab's safety environment and research facilities and improvement needs to be made, but they do not significantly affect safety.
3	Safety violations are identified and the work environment needs to be improved.
4	Serious safety violations are identified in research environment or facilities and therefore, they should be restricted.
5	The work environment or facilities should be shut down immediately due to a high risk of accidents and serious safety violation.

Safety Awareness Campaign

We launched a safety awareness campaign to make our workplace safer. For the safety and health of our employees, we share six ways to prevent falls on snowy and icy roads in winter such as 'how to walk on slippery roads safely' and 'exercise that can prevent falls' as part of our efforts to raise safety awareness.



COVID-19 Response Activities

In-house quarantine rules

We have established quarantine guidelines in accordance with the government's social distancing policy due to COVID-19. Under the guidelines, we apply restriction on group events, training, meetings, parties, and local and overseas business trips, while limiting the number of outsiders visiting the company. We also mandate wearing facial masks in the company's public areas and offices. We also made it possible for employees to comply with personal quarantine rules such as washing hands for at least 30 seconds and covering their mouth when coughing. Unless necessary, employees are advised not to go outside and in case of fever or respiratory symptoms, they should be reported to the COVID-19 LX Semicon Control Center for assistance such as rapid antigen/PCR testing, and response scenarios for each test result for prompt action.

Providing Self-test Kits

Since 2022, we have provided self-test kits to prevent infection within the company. The kits are provided to organizations with confirmed cases, and those who need testing or have symptoms through contact with confirmed cases, such as family members and housemates.

ESG FACT BOOK

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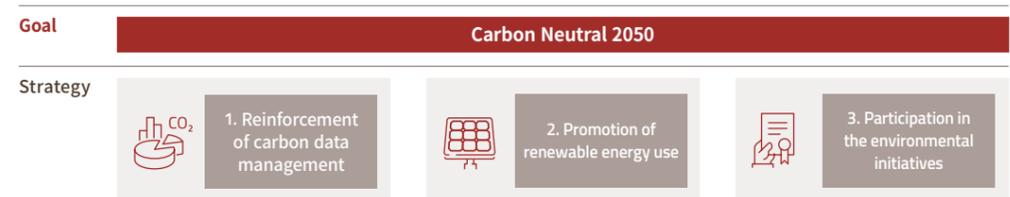


Environment

As a company that designs and develops semiconductor components, LX Semicon recognizes environmental management as a major element of corporate management. Thus, the company systematically builds, implements, maintains, and continuously improves the environmental management system to meet international standard requirements. In order to voluntarily respond to the global issue of climate change, we will also re-establish the implementation system for carbon-neutral and eco-friendly management, and improve the awareness of stakeholders including employees.

Response to Climate Change

LX Semicon strives to reduce negative impact on the environment under the vision of 'Think Green with Our Technology'.



LX Semicon presented the goal of achieving carbon neutrality by 2050 through the ceremony of ESG vision declaration and intends to reduce GHG emissions in the future. As a R&D-based fabless company that does not currently own any factories or other production facilities, we are not subject to the 'Greenhouse Gas Target Management System'. However, in order to respond voluntarily in consideration of domestic and international climate change trends and policy changes, we are bolstering our management of related data and will promote various improvement activities to participate in carbon neutrality efforts.

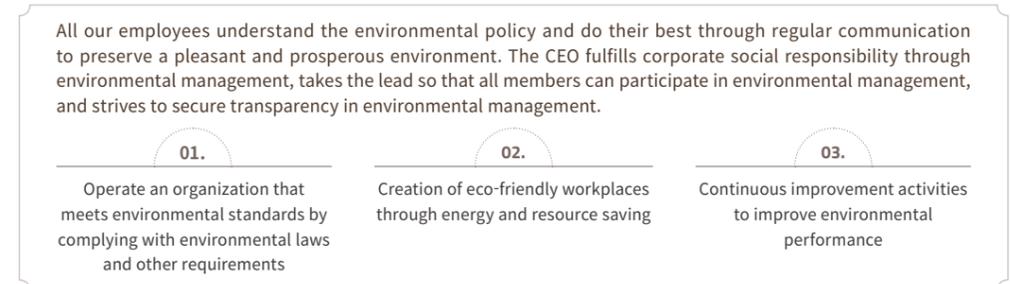
GHG Emissions(Scope 1, 2)

Classification	Unit	2019	2020	2021
Direct GHG emissions(Scope 1)		338	477	528
Indirect GHG emissions(Scope 2)	tCO ₂ eq	2,134	3,238	3,052
Total(Scope 1 + Scope 2)		2,472	3,715	3,580
GHG emissions intensity	tCO ₂ eq/(KRW million)	0.0028	0.0032	0.0019

* Scope 1: Daejeon Campus, Yangjae Campus
 * Scope 2: Energy consumption
 * Scope 1: Corporate vehicle(diesel, gasoline), city gas(LNG) usage
 * Emission Coefficient: Used KEPCO CO₂ calculator

Environmental Management Policy

LX Semicon operates an organization that meets environmental standards to follow the environmental issues and comply with the environmental laws and regulations as required by the international community. Along with this, we strive to internalize an environment-friendly culture through energy and resource reduction. We also conduct continuous improvement activities to improve our environmental performance. Furthermore, we disclose our company-wide environmental policy to preserve the environment and fulfill corporate social responsibilities through eco-friendly management.



Energy Consumption

LX Semicon is reducing energy consumption due to fuel and power consumption through various reduction efforts. Total energy consumption in 2021 is 1,736.97TOE and the power consumption is 6,544.831KWh. Energy consumption is calculated for Daejeon Campus and Yangjae Campus as of 2021. Moving forward, we will constantly implement improvement activities for energy saving.

Energy Consumption within the Organization

Classification	Unit	2019	2020	2021
Gasoline		11.25	30.70	39.37
Diesel		0.33	0.11	0.13
LNG	TOE	144.90	190.72	198.70
Electric power		1,046.28	1,590.51	1,498.77
Total		1,202.76	1,812.04	1,736.97

Installing EV Charging Stations

To save energy, LX Semicon is operating EV(Electrical Vehicle) charging stations that can charge electric vehicles. After installing the first electric vehicle charging station on Daejeon Campus(Headquarters), we are currently operating charging stations in Yangjae Campus and Gangnam Campus, respectively.



Environmental Management System Certification

As of December 2021, LX Semicon is a fabless company that does not directly own factories or other production facilities. In 2012, Daejeon Campus, where the head office of LX Semicon is located, was the first entity to acquire the environmental management system certification(ISO 14001), an international standard. As Yangjae Campus also went into operation in Seoul as the company business grew, both campuses in Daejeon and Yangjae are maintaining the ISO14001 certification. Based on the environmental management system, LX Semicon will identify and evaluate various risks related to the environment and continuously manage and reduce them to minimize their impact on the environment.



Environmental Risk Management

Environmental Impact Evaluation Process

LX Semicon has established evaluation standards and processes to regularly identify the current status of each organization's activities, design, products, and services from the environmental perspective and evaluate related impacts. LX Semicon's environmental impact assessment is applied to all management activities related to our products and services, and is used to identify significant environmental impacts and come up with improvement measures. To this end, we monitor the environmental impact of products and services such as hazardousness, air pollution, water pollution, soil pollution, and waste discharge, and thoroughly monitor products and services by identifying laws/regulations as well as technical and economic impacts from a business point of view as we continue to manage environmental risk.



Raising Awareness of Employees

GO-GO Challenge(Plastic-Free Campaign) Participation

As part of our commitment to environmental management activities, all of our employees, including the CEO, participated in the Ministry of Environment's Go-Go Challenge campaign. By doing so, we pledged to use personal tumblers instead of disposable cups, saving energy and paper, while spreading the message 'reduce unnecessary plastic use as all members participate in ESG management and GO across', raising awareness of environmental issues.



Compliance with Environmental Laws and Regulations

We are striving to comply with local and global environmental laws and regulations. Thanks to our efforts, there has not been any violations of the laws over the past three years. Going forward, we will continue to ensure full compliance with the laws and enact efforts to protect the environment and local community.

Non-Compliance with Environmental Laws and Regulations

Classification	Unit	2019	2020	2021
The financial value of a fine	KRW million	0	0	0
Number of non-monetary sanctions	EA	0	0	0

Air and Water Resource Management

As a fabless company, we do not own any factories or production facilities that have direct impacts on the quality of air or water resources, as of December 2021. We conduct inspection on the boiler facilities of each campus on a regular basis to create a better working environment for our employees. In addition, the water generated by our company is residential water mainly for sinks, bathrooms, and cafeterias. As such, we are planning to continue to optimize our water resource management by replacing and improving outdated facilities.

Water Withdrawal by Source

Classification	Unit	2019	2020	2021
Municipal water	m ³	32,886	29,210	29,274
Ground water		N/A	N/A	N/A

Reducing Waste

We are diversifying our efforts to minimize the waste we generate at all of our business sites and increase our recycling rate. We ensure all general wastes produced at each campus including cartons, plastic bottles, and paper are thoroughly separated and disposed to be recycled. Furthermore, we set up dedicated boxes for collecting PCB boards and Chips generated during our design and testing processes for proper disposal of waste. In addition, we are promoting the separation of waste for landfill and incineration.

PCB and Chip Collection Box



Daejeon Campus

Yangjae Campus

Waste Generated

Classification	Unit	2019	2020	2021
General waste	ton	6.8	6.8	7.7

* Scope: Daejeon Campus

Eco-friendly Product Policy

Response to International Regulations and Customer Product Stewardship Requirements

We have established an in-house standard to comply local and international environmental policies, and to meet customer requirements when it comes to electric and electronic products. To this end, we are applying throughout the business, including design and services related to LX Semicon. We also monitor constantly changing international regulations, standards, and customer requirements to ensure that best practices are applied.

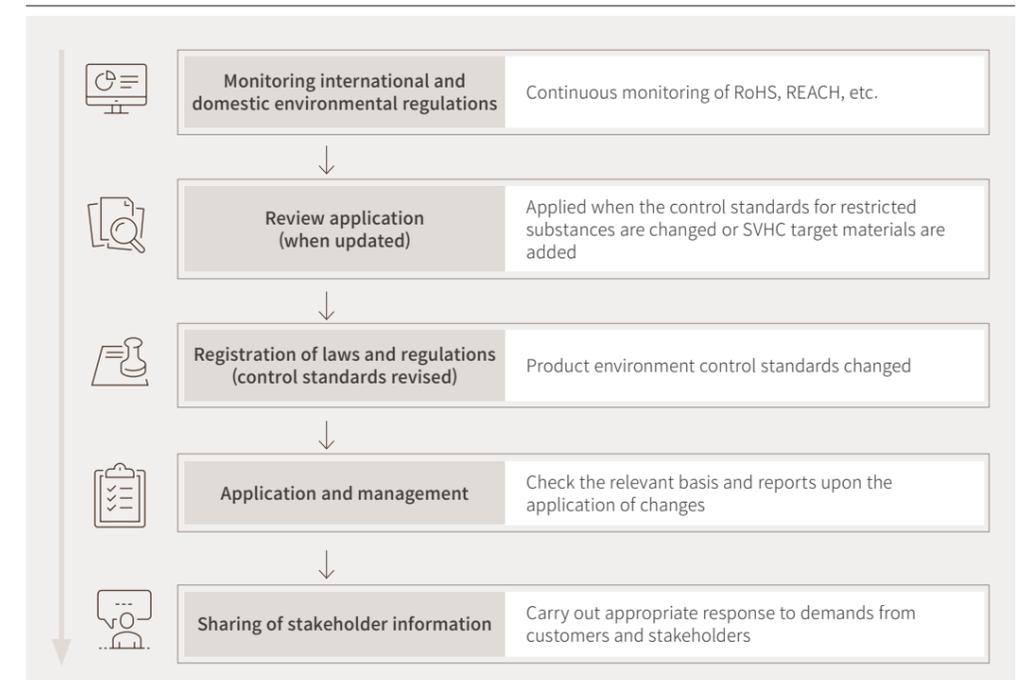
Environmentally Hazardous Material Control

In order to support the environmental stability of our products, we oversee conformity approvals for all processes and raw materials used in manufacturing, as well as consistently monitoring environmental hazardous substance reports in accordance with our internal standards.

Criteria for Environmentally Hazardous Substance

Classification	Substances under control	
Restricted substances	RoHS	Cd, Pb, Hg, Cr6+, PBBs, PBDEs, Phthalate(DEHP, DBP, BBP, DIBP)
	Halogen	Br, Cl
	Antimony	Sb
	Beryllium	Be
Controlled substances	REACH	Comply with SVHC(Substances of Very High Concern)target substance designated by EU

Environmental Hazardous Substance Control Process



Information Security

The demand for corporate accountability and responsiveness to information security has grown as IT products and services become more diverse and the global market environment changes. Under these circumstances, we are dedicated to enhancing our security management protocol by establishing company-wide security policies and guidelines that integrate asset management, personnel security, emergency response, physical security, and IT security. To this end, we appointed a CISO(Chief Information Security Officer) for the operation of an information security council under the CEO. We also inspect our security performance regularly along with advertising and training to consistently strengthen information security.

Information Security Policy

We have established an ISMS(Information Security Management System) that adheres to global standards and set up information security policies based on these standards. There are nine guidelines for information security policies and response to security incidents in place to protect corporate assets from company threats.

- S01. Operation of Information Security Organization
- S02. Asset Management
- S03. Personnel Security
- S04. Security Response
- S05. Legal Compliance & Security Management by Business Characteristics
- S06. Security Audit
- S07. Physical Security
- S08. PC & Mobile Security
- S09. IT Security

Information Security Guidelines

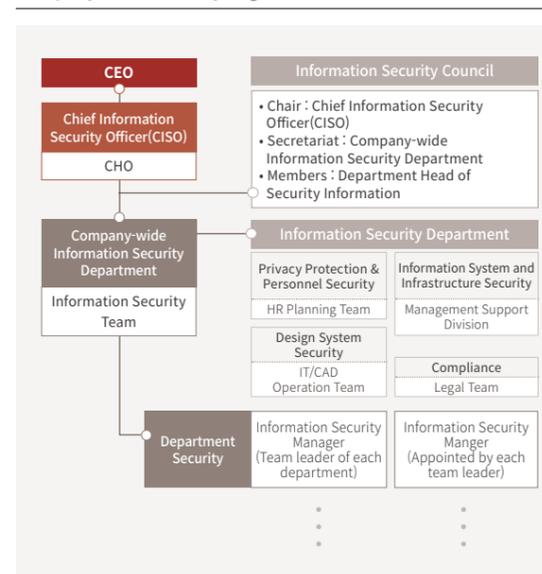
Network Security

We control our internet gateway around the clock to block any intruders through the internet network. When an intrusion occurs, the person in charge is immediately notified via smartphone text message, and a CERT(Computer Emergency Response Team) is organized by our protocols. The organized CERT works with external analysts and government agencies to respond to attacks and take action to minimize damage. A DMZ(Demilitarized Zone) is set between the internal and external network sections to protect our critical data. Network protection and traffic monitoring are operated through firewall operations on major networks such as DMZ, business networks, and design networks. The firewall only allows network communication from trusted traffic while blocking any untrusted traffic. In addition, we operate WIPS(Wireless Intrusion Prevention System) to restrict wireless network connectivity to only authorized devices. Only wireless devices dedicated for work are permitted, and any network connections from unauthorized personal devices are blocked.

Network Segmentation for the Security of Critical Data

Network segmentation is a technology that divides networks into multiple segments to create a completely isolated environment. We operate our core competency, an isolated network from general tasks for semiconductor design. To transfer data from a segmented network to a general work network, authorization is required according to separate procedures, which prevents breaches of design-related information security. A virtualization process is being carried out through the VDI(Virtual Desktop Interface) on the employees' PCs. Upon completion, the general work network and the network with internet access are segmented. As a result, any inflow of malicious code from the outside and security breaches on confidential information are prevented and security management is enhanced in response to threats and risks. We also provide a secure and a safe VDI environment even when those who access the network from outside the company for telecommuting.

Company-wide Security Organization



Physical Security

We grant access only for pre-authorized personnel by operating an access control system. Anyone who has accessed the premises is required to pass through an X-ray scan with their belongings as they do in airports and undergo security screening through a metal detector upon when leaving to prevent taking out storage media such as laptops and USB drives. We also install the MDM(Mobile Device Management) application on all employees' smart devices to prevent information leakage through taking photos. The MDM works in conjunction with the access management system for automatic application of in-house security policies when going to work, limiting certain functions of smart devices, such as cameras. However, when leaving the office, outside security policies are automatically applied, allowing all functions of smart devices to be used again. Based on such security measures, we are fundamentally blocking possible security violations that may occur at any time through personal devices (BYOD, Bring Your Own Device) usage.

PC Security

Security solutions including anti-virus applications are installed on all employees' business PCs to prevent security breaches and protect personal data. NAC(Network Access Control) is in operation so that only PCs with required security solutions have access to the company network, and PCs with security vulnerabilities are restricted.

Privacy Protection

Under relevant laws and regulations, we established our Privacy Policy that applies to all executives and employees to ensure full compliance with the 'Personal Information Processing Policy'. We have also designated a CPO to oversee personal information processing while actively responding to related risks and security violations and identifying those who handle personal information to ensure proper supervision and training.

Privacy Training Participants

Classification	Unit	2019	2020	2021
No. of participants	Employees	35	48	48

Raising Security Awareness of Employees

We conduct information security training, promotions and campaigns on a regular basis to raise employees' awareness in security. Training sessions are organized for all employees including new recruits every year, and in the event of a security breach that becomes a social issue, case analysis and precautions are shared among employees through the internal message board. Also, monthly security newsletters are sent to deliver the latest news on various hacking and security incidents around the world as part of our efforts to raise security awareness. Majority of hacking and cyber security threats that have recently become a social issue are committed using social engineering techniques. This technique uses intrusions that break normal security protocols by deceiving people's trust through human interaction. Recently, there has been an increase in the number of incidents involving e-mails containing web addresses for information leakage purposes or malicious files. We regularly organize simulated training for employees in response to security threats using the social engineering techniques. In the training, simulated e-mail messages with well-known web portals and impersonations of government agencies are sent to employees to check their access to mail contents and phishing sites, as well as disclosure of personal information in order to raise security awareness.

Information Security Training of Employees

Classification	Unit	2019	2020	2021
Training hours	Hours	3,060	3,240	3,723
No. of participants	Employees	1,020	1,080	1,241

Ethics and Human Rights

We are committed to creating a transparent and sound management culture in response to the growing demand for corporate ethics and social responsibility. Based on LX Ethical Management and LX Code of Ethics, we help our employees and stakeholders to practice the code and comply with the norms. Through this, we strive to protect human rights through various programs.

LX Jeong-Do(Ethical) Management



LX Code of Ethics

Chapter 1 Responsibilities and Duties to Customers 1. Respecting Customer 2. Creating Value 3. Providing Value	Chapter 2 Fair Competition 1. Pursuing Free Competition 2. Complying with Laws and Regulations	Chapter 3 Fair Transactions 1. Equal Opportunity 2. Fair Transaction Process 3. Pursuing Mutual Growth	Chapter 4 Basic Ethics for Employee 1. Basic Ethics 2. Accomplishing Missions 3. Self Development 4. Fair Handling of Job 5. Avoiding Conflict of Interests with the Company
Chapter 5 Corporate Responsibilities 1. Respecting Humanity 2. Fair Treatment 3. Promoting Creativity	Chapter 6 Responsibilities to the Nation&Society 1. Conservation of the Environment 2. Contributing to Social Development 3. Protecting Stockholders' Returns		

Jeong-Do Management Overview

We organize dedicated teams that are in charge of management business audit and ethics improvement under the CEO to support systematic ethical practice. These activities include business competitiveness analysis(business/departmental analysis and review), operation of internal accounting management system/design evaluation review and audit committee support, risk prevention monitoring, reporting analysis(unethical practice, sexual harassment, bullying), and training/promotion as part of the ethical management support initiatives.

Ethics Training and Practice

Employee Jeong-Do Management Training |

We provide online and offline training on ethics-related topics such as anti-corruption, code of ethics, prevention of sexual harassment, and bullying in the workplace.

Company-wide Jeong-Do Management Training

Classification	Unit	2019	2020	2021
Training hours	Hours	1,698	292.5	1,409
No. of participants	Employees	1,132	195	939

Sending Newsletters | We regularly send out newsletters to raise awareness among our employees and help them respond to various situations while publishing the 'Story of Ethics in the Rest Note' every month. We also organize various campaigns and events such as quizzes and promotional videos to encourage their participation and ensure ethical conduct is ingrained into our organizational culture.

Pledge for Jeong-Do Management Practice |

In order to gain insight into regulations and strengthen commitment, all of our employees sign the online pledge for ethical practice.



Employee Survey | We survey for all employees to raise awareness of the ethical practice and identify areas for improvement. By doing so, we check employees' awareness regarding the management and the company, collect information based on the result of the survey and implement necessary measures for ethical improvement. The results are disseminated through newsletters and reflected in management-related training, campaign, and policy.

Operating Internal Jeong-Do Management Bulletin Board | We operate an intranet bulletin board to provide our employees with access to specific guidelines for company-wide management philosophy and the LX Code of Ethics and Jeong-Do management Q&A. This allows our employees to continue preventing risks that may arise from not being fully aware of the LX Code of Ethics and enhancing their understanding of the ethical practice.

Anti-Corruption

Pledge Compliance with Anti-corruption Regulations | All executives and employees sign the online pledge for 'Anti-Corruption Law Compliance' every year to strengthen their commitment to ethical practice and comply with laws and regulations in the course of their jobs.

Reward for Reporting Corruption | We have a reward system in place to encourage reporting corruptions, ensure transparency and accountability, and continue efforts to prevent corruption that undermines our customers' value.

Reporting Bribery | We strictly prohibit any receipt of money, gifts, entertainment, or convenience from stakeholders, following the Code of Ethics. In case of inevitable receipt, we encourage our employees to report it to the Ethics Office and return it. If it cannot be returned, we donate it to a social welfare organization as our social contribution.

Whistleblowing Procedures and Protection of Whistleblowers

Whistleblowing Procedures | We keep the whistleblowers updated on the process if they report under their real name and explicitly request for feedback, except in cases where the legitimate rights and interests of the company are infringed.

Protecting Whistleblowers | In principle, we do not disclose the identity of the whistleblowers or any information that implies our employees' identity without their consent. We also compensate for any disadvantages resulting from non-compliance with this rule that is equivalent to recovering the original state.

Areas of Protecting Whistleblowers | We keep strict confidential the identity of the whistleblowers, the evidence presented by them, or information collected about the report, matters that may imply the person to be negotiated, and the follow-up actions taken after the report is made.

Human Rights Protection

Establishment and Disclosure of Human Rights and Labor Policies | We enacted the Human Rights charter to protect human rights in our business activities. We actively practice human rights protection in the areas of non-discrimination, compliance with working conditions, humane treatment, prohibition of forced and child labor, occupational safety and protection of human rights of our supply chain as part of our efforts to protect the human rights of our employees and stakeholders.

Prevention of Sexual Harassment | We are committed to preventing any form of sexual harassment in the workplace and have stipulated all matters including handling procedures and actions to be taken to protect the victims. In particular, during the sexual harassment grievance counseling and investigation, the victim and the perpetrator are immediately separated to prioritize victim protection, respect the victim's intention, and check the reported contents to proceed with disciplinary action. If the victim wishes to do so, we carry out measures to move departments. In addition, we continue to make efforts to prevent sexual harassment by appointing a person in charge of sexual harassment complaints in-house. To educate our employees on laws related to sexual harassment, handling procedures, and measures, and to raise awareness, we organize annual sexual harassment prevention training for all employees once a year. We also have a reporting channel on our intranet where our employees can consult and make anonymous reports on sexual harassment.

Sexual Harassment Prevention Training

Classification	Unit	2019	2020	2021
Training hours	Hours	995	1,013	1,262
No. of participants	Employees	995	1,013	1,262

Whistleblower Channel

Online Whistleblower System | We operate an online reporting channel for ethics and human rights issues. Through this, we are conducting improvement activities regarding corruption, unreasonable policies and work processes.

In-house Intranet | When it comes to ethics and human rights issues (including bullying and sexual harassment), any employee can report online through the 'Grievance Talk' and 'Report Sexual Harassment/Bullying at Work' sections on the intranet. In addition, various reporting channels are operated so that reports can be made offline, such as direct visits to the Ethics Bureau and mail reception.



Supply Chain

Under the strategic direction of 'Winning Together', we incorporate the evaluation system into the assessment process for our suppliers and purchase policy to gain competitive advantages and sustainability. Moreover, we transact with those who meet specific criteria. With these measures in place, we will continue to fulfill our responsibilities and promote sustainable supply chain management.

Implementation Directions



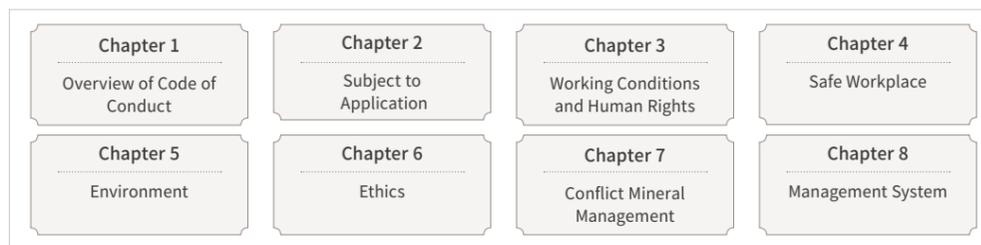
Supplier Selection Process

We use a fair and transparent process to select suppliers that meet our business directions and requirements. In order to determine their competitiveness in the areas of technology, quality, price, delivery, management, and finance, as well as sustainability such as environment and ethics, we conduct a 'Competitive Evaluation'. To ensure consistency in supplier chain management and purchase policies, and to improve their management capabilities and expertise, we separate semiconductor-related purchases from general purchases.



Supplier Code of Conduct

LX Semicon established the Code of Conduct for suppliers based on the RBA(Responsible Business Alliance) Code of Conduct to ensure compliance and make continuous improvements for suppliers. Hereafter, we will continue to provide support to make our supply chain more responsible and sustainable.



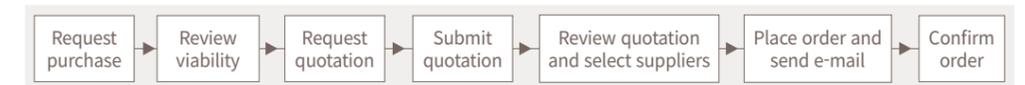
Supplier Management Regulations

We established regulations for supply management and manage suppliers in transactions accordingly. In addition, the management and evaluation criteria of suppliers are clarified to ensure reasonable management and mutual competitiveness. The department in charge of evaluation conducts corporate credit rating once a year to identify and manage risks of suppliers, and conducts regular evaluation with a quantitative and qualitative standard on a semi-annual basis. Moreover, to understand the status of suppliers, major companies related to major processes are evaluated once a year based on technology, quality, cost, and delivery.

Integrated Purchase System

We use an integrated purchase system to conduct transparent and systematic purchase-related tasks. In particular, we efficiently and effectively handle the overall business of the general purchasing process through purchasing requests, company estimates and orders, inspection and closing management functions. In addition, we strive to improve productivity and accuracy of work through system-based purchase management, and we strive to secure excellent suppliers and strengthen competitiveness by establishing a dedicated organization with expertise.

Purchase Process



Supplier Risk Management

We have established an inspection system for responsible supply chain operation and effective risk management in response to the demands of our stakeholders as well as business growth and local and overseas regulation changes. To this end, we classify risks by type in the semiconductor industry and manage them accordingly.

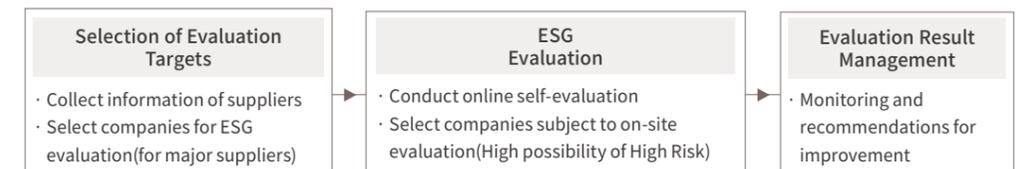
Type of Risk



Risk Classification	Main Categories
Finance	Risk of bankruptcy identified through information such as profitability, debt, and cash flow
Operation	Risk such as disruption in supply and defective quality in terms of technology, manufacturing, logistics, and quality
Commercial	Risk in transaction conditions related to contract provisions, payment, etc.
EHS(ESG)	Compliance risks related to environment, labor, safety and health, ethics, etc.
Geopolitics	Risks such as disruption in supply and supply interruption due to disputes and natural disasters

ESG Evaluation in Supply Chain

We are planning to establish an online self-evaluation system so that suppliers that have a significant impact on our supply chain may participate in our ESG risk management and carry out on-site assessments hereafter.



Conflict Mineral Management in Supply Chain

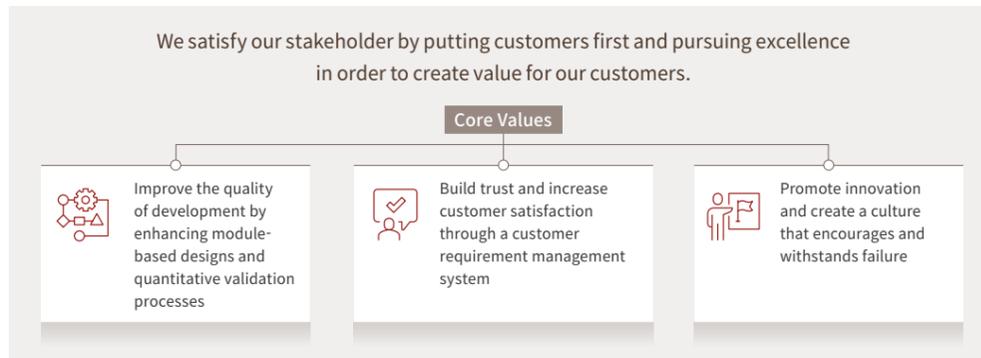
We have established guidelines for managing conflict minerals to protect human rights and procure responsible minerals ethically and sustainably. We also established procedures and plans following the OECD Due Diligence Guidance, and all refineries used in their products are managed under the RMAP 100% certified smelter use principle using the CMRT¹⁾ developed by the RMI²⁾. Moreover, we are preventing risks associated with conflict minerals by having all our suppliers fill out the 'Pledge Against Conflict Minerals'. We regularly monitor the use of conflict minerals and monitor if necessary, due to changes in the certification status and list of smelters, and the scope of due diligence due to customers' requests. Furthermore, we encourage our suppliers to comply with conflict minerals regulations, and hereafter, we are planning to conduct an on-site assessment.

1) CMRT: Conflict Minerals Reporting Template
2) RMI: Responsible Minerals Initiative

Quality Management

LX Semicon established a process-based quality management system to meet the requirements of our customers. In order to maintain high-quality products, we continue to engage in improvement processes and respond to customers' demand in all areas of design, development, and production so that it can be effectively applied to securing system quality for our customers while strengthening quality management based on core values.

Quality Policy



Verification International Quality Management Systems(ISO9001)

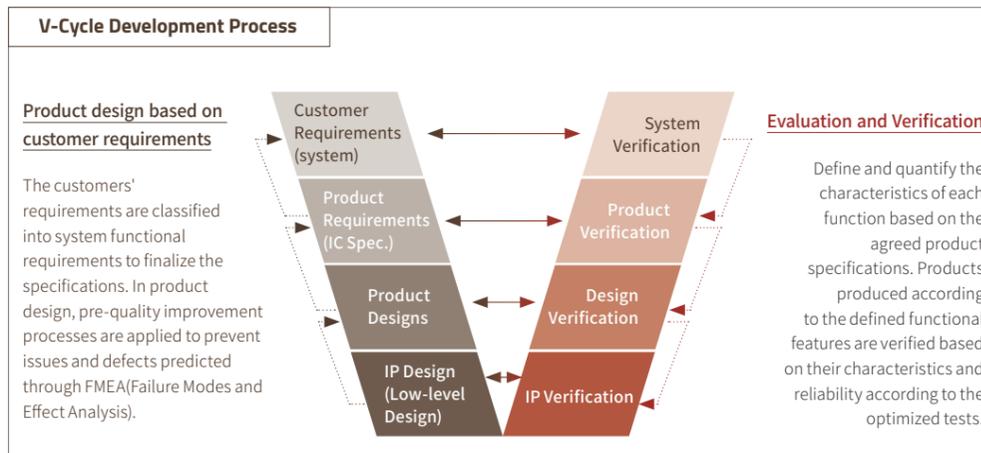
Quality Management System Certification

- Standard: ISO9001:2015
- Scope : IC, SoC designs/development, production service
- Certifier : Korea Management Registrar(KMR)



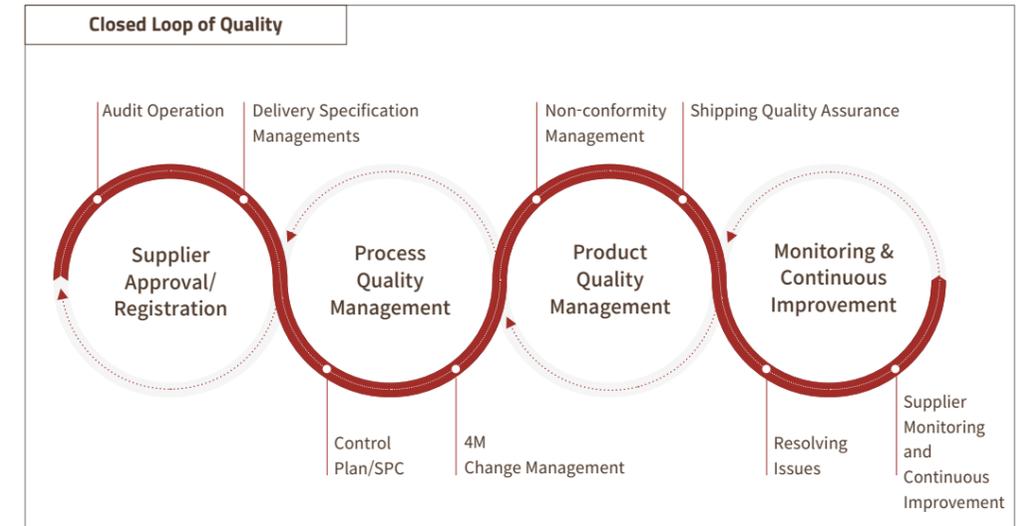
Product Development and Verification Process

We use pre-verification process throughout the product development stage in line with the V-Cycle Development Process in order to meet the customers' requirements through performance and reliability tests.



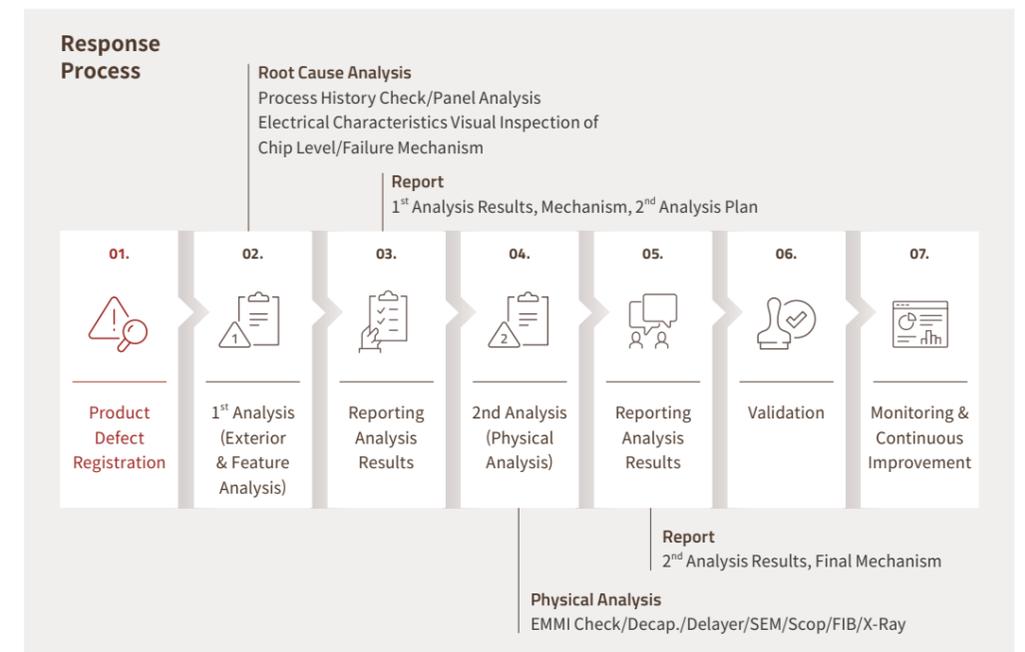
Supplier Quality Control

We evaluate, approve, register, and manage the processes for suppliers who produce and ship our products following the standards agreed upon, and guarantee the quality of shipments through thorough process/product quality control.



Response to Complaints and Quality Requirements

We are striving to minimize quality issues by taking prompt action. In case of quality issues with products delivered to our customers, we track and control product failure, and implement necessary improvement or preventive measures based on the defect analysis.

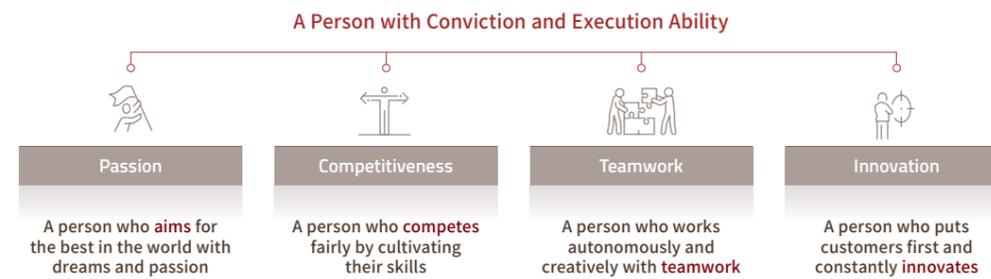


Employees

Based on the core values of 'Link, Future, and People' reflected in the management philosophy of LX, LX Semicon proactively, promptly, and accurately responds to customer requirements and provides an opportunity to grow through respect and open communication among its staff. Recognizing that a company's competitiveness is directly related to talented human resources, we provide training that can strengthen leadership and professional competencies, including basic competencies, so that employees' expertise and competencies can be upgraded. In addition, LX Semicon strives to secure a sound organizational culture and a quality work environment where people can work more efficiently.

The Right Talent

The right talent LX Semicon wants is 'A Person with Conviction and Execution Ability', and has the basic potentials of 'Passion', 'Competitiveness', 'Teamwork', and 'Innovation'. Recognizing that 'People' are the most important resource, LX Semicon leads the semiconductor industry by securing such talented professionals.



Fair Performance Evaluation and Compensation System

LX Semicon aims for a competitive level of compensation both internally and externally, and intends to strengthen the work commitment of its employees through fair individual compensation based on performance. Also, we conduct evaluation of individual employees every year, and the results are reflected in compensation, training, and promotion.

- **Basic Salary** | Fixed salary paid according to personnel evaluation based on the annual salary system
- **Incentives** | Occasional/regular incentives for those who have contributed to business performance through R&D projects and core tasks
- **Bonus** | Profits based on business performance are paid in connection with the company and individual performance

Organizational Structure

LX Semicon places top priority on the diversity of human resources and securing excellent talent so that we can actively respond to the rapid growth and change of the semiconductor industry and lead to continuous growth.

Number of Employees by Age Group

Classification	Unit	2019	2020	2021
Below 30	Employees	223(22%)	216(21%)	307(24%)
30-50	(%)	737(73%)	759(74%)	888(70%)
Over 50		48(5%)	51(5%)	77(6%)
Total	Employees	1,008	1,026	1,272

Number of Employees by Employment Contract

Classification	Unit	2019	2020	2021
Permanent	Male	836	838	1,008
	Female	154	167	229
Temporary	Male	10	12	21
	Female	8	9	14
Total number of employees	Male	846	850	1,029
	Female	162	176	243
Total		1,008	1,026	1,272

Employee Diversity

LX Semicon supports talented female professionals so that they can demonstrate their capabilities and grow into leaders. To this end, we provide systematic support so that careers are not interrupted due to pregnancy or childbirth, and we will continue to develop female leaders.

Number of Female Employees

Classification	Unit	2019	2020	2021
Manager*		3(0.3%)	6(0.6%)	3(3%)
Executive*	Employees	0(0%)	0(0%)	1(0.4%)
Newly hired	(%)	49(5%)	27(29%)	85(35%)
Total		162(16%)	176(17%)	243(19%)

* Full-time employees

In addition, to respect the diversity of our members in gender, race, disability, values, experiences, and preference, and create a better future together, we respect the differences in experiences and ideas, and is working to bring systematic improvements so they can tap into their best capabilities.

Diversity of Employees

Classification	Unit	2019	2020	2021
Disabled	Employees	17(2%)	17(2%)	21(2%)
National veterans	(%)	4(0.4%)	4(0.4%)	4(0.3%)
Foreigner		17(2%)	13(1.3%)	14(1%)

Employee Benefits

LX Semicon is operating a variety of welfare benefit programs including subsidies for congratulations and condolences, disasters, medical expenses, educational expenses, housing loans, and selective welfare benefits to achieve physical and mental health and work-life balance for employees.

Family Care	Health Care	Refresh Care
<ul style="list-style-type: none"> · Low-interest housing loan · Support for children's educational expenses · Support expenditure for congratulations and condolences(vacation and financial support) · Support for funeral arrangements · Rewards for long-term employment · Maternity leave and early childhood work system(including males) 	<ul style="list-style-type: none"> · Sharing employee medical expenses · Comprehensive health checkup for employee/ spouse(over age 35) · Group accident insurance · Operating gym/fitness center · Commuter bus service(considering the characteristics of each work location/ transportation) 	<ul style="list-style-type: none"> · Summer refreshing vacation · Residency training center/ condominium · Optional welfare points available · Support for clubs and picnics · Provide sabbatical leave every 5 years · Support free sports ticket(baseball, soccer)

Maternity Protection System

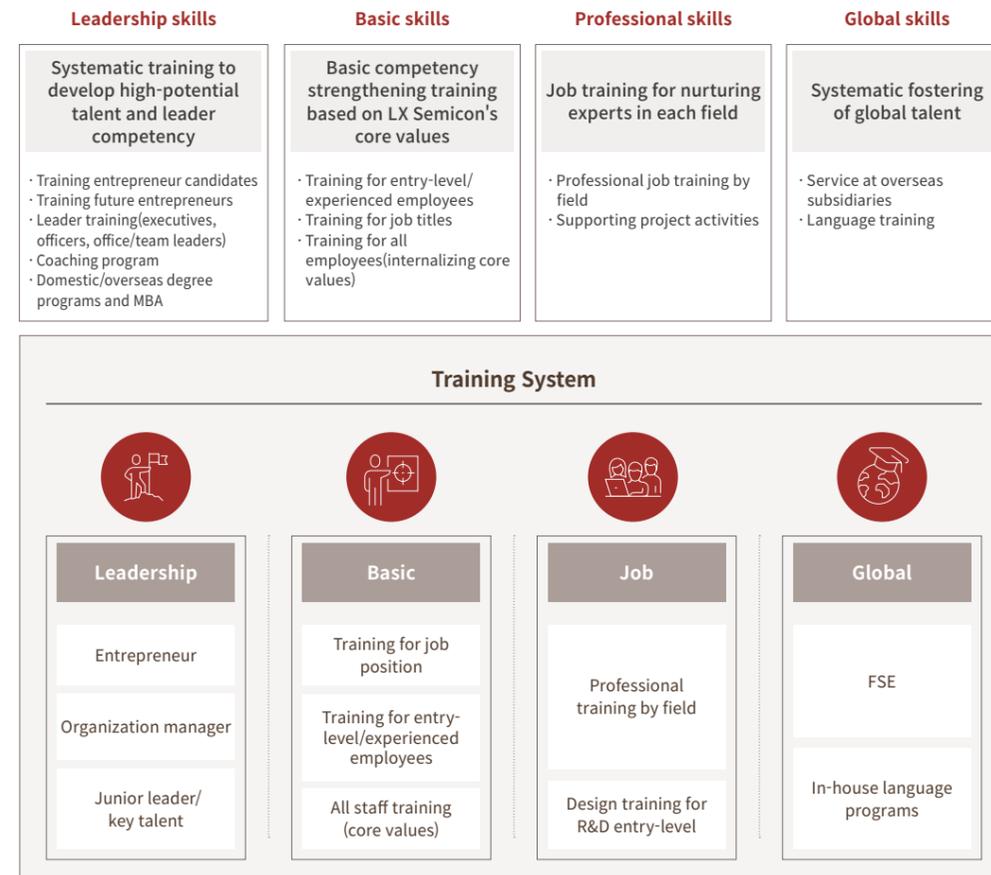
LX Semicon has a maternity protection system that supports employees' pregnancy, childbirth, and childcare. We actively operate the program to promote healthy childbirth and protect women of childbearing age, such as pregnant women and women during childbirth, who are subject to maternity protection in accordance with the Labor Standards Act and the Equal Employment Opportunity and Work-Family Balance Assistance Act.

Re-employment Support Service

In accordance with the Act on Prohibition of Age Discrimination in Employment and Elderly Employment Promotion, LX Semicon provides one of three services of 'career design' and 'employment placement', and 'employment and entrepreneurship training' only to those over age 50 who have been employed for more than one year and are changing careers due to involuntary reasons such as the retirement age or business necessity. In 2022, 6 workers(2 full-time workers and 4 short-term contract workers) were selected as eligible, and training will be conducted.

Talent Development

LX Semicon places the greatest value on the growth of individual employees and provides various opportunities to improve their capabilities. We are nurturing talented professionals who will lead the global market through our systematic leader training programs that maximize the potential of employees, basic competency reinforcement training for each position, professional job training for nurturing experts in each field, and global competency strengthening training among others.



Leader Development

LX Semicon provides training and coaching programs so that leaders can develop leadership competencies necessary for each position in a timely manner. Organizational leader training focuses on regular training on various leadership components so that employees can be of practical help to the organization's operation and performance creation, and preliminary leader training is designed to preemptively train employees in the leadership competencies necessary for future team leader roles. We also implement one-on-one and group coaching programs so that leaders can strengthen their leadership capabilities based on self-reflection.

Training for Upgrading Basic Skills

LX Semicon is actively conducting training to strengthen basic competencies by job title based on core values. Introductory training for entry-level and experienced recruits provides training for new employees to support successful on boarding through understanding organization and mutual exchange. The training for job titles is to establish and reinforce the necessary competencies for the smooth performance of roles according to the job titles. To help internalize the core values, we also conduct training for all employees.

Job Training for Expert Development in Each Field

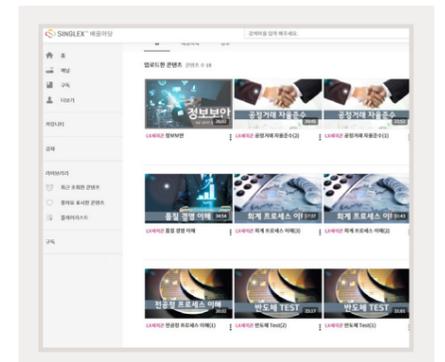
LX Semicon has established a job training system for different fields such as R&D, sales/marketing, and quality, and provides various job training programs tailored to the capabilities and needs of its employees. To nurture R&D professionals specializing in semiconductor design, we provide entry-level employees with theoretical and practical training for about 1.5 months. After that, we provide job training to enhance the expertise of its employees in different job responsibilities and supports each individual's growth into a semiconductor specialist.

Enhancing Global Skills

LX Semicon supports various development activities to expand its global business and upgrade the global skills of its employees. We implement various language support programs to improve foreign language competency, and provides training to improve local adaptability before dispatching Foreign Service Employee(FSE). We actively contribute to fostering corporate human resources, by supporting customized HRD activities for overseas subsidiaries among others.

Creating a Culture of Constant Learning

In addition to formal education, we support the facilitation of constant learning in a number of ways. We produce lectures such as job training and new hire training as video content and uploads them to the in-house online learning platform so that employees can freely learn from them anytime, anywhere. We also have an in-house learning club system, which ensures that employees can share and utilize knowledge on specific topics. In addition, we help employees experience growth through learning by allowing them to freely participate in all training necessary to improve their job competency in consultation with the head of each organization. Furthermore, we operate a bulletin board so that employees can freely share various internal and external training information such as job training and seminars through the internal network.



Implementation of Metaverse-based Training

Since 2021, when offline training became difficult due to the spread of COVID-19, we have implemented metaverse-based online training to help new hires adapt quickly by increasing their understanding of the company and work. Through this training, participants take diverse educational content within the metaverse environment as in offline training, and the educational effect has been enhanced by communication between participants. Looking ahead, we are planning to expand education programs using the metaverse and online platforms to facilitate employee access to education.



A Decent Workplace and a Healthy Organizational Culture

Based on the LX management philosophy, LX Semicon is building a sound organizational culture and playing a leading role in change with a view to maximizing organizational capabilities so that business results are created. By complying with laws, regulations, and principles, and establishing partnerships among employees, we also continue various efforts to grow together.

Core Values	Customer First	Growth & Respect for People	Striving to be the Best
LX Semicon's Common Behavior Model	Customer focus Adopt it as the first criterion for customer decision-making	Mutual respect Treat each employee with respect	New initiatives Fearless in the face of failure, constantly try better ways
	Swift and precise response Identify customer needs to mount a prompt/accurate response	Promoting growth Continuously strengthen/grow individual competitiveness	Robust execution Absolutely win the competition by relentlessly executing the set goals
	Leading for customers Leading customers to create a better value	Communication/Enjoyment Create a pleasant working atmosphere that activates open communication	Pursuit of excellence Always aim for the best in the process and results of work

Improving the Way We Work

Flexible Working System and Telecommuting | LX Semicon implemented a flexible working systems and telecommuting to improve work efficiency and productivity and ensure the work-life balance of its employees. Our employees are working according to the work schedule while observing an average of 52 hours per week in consideration of the characteristics of each department. The flexible working system operates an optional four-week work-hour system, and 8 hours per day does not have to be observed, allowing autonomy regarding when one should arrive at and leave work, and as to working hours while an average of 40 hours per week, per unit period serves as the standard. Remote work builds on the autonomy that the employees exercise to plan and execute their own work, and it is operated so that the head and the other members of an organization can communicate at all times as if they were working face to face.

Casual Dress Code | LX Semicon enforces no specific dress code that respects autonomy and diversity as to what employees should wear to work. By designating a Casual Dress Code all the year-round, we allow our employees to dress so as to fit their personalities and taste.

The Heart-to-Heart Talk(Listening to VOE) | LX Semicon operates Speak with Talent Meeting that formally shares the VOE in the company with organizational managers and discusses improvement plans every month. Prior to the Heart-to-Heart Talk, the CA bureau listens to each organization's VOE, reviews the grievances of members found in the process, and proposes appropriate solutions if necessary. In addition, each organization shares its grievances and atmosphere with the CA, and selects major issues discussed at the talk. Prior to Heart-to-Heart Talk, the CA bureau shares outstanding cultural activities, discusses meeting results, such as sharing VOE and grievances within the organization, and sets an agenda that requires company-wide grievance handling to make grievance-related decisions under the supervision of the CHO. Thereby, we create a healthier and more advanced organizational culture by listening to employees' opinions on ways to improve work, workplace harassment, and working hours among others.

Harmony 1+1 | LX Semicon operates the Harmony 1+1 program to help different organizations understand each other's job descriptions and strengthen the cooperative system. Thereby, we resolve internal issues between organizations by improving collaborative R&R with unclear boundaries between organizations and establishing work rules through agreement.

Day without a Leader Program | LX Semicon is operating a program that leads to the improvement of organizational members' work autonomy and competency. This program allows the company-wide organization managers (manager, office/team leaders) to take a vacation once a month to recharge for work immersion and allows their employees to experience work responsibility and autonomy.

Creating a Pleasant Workplace

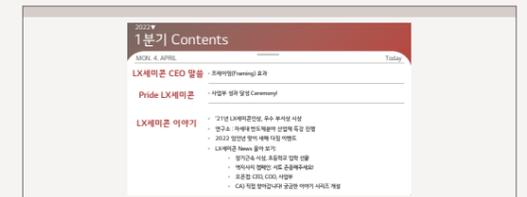
The CA(Communication Agent) Bureau | LX Semicon operates the CA(Communication Agent) Bureau in charge of internal 'communication' to actively listen to and collect employees' grievances and opinions. In particular, we created a one-on-one KakaoTalk account that guarantees anonymity so that employees can freely express their opinions. Thereby, the CA helps to alleviate conflicts and communicate more effectively within the organizations by discussing the opinions of their members with relevant departments. In addition, an offline bulletin board is being operated to provide a 'venue for communication' with employees to discuss the company newsletter and employee benefits among others. Furthermore, the CA marked such as 'communication specialist' and 'get-together for a drink specialist', is fully in charge of counseling employees about their concerns and helps employees relieve stress caused by grievances that may occur in their work life.

Publishing the CA Newsletter | LX Semicon delivers various cultural activities conducted by the CA to all the company employees every month, carrying out various campaigns to improve awareness. In order to increase the understanding of the work between departments, we also publish 'Things You Want to Hear About' designed to help employees learn more about the main tasks and directions of different departments.

Open Communication with CEO | LX Semicon has prepared a venue for open communication with the CEO with a view to promoting internal communication. Operated with pre-collected formal questions and a real-time Q&A session, the venue focuses on listening to members' opinions and effectively delivering top management's messages.

LX Semicon Newsletter | LX Semicon organizes major company-wide achievements and news and delivers them to employees through the internal bulletin board on a quarterly basis. The newsletter mainly delivers various in-house news stories including CEO messages and major achievements by departments.

Operating Psychological Counseling Program for Organizational Communication | LX Semicon operates a group program in the psychological counseling office to promote efficient and smooth communication within the organization. To improve communication within departments, we conduct a test to measure interpersonal needs(FIRO-B) to help employees understand each other's psychological needs. We use a personality type test tool(MBTI) to help them understand and respect each other more deeply. In addition, we help organizational leaders strengthen their competency to form a consensus and build a friendship with department members by identifying the leaders' mental topography and the members' psychological state through the Temperament and Character Inventory(TCI). Moreover, LX Semicon operates 'The Empathy', an in-house counseling office for employees to help them relieve work stress and interpersonal concerns.



Social Contribution

As the need for corporate social responsibility increases, we are continuing activities to create social values throughout our business activities. We promote sustainable growth to earn the trust of stakeholders, pursue win-win growth with the local community, and actively promote social contribution activities in connection with the local community. Looking forward, LX Semicon will establish a social contribution activity system in line with the corporate strategy and vision to promote more effective and systematic social contribution activities and create high-quality social values.

Social Contribution Implementation Directions

In accordance with the social contribution direction 'Better Future with our Community' and by sticking to the principles of sincerity, continuity, and voluntary participation, LX Semicon is carrying out supporting activities to promote the growth of future generations and sports for the disabled, mainly in Daejeon and Seoul(Yangjae and Gangnam) where LX Semicon campuses are located. Furthermore, the company engages in other various social contribution activities.

Supporting the Growth of Future Generation and Differently-abled

Local Child Support(COVID-19 support) | In order to support local children who are having a hard time due to COVID-19, LX Semicon delivered laptops and school stationery to children in a children's welfare facility in Daejeon and those from socially disadvantaged families in Seoul so that they could participate in online classes. In particular, we provided laptops, considering the difficulty in participating in online classes due to smart devices that fall short compared to the number of students in welfare facilities. Meanwhile, we donate toy sets every May on Children's Day.

Supporting University Student Scholarships | LX Semicon has been providing scholarships every year since 2019 for undergraduate and graduate students of semiconductor design-related departments to discover talents and nurture experts in semiconductor design. Through the 'Korea Semiconductor Design Competition' hosted by the Ministry of Trade, Industry, and Energy, we are nurturing the design capabilities of undergraduate and graduate students in semiconductor design and provides scholarships to teams that come up with creative ideas. This provides the foundation for talented people's entry into the semiconductor industry.

Supporting Sports for Differently-abled |

LX Semicon supports the revitalization of sports for the disabled and at the same time supports teams to expand the base. Each player is active as affiliated with LX Semicon, which supports training and related matters.

Type of Sport(Unit: Person)							
Shooting	Billiards	Boccia	Table Tennis	Bowling	Rowing /Ice Skating	Badminton	Rugby /Bowling
2	4	4	2	3	1	3	1

Employee Participation

Payroll Giving | Since April 2018, LX Semicon has been implementing the 'scrap deduction', which donates scraps from the monthly salaries of those willing employees. This activity is about collecting and donating all changes of less than KRW 1,000 out of monthly salaries. The funds raised through this are used for social contribution activities that reflect the needs of LX Semicon employees.

Volunteering Employees | Since 2019, LX Semicon has carried out activities such as free meals for the needy, briquette sharing, and kimchi-making through the voluntary participation of its employees. In 2021, LX Semicon employees designed and manufactured block pencil cases, safety key rings, and mask straps, for their non-face-to-face donations to socially disadvantaged children in Daejeon and Seoul in consideration of the pandemic.



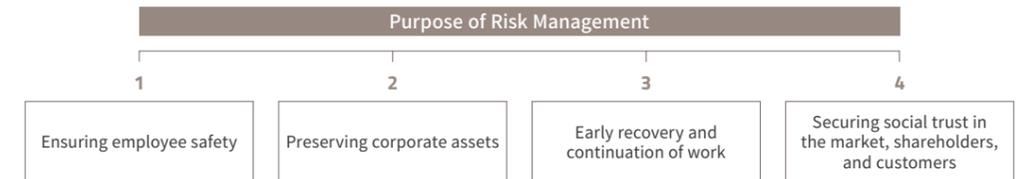
Supporting Local Community | LX Semicon, together with LX Holdings and five affiliates, participated in donations worth about 500 million won in kind to support the relief of the damage caused by forest fires in Uljin in Gyeongsangbuk-do and Samcheok in Gangwon in 2022.

Risk Management

We have established a risk management process to manage company-wide risks. In addition, we continue risk prevention activities by establishing a systematic management system covering internal and external business-related risks and early identification of potential risks across the company business. Moreover, we conduct regular monitoring and have established and operate a cooperative system between relevant departments to respond immediately when risks occur.

Risk Management

LX Semicon implements risk management to manage the occurrence of unpredictable and significant events and accidents, serious misunderstandings, and rumors that can have a high level of adverse effect on overall business activities. In particular, we are working hard to prevent and respond immediately to a series of incidents and accidents that can cause significant damage to the company, such as damage to the company's image or financial loss, if known to the outside.



Risk Management Process

LX Semicon classifies risk types to respond to various risks. We plan to regularly monitor to prevent recurrence by taking immediate action when a situation arises through a systematic response for crisis management.



Compliance Management

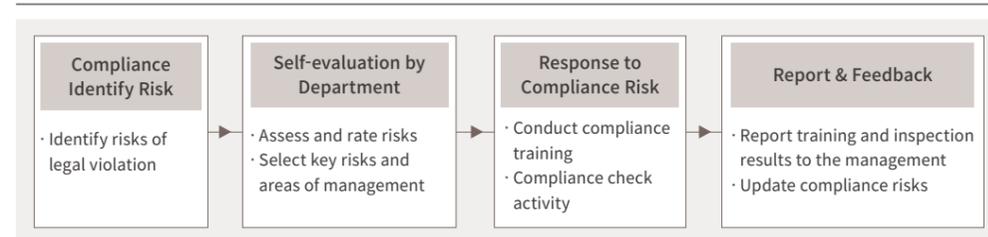
Recognizing compliance as an essential part of maximizing our corporate value, we have been building and operating a compliance risk management system since 2019 in order to fulfill our social responsibility as a corporate citizen in the international community. We also engage in various programs to raise employees' awareness of compliance including training and distribution of newsletters focusing on fair practice.

Compliance Risk Management Activities

Compliance Risk Management

At LX Semicon, we categorized 59 risks in 9 risk management areas of Purchase, Logistics, Sales & Marketing, Quality, R&D, HR, Environment & Safety, Business Support, and Business Management to take preemptive action against compliance risks. We regularly identify compliance risks in advance and conduct self-evaluations for each department to determine the level of risks. Based on this, core areas of risk that are directly related to our operation are reviewed and managed. The compliance risk management system is operated through inspection in line with compliance control standards while evaluating the system's effectiveness and reporting the results to the board of directors every year.

Compliance Risk Management Process



Company-wide Compliance Training

We are striving to protect our company and employees from legal risks and raising awareness through compliance risk management while conducting company-wide employee training as part of our efforts to check and prevent those risks.

Company-wide Online Compliance Training

(Unit: Employees)

Protection of Industrial Technology
No. of participants **822**

Prohibition of Trade Secret Infringement
No. of participants **815**

Appointment of Compliance Officer

We established compliance control standards to promote fair and transparent business practice for legal compliance. Furthermore, we are striving to achieve responsible compliance management by appointing a compliance officer to check compliance with laws and internal regulations and policies.

Distribution of Compliance Information

We distributed the 'Compliance Information' in May 2022 to enhance employees' understanding and raise their awareness. It covers the definition of compliance, the introduction of compliance risk management activities, and case study of violations as well as related laws and regulations for each area of risk management. This prepared employees to prevent violating laws and regulations during their duties.

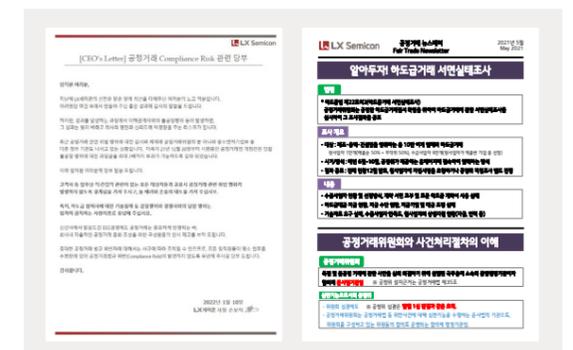
Areas of Compliance Risk Management



Creating Compliance Management Culture

CEO Message and Fair Practice Newsletter

At LX Semicon, we are raising employees' awareness in fair practice by distributing monthly newsletters highlighting the purpose of the system and relevant regulatory trends to prevent legal violations.



Voluntary Fair Practice and Compliance Guidelines

We have established guidelines for fair practice to ensure compliance with the laws. We are committed to preventing any unfair disadvantages that the company and employees may suffer from violations of laws and building trust with our customers and suppliers by promoting fair competition and trade according to the relevant guidelines.

Governance

LX Semicon operates the Board of Directors to bring transparency and soundness into the governance structure. The Board of Directors complies with the laws or the Articles of Incorporation and decides on matters delegated through the general meeting of shareholders, basic policies of company management, and major matters related to business progress to help senior management make correct and appropriate decisions and perform checks and monitoring. In addition, LX Semicon protects the rights and interests of shareholders through responsible management centered on the Board of Directors and bolsters the independence, transparency, professionalism, and diversity of the BOD.

Board of Directors(BOD) Composition

LX Semicon's Board of Directors consists of 6 directors: 2 executive directors, 1 other non-executive director, and 3 independent directors. The appointment of BOD is based on a comprehensive judgment focusing on independence, diversity, and professionalism, and there is no discrimination based on gender, race, religion, politics, or other cultural backgrounds. The BOD decides on matters stipulated in the laws or the Articles of Incorporation and decides on matters delegated through the general meeting of shareholders, basic policies of company management, and major matters related to business progress. Meanwhile, matters related to business execution that are not specified as matters of the BOD in the BOD Operation Regulations are entrusted to the CEO, and the BOD is responsible for supervising the execution of duties by the directors.

(As of December 31, 2021)

Name	Role	Key Work Experiences	Term	Note
Sohn Bo-ik	CEO/Board of Directors Chair	MIT(Master) Director of CTO SIC Center, LG Electronics	3 years(1 time reappointment)	Finance Committee
Choi Sung-kwan	Executive Director/CFO	Department of Management, Yonsei Univ. Manager of Finance Team, LG Corp.	3 years(1 time reappointment)	Finance Committee
Roh Jin-seo	Other Non-Executive Director	MIT(Master) Vice President for Strategy, LG Electronics	3 years	-
Wee Kyeong-woo	Independent Director/ Audit Committee Chairman	Business Management, UCLA(Doctorate) Current professor in Sookmyung Women's Univ.	3 years	Audit Committee
Yun Il-gu	Independent Director/ Audit Committee Member	Georgia Tech(Doctorate) Current professor in Yonsei Univ.	3 years(1 time reappointment)	Audit Committee
Shin Young-soo	Independent Director/ Audit Committee Member	Department of Seoul National Univ.(Doctorate) Current professor in KAIST	3 years(1 time reappointment)	Audit Committee

BOD Operation

The BOD is divided into a regular BOD meeting held every quarter and a temporary BOD held separately. Regular BOD meetings are held to approve quarterly financial statements and convene regular general shareholders' meetings among others. Temporary board meetings are held from time to time to handle pressing issues. The BOD is convened in accordance with Article 39 of the Articles of Incorporation and Article 7 of the BOD Regulations, and the date & time, venue, and agenda of the meeting are notified to the directors in writing, electronically, or orally at least three days in advance. Furthermore, a director may, if deemed necessary for the performance of the company work, call for a board of directors meeting by disclosing the agenda and reason. In 2021, a total of 7 BOD meetings were held for approval and reporting. In addition, the board of directors' attendance rate was maintained at 100% for both internal and external directors. Each director participated in important and strategic decisions of the company without fail, operating the board with responsibility as its member.

BOD Activities

(As of 2021)

No. of meetings held	Approved agenda items	Briefed agenda items
7 times	21 cases	7 cases

BOD Attendance Rate

(As of 2021)



Appointment of BOD

LX Semicon appoints directors through the general shareholders' meeting and selects directors to be appointed at the general shareholders' meeting through the board of directors. When there is a shareholder's proposal regarding the appointment of directors in accordance with relevant laws, the BOD brings it as an agenda to the general meeting of shareholders in a lawful manner. As of 2021, our total assets are less than KRW 2 trillion, so we are not obligated to set up an independent director nomination committee. In order to secure fairness and independence in the appointment of independent directors, the independent directors are appointed at the general shareholders' meeting after undergoing strict internal screening. In addition, the Articles of Incorporation specify key matters such as the term of a director and the criteria for appointment of directors in order to ensure that they perform their duties independently. The term of office for both executive and independent directors is three years for the first time. However, one-time reappointment is allowed for independent directors to ensure their independent operation, and the term of office for an independent director can be extended up to six years. In order to respond to the rapidly changing business environment, the BOD focuses its composition on expertise and experience so that the board can conduct appropriate deliberation on major management issues. Therefore, independent directors are made up of experts in various fields, such as finance and IT, and are appointed without restrictions on nationality or gender during the selection process. Based on their objectivity and expertise, the appointed outside directors check the other members of the board by discussing the agenda of the BOD from various angles and presenting opinions when necessary.

Appointment Criteria of Directors

	Independence	<ul style="list-style-type: none"> A person engaged in business affairs of the company A person who has a significant interest in the largest shareholder of the company Persons who have been employed by the company for any period over the last two years are restricted from the service as outside directors.
	Transparency	All directors are appointed through resolutions at the general shareholders' meeting
	Professionalism	Persons with abundant expertise or experience in management, economy, accounting, law, technology, and sustainable management are selected as candidates for independent directors
	Diversity	No restriction on religion, race, gender, country/region of origin, a field of specialization, etc. when selecting candidates

Operation and Activities of Committees under the BOD

LX Semicon operates a committee within the BOD to bring increased transparency into corporate governance and enhance professionalism. The Audit Committee, which focuses on management and monitoring, includes all independent directors to ensure independence and fairness. The Finance Committee deliberates and makes decisions on agendas delegated from the BOD and daily financial matters. A total of seven committee meetings were held in 2021, a total of agenda items were reviewed and reports were presented in a total of thirteen sessions. The participation rate on the BOD is 100% for both executive and independent directors, and resolutions and attendance are fully disclosed through the annual business report.

Committees under the BOD

Classification	Purpose of Installation and Authorities
Audit Committee(3 Independent Directors)	Audit of the company's overall business operations including financial position
Finance Committee(2 Executive Directors)	Deliberation and resolution of matters delegated by the BOD and daily financial matters

BOD Supporting Organization

LX Semicon operates a separate organization that supports the performance of duties so that independent directors can both perform their duties efficiently and enhance their professionalism. The Finance/IR Team under the CFO provides the requested support necessary for the performance of the independent director's duties for the operation of the BOD and the committees under. The organization is also in charge of holding workshops and seminars to enhance the competence and expertise of the BOD and establishing schedules to manage them.

Audit Independence

In order to put objectivity and transparency into audits, an organization in charge of management diagnosis/improvement that directly reports to the CEO is operated to minimize the influence of internal and external stakeholders. The Audit Committee performs its role with independence that is guaranteed by the fact that all its members are outside directors. In addition, we operate cyber ombudsmen(website, intranet) so that when problems such as employee corruption or unreasonable demands using positions occur, the facts can be reported privately. The department in charge supports the audit committee's exercise of audit authority and its evaluation of the internal accounting management system.

BOD Performance Evaluation and Compensation

The evaluation of the BOD is carried out internally. To bring fairness in the evaluation, LX Semicon established clear internal evaluation criteria such as meeting attendance, contribution, and independence, and conducts performance evaluation in consideration of business understanding and professionalism. We pay the same amount to all independent directors within the total director remuneration approved at the general shareholders' meeting.

BOD Remuneration (As of 2021)

Classification	Unit	Remuneration	Bonus	Total	Average per person
CEO	KRW million	968	404	1,374	-
Independent Director	KRW million	-	-	216	72

Compensation System for Top-Tier Management

Based on the executive management regulations approved by the BOD, LX Semicon comprehensively considers KPIs, management indicators, roles, and contributions or the evaluation and compensation of LX Semicon executives. Bonuses are paid in consideration of management contributions to performance creation through a comprehensive evaluation of metrics consisting of company sales and operating profit in the previous year, evaluation of core tasks, and performance expectations for the future. However, in the event of an in-house violation of regulations or damage to the company, we are clearly responsible for the management performance, such as reduction of bonuses or non-payment.

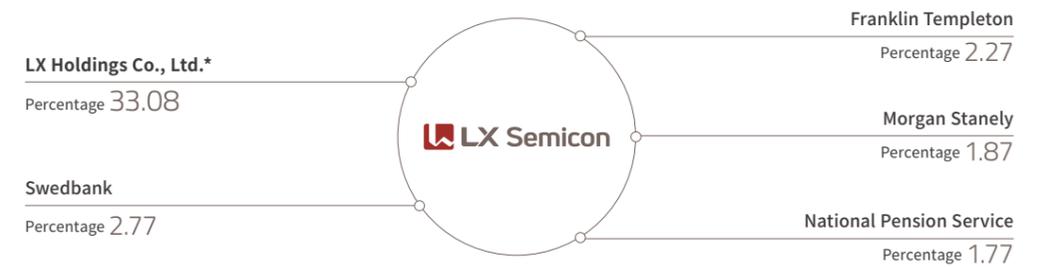
Accident Insurance for Executives

Executives, including the CEO, are enrolled in the 'Executive Liability Insurance' to prevent uncertainties such as financial bankruptcy, which is to lessen damage to the corporate image and reduce the financial burden due to management risks(class action, liability, etc.) that may occur during company operation with a view to protecting shareholder rights and interests.

Equity and Capital Structure

LX Semicon's stock consists of only common stock without preferred stock, with one vote per share in principle. As of December 31, 2021, the number of stocks granted voting rights is 16,264,300.

Shareholding Structure (As of December 31, 2021)



Shareholders	No. of shares	Percentage
LX Holdings Co., Ltd.*	5,380,524	33.08
Swedbank	450,000	2.77
Franklin Templeton	368,984	2.27
Morgan Stanley	304,390	1.87
National Pension Service	288,601	1.77

*Largest shareholder

Protection of Shareholder Interests

LX Semicon protects shareholder interests and the right to know by faithfully reporting disclosure obligations under the Capital Market Act and Disclosure Regulations on time. In particular, by adopting and utilizing the electronic voting system following Article 368-4 of the Commercial Act at the 25th regular general meeting of shareholders held in January 2021, we have since supported the smooth exercise of the voting rights of shareholders. Committed to enhancing shareholder value, we determine dividends within the portion of sharable profits in consideration of investment, financial structure, and domestic and overseas business environment for the growth of the company.

Appendix

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Sustainability Data

LX SEMICON FINANCIAL PERFORMANCE AND DISTRIBUTION

Net sales(As of 2021)	Operating income(As of 2021)
1,898.8 KRW billion	369.6 KRW billion

Financial Performance(Consolidated)

Classification	Unit	2019	2020	2021
Net sales		867,122	1,161,896	1,898,846
Cost of sales		654,231	865,870	1,240,353
Gross profit		212,891	296,026	658,493
Selling and marketing expenses		165,636	201,799	288,871
Operating income		47,255	94,227	369,622
Financial income	KRW million	3,909	2,806	4,111
Financial expenses		456	1,252	2,999
Other non-operating income		3,602	10,840	20,909
Other non-operating expenses		7,422	15,706	10,967
Profit(loss) before income tax		46,888	90,915	380,676
Income tax expense		8,349	18,386	84,252
Profit(loss) for the year		38,539	72,529	296,424

Sales & Operating income

Classification	Unit	2019	2020	2021
Sales	Separated	867,122	1,161,896	1,898,846
	Consolidated	867,122	1,161,896	1,898,846
Operating income	Separated	46,811	93,723	368,630
	Consolidated	47,255	94,227	369,622

Economic Data

Operation status of the BOD

Classification	Unit	2019	2020	2021
BOD meetings	Times	7	7	7
Deliberation on the agenda of the BOD	Approved	11	12	21
	Briefed	7	8	7
Attendance rate of the BOD	Executive	100	100	100
	Independent	93	100	100
	Non-executive	80	50	100
Total		91	89	100

Senior Decision-making Body & Composition of the Board Committees

Classification	Unit	2019	2020	2021
Executive or Non-executive	Employees	1	1	2

Compensation policy

Classification	Unit	2019	2020	2021
Salary	CEO	534.3	538.2	968
Bonuses	CEO	174.2	89.7	404
	CEO	708.5	627.9	1,374
Total Amount	Independent directors	175	207	216
Average per employee		211	235	418

Global Business Sites

Classification	Region	Classification	Region
Headquarters	Korea-Seoul(Yangjae Campus)	Subsidiary company	India-Bengaluru
	Korea-Daejeon		China-Nanjing
	US-Santa Clara		China-Shenzhen
Subsidiaries	Japan-Tokyo	Branch Office	China-Wuhan
	China-Beijing		China-Chongqing
	China-Chengdu		Taiwan-Hsinchu
	Total		12 sites

*As of 2021

Economic Data

Regional Sales

Classification	Unit	2019	2020	2021
Korea		699,468	495,043	465,128
China		159,318	515,437	825,043
Vietnam		-	123,382	415,856
Taiwan	KRW million	-	13,327	163,129
Japan		4,998	9,345	26,188
Other		3,338	5,362	3,502
Total		867,122	1,161,896	1,898,846

Stakeholder Economic Performance Distribution

Classification	Unit	2019	2020	2021
Members(salary and bonus, retirement benefits and welfare expenses)		38,761,784,522	53,685,837,638	74,370,444,626
Shareholders/Investors (Dividend and Interest Expenses)	KRW	13,751,056,433	13,707,214,744	22,125,100,320
Government(Corporate Tax)		8,349,065,922	18,386,320,992	84,252,328,037

Financial Assistance Received from the Government

Classification	Unit	2019	2020	2021
Investment grants, R&D grants, and other relevant types of grant	KRW million	200	70	40

R&D Investment Amount

Classification	Unit	2019	2020	2021
R&D expenses	KRW billion	1,000	1,209	1,714
R&D cost relative to sales	%	11.5	10.4	9.0

Memberships

Korea Semiconductor Industry Association

UN Global Compact(UNGC)

Environmental Data

Energy Consumption within the Organization

Classification	Unit	2019	2020	2021
Gasoline		11.25	30.70	39.37
Diesel		0.33	0.11	0.13
LNG	TOE	144.90	190.72	198.70
Electric power		1,046.28	1,590.51	1,468.77
Total energy consumption		1,202.76	1,812.04	1,736.97

Energy Intensity

Classification	Unit	2019	2020	2021
Total energy consumption	TOE	1,202.76	1,812.04	1,736.97
Net sales	KRW million	867,122	1,161,896	1,898,846
Energy intensity	TOE/KRW million	0.0014	0.0016	0.0009

GHG Emissions(Scope 1, 2)

Classification	Unit	2019	2020	2021
Direct GHG emissions(Scope1)		338	477	528
Indirect GHG emissions(Scope2)	tCO ₂ eq	2,134	3,238	3,052
Total(Scope1 + Scope2)		2,472	3,715	3,580
GHG emissions intensity	tCO ₂ eq/(KRW million)	0.0028	0.0032	0.0019

*Scope: Daejeon Campus, Yangjae Campus

*Scope 1: Corporate vehicle(diesel, gasoline), city gas(LNG) usage

*Scope 2: Energy consumption

*Emission Coefficient: Used KEPCO CO₂ calculator

Waste Generated

Classification	Unit	2019	2020	2021
General waste	ton	6.8	6.8	7.7

*Scope: Daejeon Campus

Water Withdrawal by Source

Classification	Unit	2019	2020	2021
Municipal water	m ³	32,886	29,210	29,274
Ground water		N/A	N/A	N/A

Non-Compliance with Environmental Laws and Regulations

Classification	Unit	2019	2020	2021
The financial value of a fine	KRW million	0	0	0
Number of non-monetary sanctions	EA	0	0	0

Social Data

Number of Employees by Age Group

Classification	Unit	2019	2020	2021
Below 30		223(22%)	216(21%)	307(24%)
30-50	Employees(%)	737(73%)	759(74%)	888(70%)
Over 50		48(5%)	51(5%)	77(6%)
Total	Employees	1,008	1,026	1,272

Number of Employees by Position

Classification	Unit	2019	2020	2021
Employee	Male	575	541	594
	Female	140	150	202
	Subtotal	715	691	796
Manager	Male	252	288	402
	Female	14	17	26
	Subtotal	266	305	428
Executive	Male	9	9	12
	Female	0	0	1
	Subtotal	9	9	13

Number of Employees by Employment Contract

Classification	Unit	2019	2020	2021
Permanent	Male	836	838	1,008
	Female	154	167	229
Temporary	Male	10	12	21
	Female	8	9	14
Total number of employees	Male	846	850	1,029
	Female	162	176	243
Total		1,008	1,026	1,272

Total Number and Percentage of Voluntary Resignation

Classification	Unit	2019	2020	2021
Below 30	Employees	15	23	43
	%	1.5	2.24	3.38
30-50	Employees	51	56	54
	%	5	5.45	4.24
Over 50	Employees	0	6	3
	%	0	0.58	0.23
Total	Employees	71	85	100

New Employee Hires and Employee Turnover

Classification	Unit	2019	2020	2021
Number of newly hired employees by age group	Below 30	108	57	144
	30-50	55	38	173
	Over 50	3	5	11
Ratio of newly hired employees by age group	Below 30	10.7	5.6	11.3
	30-50	5.5	3.7	14
	Over 50	0.29	0.48	0.86
Total number of newly hired employees by gender	Male	117	73	243
	Female	49	27	85
Ratio of newly hired employees by gender	Male	11.6	7.11	19
	Female	4.9	2.6	6.6
Number of newly hired employees	Total Employees	166	100	328
Number of employees who turnover by age group	Below 30	15	23	43
	30-50	51	56	54
	Over 50	0	6	3
Ratio of employees who turnover by age group	Below 30	1.5	2.24	3.38
	30-50	5	5.45	4.24
	Over 50	0	0.58	0.23
Number of employees who turnover by gender	Male	51	69	74
	Female	15	16	26
Ratio of employees who turnover by gender	Male	5.05	6.72	5.81
	Female	1.19	1.55	2
Number of employees who turnover	Total Employees	66	85	100

Diversity of Governance and Employees

Classification	Unit	2019	2020	2021
Gender ratio of the BOD	Male	100	100	100
	Female	0	0	0
Disabled		17(2%)	17(2%)	21(2%)
National veterans	Employees(%)	4 (0.4%)	4(0.4%)	4(0.3%)
Foreigner		17(2%)	13(1%)	14(1%)

Number of Female Employees

Classification	Unit	2019	2020	2021
Manager*		3(0.3%)	6(0.6%)	3(0.2%)
Executive*		0(0%)	0(0%)	1(0.4%)
Newly hired	Employees(%)	49(5%)	27(29%)	85(35%)
Total		162(16%)	176(17%)	243(19%)

*Full-time employees

Social Data

Employees with Disabilities

Classification	Unit	2019	2020	2021
Number of disabled employees	Mild	3	3	3
	Severe	14	14	18
	Total	17	17	21
Employment rate	%	1.69	1.66	1.65

Parental Leave

Classification	Unit	2019	2020	2021
Total number of employees who took parental leave	Male	7	6	6
	Female	14	10	10
Total number of employees who came back to work after parental leave	Male	5	2	6
	Female	9	3	6
Total number of employees that returned to work after parental ended that were still employed 12 months after their return	Male	4	1	2
	Female	6	2	3
Ratio of employees who came back to work after parental leave	Male	71	33	100
	Female	64	30	60
Ratio of employees that returned to work after parental ended that were still employed 12 months after their return	Male	80	50	33
	Female	67	67	50

*Data calculated with the ending date of parental leave

Number of Hours and Employees who have received Compulsory Legal Education

Classification	Unit	2019	2020	2021
Awareness Improvement Regarding the Disabled	Training hours	995	980	1,262
	No. of participants	995	980	1,262
Occupational Health and Safety ¹⁾	Training hours	23,832	24,096	30,072
	No. of participants	993	1,003	1,253
Prevention of Sexual Harassment	Training hours	995	1,013	1,262
	No. of participants	995	1,013	1,262
Information Security	Training hours	3,060	3,240	3,723
	No. of participants	1,020	1,080	1,241

*As of Q4 2021

*Data of employees according to gender and employment contract will be disclosed in 2023

1) Occupational Health and Safety curriculum includes Anti-bullying training

Status of Training per Employee

Classification	Unit	2019	2020	2021
Total number of participants	Employees	5,188	1,108	1,956
Total number of training hours	Hours	57,609	20,874	36,362
Total number of training expenses	KRW billion	15.3	8.7	11.6
Training hours per employee	Hours	11.1	18.8	18.5
Training expenses per employee	KRW	294,837	867,004	593,047

*From 2020 to 2021, the number of training hours decreased in part due to the difficulty of conducting collective and offline training due to the COVID-19. (the number of participants includes overlapped data)

*Data of employees according to gender and employment contract will be disclosed in 2023

Training of Employees in charge of Personal Information

Classification	Unit	2019	2020	2021
No. of participants	Employees	35	48	48

*Data of employees according to gender and employment contract will be disclosed in 2023

Company-wide Jeong Do Management Training

Classification	Unit	2019	2020	2021
Training hours	Hours	1,698	292.5	1,409
No. of participants	Employees	1,132	195	939

*2020: Trained those who are in charge of organization or in the higher level

*2021: 50% of employees will be trained in 2021 and the remaining 50% will be conducted in 2022

*Data of employees according to gender and employment contract will be disclosed in 2023

Rate of Employees who have Received Performance Evaluation

Classification	Unit	2019	2020	2021
Male		100.0	100.0	100.0
Female	%	100.0	100.0	100.0
Office position		100.0	100.0	100.0

*Due to the characteristics of fabless companies(without production sites), all employees are classified as office position

*Employees who joined the company in the second half of 2021(after July 1) and those who work for less than 6 months per year(maternity leave, leave/retired workers, etc.) are excluded from the performance evaluation

Safety Data

Classification	Unit	2019	2020	2021
Occupational accident rate	%	0.09	0	0
Lost-time injuries(No. of cases)	Case	1	0	0

LX Semicon Declaration of Human Rights

LX Semicon is committed to faithfully implementing its social responsibility as a corporate citizen by complying with international standards and guidelines related to human rights and labor such as the Universal Declaration of Human Rights(UDHR), the United Nations Global Compact(UNG), the UN Guiding Principles on Business and Human Rights, and the ILO(International Labor Organization) Fundamental Convention and OECD Due Diligence Guidance for Responsible Business Conduct.

1. Respect for Human Rights

We respect the human rights of all our employees and with our best efforts, we are committed to creating safe working environments that are free from inhumane treatment or threats such as mental or physical attacks and verbal abuse.

2. Prohibition of Forced Labor

We do not restrict physical or mental activities through means of assault, intimidation, confinement, human trafficking, slavery, or forcing people to work against their will. We also do not require employees to give up their original copy of identification, passport, or work permit. We sign and provide them with a labor contract written in a language they understand. Furthermore, no fees or compensation of any kind will be required in exchange for their employment.

3. Prohibition of Child Labor

We comply with the minimum age of employment set by the laws of each country and region and prohibit child labor of people under the age of 16(or the age limit set by the local laws). When hiring people under the age of 18, they will not be assigned to any work that is not safe or unhealthy(including night-shift duty and overtime).

4. Compliance with Working Hours

We comply with the regulations on working hours, overtime, and days offset by the laws of each country and region, and do not force employees to work over the statutory working hours. All employees shall give voluntary consent to work overtime and overtime work should be compensated according to the standards set by the laws and regulations of each country and region.

5. No Discrimination

We provide equal opportunities for employment, promotion, compensation, and training to all employees, and prevent discrimination based on gender, age, race, religion, disability, pregnancy, marital status, social status, etc. We do not tolerate any kind of discrimination and promote a culture of diversity in the workplace.

6. Prevention of(Sexual) Harassment

We prohibit any actions that cause sexual humiliation, including sexual harassment and sexual violence in the workplace, as well as harassment or bullying that inflicts physical or mental pain in any form by abusing one's higher position within the company. To this end, we conduct training on sexual harassment and bullying while continuously improving the system to prevent damage. We also expand online and offline channels so that anyone can report violations. In case of violations, we protect the victim and take appropriate disciplinary measures and remedies.

We recognize the dignity and value of all employees and suppliers and have the right to pursue happiness and freedom in the provision of work. We support human rights and labor standards of labor-related international organizations such as the United Nations and the ILO and comply with labor laws in all countries and regions in which operate. In addition, we will continue to make efforts to maintain and improve a good working environment where all members can pursue happiness. We will share this policy with all stakeholders who directly influence or affects our business activities, such as employees, customers, and suppliers, and contribute to improving and raising awareness.

7. Wages and Benefits

All employees shall be paid over the minimum wage set by the local laws of each country and region.

8. Responsible Sourcing of Minerals

Recognizing any kind of human rights violation or environmental pollution that occurs during the mining process as a serious problem, we do not use minerals such as 3TG and cobalt, directly or indirectly, produced in hazardous or conflict areas, including the Democratic Republic of Congo and neighboring countries. We also confirm their origin in advance and disclose relevant information if requested by the customer.

9. Information Security

We ensure transparency in all business transactions and organize security training to enforce such transparency.

10. Compliance with the Law

We comply with the local standards of working conditions of each country and region, and do not tolerate working conditions that fail to meet them.

We support human rights not only for our own company but also for our suppliers. We pledge to do our best to establish and spread human rights management. We respect human rights and contribute to society while promoting humanity and paving the way for a brighter future as a global corporate citizen.

June 2022

CEO of LX Semicon
Sohn Bo-ik

GRI Standards Index

Universal Standards

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2-4	Restatements of information	2	
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2-7	Employees	58-59	
2-8	Workers who are not employees	58-59	To be disclosed in 2023
2-9	Governance structure and composition	48-51	
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2-22	Statement on sustainable development strategy	6-7	
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Topic Specific Standards

Standards Indicators			Reporting	
Topic	Disclosures	Title	Page	Note
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Environmental Compliance	307-1	Non-compliances with environmental laws and regulations	57	

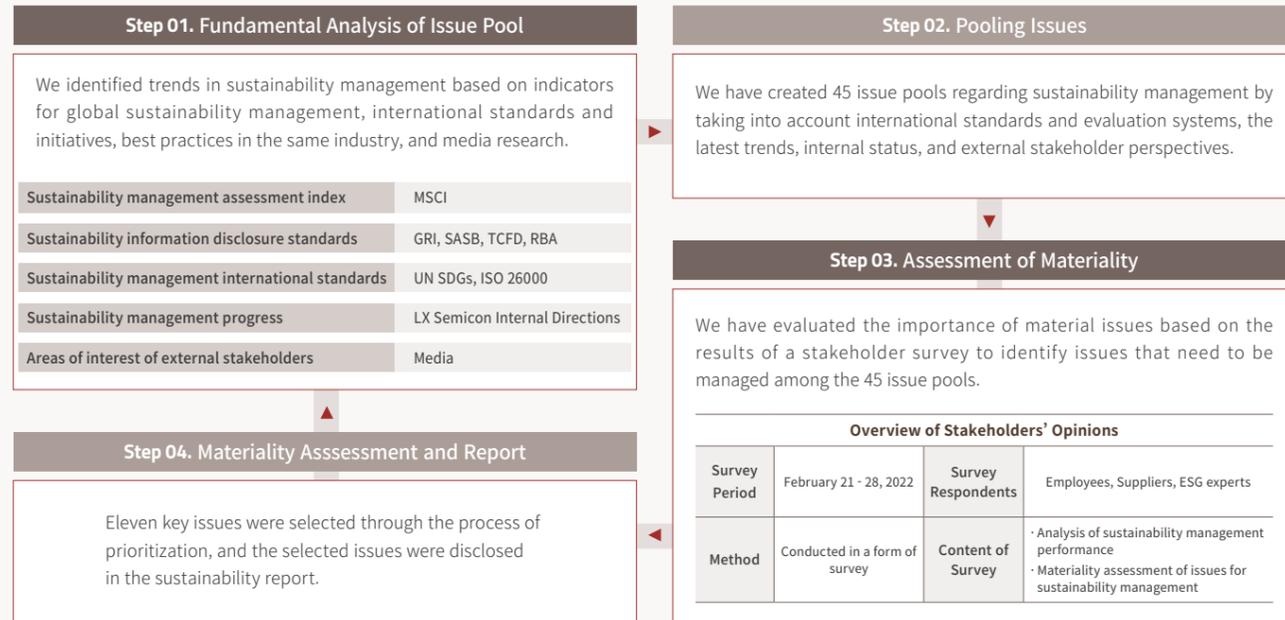
Topic Specific Standards

Topic	Disclosures	Standards Indicators		Reporting	
		Title	Page	Note	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	34-35		
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	403-3	Worker participation, consultation, and communication on occupational health and safety	22-23		
	403-4	Health and safety topics covered in formal agreements with trade unions	22-23		
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	403-6	Promotion of worker health	22-23		
	403-9	Work-related injuries	22-23, 61		
Training and Education	404-1	Average hours of training per year per employee	60, 61		To be disclosed in 2023
	404-3	Percentage of employees receiving regular performance and career development reviews	61		

Topic	Disclosures	Standards Indicators		Reporting	
		Title	Page	Note	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	59		
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Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	34-35		To be implemented in second half of 2022
Information Protection	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-		No. of case : 0
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	-		No. of case : 0

Materiality Assessment

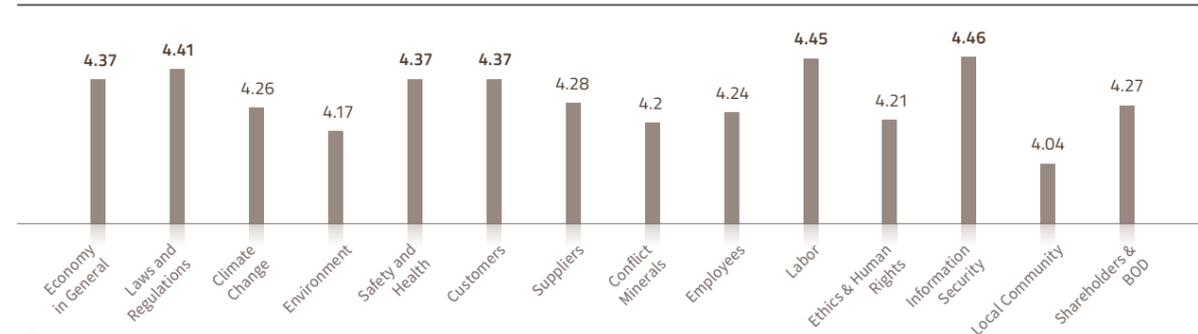
Materiality Assessment Process



Stakeholders' Opinions

In the process of publishing the sustainability report, we conducted a survey with key stakeholders such as employees, suppliers, and sustainability experts to identify issues of interest and included them in the LX Semicon 2021-2022 Sustainability Report.

Evaluating Stakeholders' Awareness of Materiality of ESG Issues*



* The higher the score, the more awareness of the importance.

Key Feedback

- Developing competitiveness through ESG management practice
- Retaining talent/manpower and enhancing its management
- Practicing ESG management of suppliers at a company-wide level
- Ensuring transparency on management performance and compensation

Materiality Map



Classification and Reporting Material Issues

No.	Material Issue	GRI Standards Topic Disclosure	Link to UN SDGs	Page
1	Developing growth engines for the future	Non-GRI	9 Industry, innovation, and infrastructure	18-19
2	Reducing GHG emissions and implementing carbon neutrality	305-1,2,4 Emissions	13 Climate action	26-29
3	Building safety, health management and response systems	403-1-6 Occupational Health and Safety	3 Good health and well-being 8 Decent work and economic growth	22-23
4	Raising safety and health awareness			
5	Establishing supplier ESG risk management	414-1 Supplier Social Assessment	12 Sustainable consumption and production	34-35
6	Job creation			
7	Securing key talents	401-1 Employment 404-1,3 Training and Education	4 Quality education 8 Decent work and economic growth	38-43
8	Developing expertise and competency			
9	Expanding diversity and inclusion	405-1 Diversity and Equal Opportunity	5 Gender equality 10 Reduce inequalities 16 Peace, justice, and strong institutions	39
10	Strengthening ethical management	Non-GRI	10 Reduce inequalities 16 Peace, justice, and strong institutions	32-33
11	Strengthening information security system	418-1 Information Protection	9 Industry, innovation, and infrastructure	30-31

Other Reporting Issues

Global market development and expansion	Expanding eco-friendly and safe product designs	Revising supplier ESG code of conduct and establishing supplier ESG policy	Establishing company-wide human rights risk assessment system
Transparent ESG disclosure	Establishing environmental performance management system	Advancing conflict minerals policy and monitoring policy implementation	Strengthening human rights training
Establishing response system for ESG-related demands from stakeholders	Enhancing company-wide environmental policy	Fair performance evaluation and compensation	Managing information security risk
Expanding R&D	Managing hazardous substances	Healthy organizational culture	Strengthening the expertise of the BOD and the executive
Establishing global cooperation system	Establishing resource circulation system	Cooperative labor-management relationship	Establishing mid- and long-term ESG vision and strategy system
Strengthening compliance management	Inviting customers' opinion and designing customized products	Securing decent work environment	Fair performance evaluation and executive compensation
ESG compliance	Strengthening design quality management system	No discrimination	Executive compensation in connection with ESG performance
Analyzing climate change risk and measuring financial impact	Establishing mid- and long-term plans to improve customer satisfaction	Establishing human rights charter and management guidelines	Strengthening board diversity

Management Approach

Background of Material Issues and LX Semicon's Approaches

1 Developing New Growth Engines for the Future

The role of memory semiconductors is expected to grow, following the innovation of leading technologies as we go through the Fourth Industrial Revolution. In the midst of the changing lifestyles following these trends, there is the semiconductor that drives technological advancement and innovation. Therefore, technological innovation and enhanced quality management are an important part of the semiconductor industry to keep pace with the rapidly changing business environment.

Through continuous R&D investment, LX Semicon is securing technology that can be linked with various products. Thus, LX Semicon will also contribute to the growth of the semiconductor industry by discovering new growth engines in line with the changing times that get everything connected to semiconductors.

2 Reduction of GHG Emissions and Implementation of Carbon Neutrality

In accordance with the Paris Agreement adopted in 2015, a universal system was established in which all countries could participate while reflecting on their own circumstances. Climate change has since emerged as a 'core task' that requires an active response from the government and South Korean companies in order to secure sustainable economic growth and engines. In particular, greenhouse gas emission management and implementation of carbon neutrality are important issues that are directly related to business sustainability for companies and are crucial for countries to achieve a sustainable society.

LX Semicon will also actively respond to climate change to achieve carbon neutrality in line with these changes in the domestic and overseas business environment. To this end, we will not only participate in the implementation of the K-RE100(Korean environmental initiative) in the future so that 100% of the electricity used by companies can be replaced with renewable energy, but will also be making various improvements efforts to disclose related information according to the TCFD recommendations.

* K-RE100: As an acronym for Korean Renewable Energy 100(RE100), it is a South Korean environmental initiative to replace 100% of the electricity used by businesses with renewable energy.

Promoting Safety Management and Raising Safety and Health Awareness

3 Safety & Health Management and Establishment of Response System

4 Raising Safety and Health Awareness

Pandemics such as COVID-19 and major disasters have a significant impact on corporate reputation. Therefore, companies must create an environment where employees can work safely and comfortably. Continuous efforts are essential, such as internalizing a safety culture and establishing a management system for accident prevention for employees who constitute the core of corporate competitiveness. As the ability to respond to an incident indicates the level of a company's safety management, a monitoring and response system for risk management must be established.

In addition, LX Semicon is implementing various efforts to achieve a safe workplace through the safety management policy and ensure that employees comply with it. Meanwhile, we are implementing safety culture campaigns and regular safety and health education to spread and establish a safety culture. Furthermore, we are protecting the safety and health of LX Semicon employees as well as our suppliers by establishing related plans and establishing safety manuals to strengthen the safety and health management system. Also, the company has formed and operates a task force to prevent the occurrence of serious accidents and establish a management system.

5 ESG Risk Management in Supply Chain

Since the EU announced its regulation of supply chain due diligence and due to labor and human rights issues such as conflict minerals, sustainability management and monitoring of suppliers are emerging as important issues. Supply chain management is an essential element in business operation and is directly related to supplier competitiveness and corporate competitiveness, so supplier risk management and prevention are essential.

LX Semicon pursues sustainable and harmonious growth with its suppliers and strives to establish a stable supply chain. In order to prevent and continuously manage supplier risks in advance, LX Semicon has established the Supplier Code of Conduct, which presents details that suppliers must comply with from an ESG point of view. Furthermore, we conduct ESG evaluations of our suppliers in order to identify their sustainability of our suppliers, and we manage conflict minerals to minimize human rights and labor issues in our supply chain.

Securing Talents and Strengthening Employee Competency



6 Job Creation



7 Securing Key Talents



8 Developing Expertise and Competency

A company's competitiveness depends on the talent of its human resources. Therefore, it is important to strengthen core competencies and retain talents by acquiring those professionals who have the ability to respond immediately to the changing environment and tap into unlimited potential. To this end, a company should establish a sound organizational culture and secure a sustainable work environment for them.

Recognizing that the competence of our employees is a key to gain competitive edges in the market, we support the continuous development of individual employees and nurture key future talent. We also organize job training in the field of semiconductor design and global talent development programs to help them develop their expertise and drive innovation.



9 Diversity and Inclusiveness

Diversity and inclusiveness are about providing equal opportunities and resources to everyone, regardless of race, ethnicity, gender, age, religion, region and origin, educational background, sexual orientation, or other cultural backgrounds while respecting the differences of individuals. Diversity and inclusiveness are as such as important to businesses as they affect their sustainability and competitiveness. The more diverse and inclusive an organization is, the more innovative and profitable it becomes, as they bring greater psychological stability to employees. Furthermore, an organization that guarantees diverse options and autonomy may take multi-faceted approaches to certain issues. This, in turn, prevents errors in decision-making, so companies must enhance employee diversity and inclusiveness.

LX Semicon works to build an organizational culture where diversity and inclusion are inherent. In addition, we are making efforts to improve the system so those female members can demonstrate their capabilities and grow as leaders. Moreover, we provide various supports so that careers are not interrupted due to pregnancy, childbirth, childcare, etc.



10 Strengthening Ethical Management

Ethical management is an essential part of a company's survival and continuity. It is important to keep fairness and transparency in business management. By doing so, companies should earn more trust from all stakeholders, including investors and customers, and ultimately increase corporate value. To implement this, a company should establish a policy to comply with the code of ethics, and provide training to raise awareness of the company's leaders(top management and executives) including its members.

LX Semicon has established the principle of Integrity Management to bring transparency and ethics to company management. We implement the pledge to practice Integrity Management and complies with anti-corruption laws every year in order to strengthen the understanding and will of all employees to practice Integrity Management. We have also created the human rights and labor policies based on the Universal Declaration of Human Rights, the ILO Labor Human Rights Code, etc. to implement human rights management.



11 Strengthening Information Security System

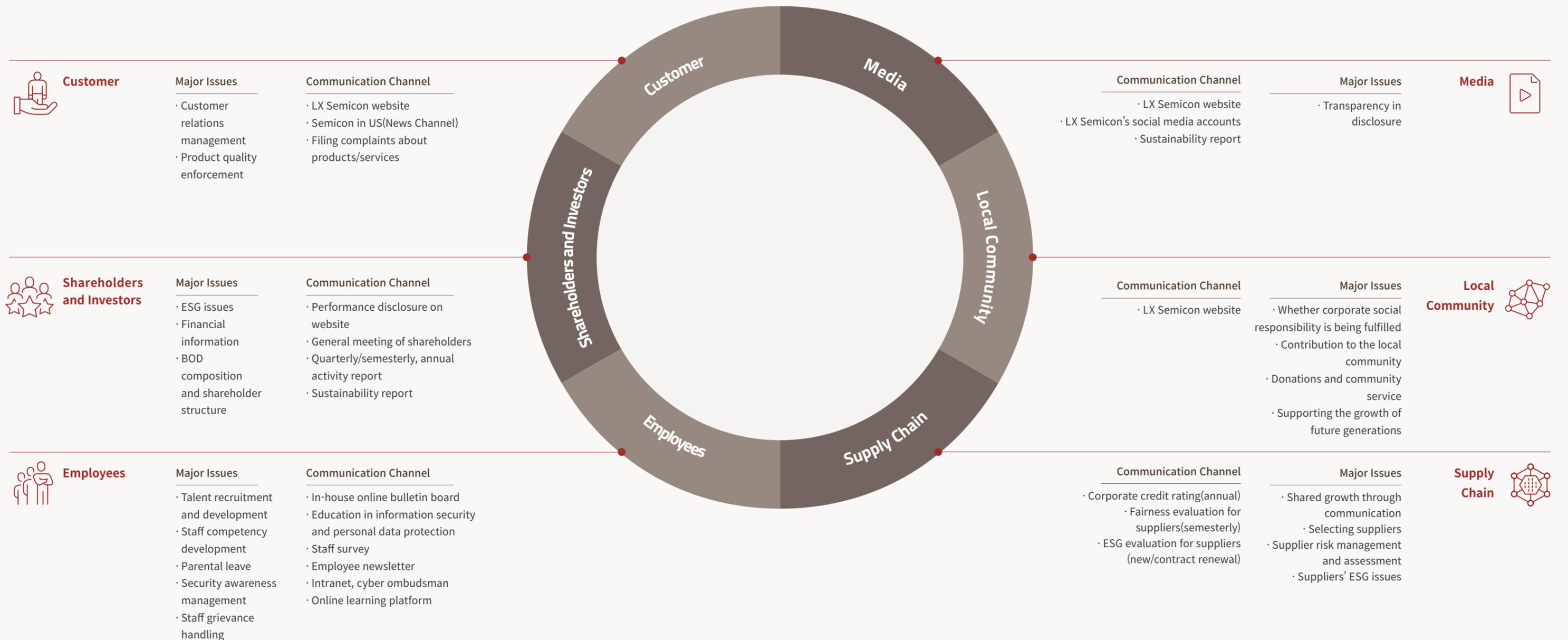
Information security risk is one of the most urgent and potentially damaging issues for companies. There is a growing importance of cyber security in modern society, which is rapidly becoming digitized and connected and requires an agile response from businesses. Therefore, businesses should prepare and enhance their security system to protect their information assets through their information security activities.

LX Semicon has established its information security policy and appointed a CISO(Chief Information Security Officer) to deal with security-related risks and issues, for the purpose of protecting the company's key technologies in semiconductor design. In addition, the Information Security Council has been organized under the CEO to manage and monitor company-wide information security. Furthermore, we conduct security training on a regular basis to raise awareness about information protection.

Stakeholder Engagement

LX Semicon collects various opinions through communication with internal and external stakeholders such as shareholders and investors, customers, employees, and local communities. We also identify major issues and demands through various communication channels for different stakeholders, actively respond to them, and communicate the results to stakeholders.

Stakeholder Communication Channels and Major Issues



Independent Assurance Statement

LX Semicon Co., Ltd. (“the Company” or “LX Semicon”) commissioned DNV Business Assurance Korea, Ltd. (“DNV”, “we” or “us”), part of DNV Group, to undertake independent assurance of its LX Semicon 2021-2022 Sustainability Report, Best Technology, Better Future (the “Report”).

Our Opinion | On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe LX Semicon’s adherence to the Assurance Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. We believe that LX Semicon is reporting in accordance with the GRI Standards.

Based on non-financial data, sustainability activities and performance data of 2021 generated from LX Semicon, we have evaluated the adherence to AA1000 AccountAbility Principles(AA1000AP) 2018 and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Sustainability Reporting Standards 2021 which are identified in the process for defining report content.

No.	Material Topics	Topic Standard	No.	Material Topics	Topic Standard
1	Developing growth engines for the future	N/A	6	Job creation	401-1
2	Reducing GHG emissions and implementing carbon neutrality	305-1,2,4	7	Securing key talents	404-1,3
3	Building safety, health management and response systems	403-1,2,	8	Developing expertise and competency	
4	Raising safety and health awareness	3,4,5,6	9	Expanding diversity and inclusion	405-1
5	Establishing supplier ESG risk management	414-1	10	Strengthening ethical management	N/A
			11	Strengthening information security system	418-1

The Principle of Inclusivity

LX Semicon defines stakeholders as customer, shareholders and investors, employees, media, local communities, and supply chain, and reports major interests of each group and LX Semicon's related communication channels. The definition of stakeholders and their participation methods are introduced in the Report, and major concerns gathered from stakeholders are reflected in the materiality assessment process. During the materiality assessment process, LX Semicon conducted an online survey targeting key stakeholders such as employees, business partners, and sustainability management experts. The assurance team confirmed that these contents are being used to organize report content and improve management activities.

The Principle of Materiality

LX Semicon conducted a materiality assessment to prepare the Report. Based on the derived 45 issue pool, a total of 11 material issues (Materiality Topics) are selected and reported in detail through stakeholder impact and business impact analysis. DNV confirmed that the material topics selected through the materiality assessment are reflected in the Report.

The Principle of Responsiveness

LX Semicon established an ESG vision and strategy for establishing an ESG management foundation in the second half of 2021, and based on this, established a full-fledged ESG management system by deriving detailed tasks. In addition, LX Semicon held an ESG vision declaration ceremony to promise the will of the CEO and executives to implement and revitalize the will of ESG management. Through this, the Company disclosed its ESG vision and strategy to the public and made a commitment to practice with stakeholders. In order to evaluate and manage the impact of business activities, LX Semicon is building a management system based on mutual cooperation among related departments. Information related to this is disclosed through the Report.

The Principle of Impact

LX Semicon discloses in detail the background of issue selection and progress on material topics that reflect stakeholders' interest and expectations. It is recommended to set strategic KPIs to manage the impact of each ESG strategic task and to quantify and present information related to performance and future plans in detail. The assurance team confirmed that the material topics selected through the materiality assessment were completely reflected according to the physical and periodic reporting boundaries centered on domestic business sites. The assurance team recommends that the impact related to material sustainability issues identified in the materiality assessment be expanded and reported transparently to major overseas business sites.

Reliability of Specific sustainability performance information

DNV conducted a review of compliance with the principles of AA1000AP(2018) of the Report as described above (Type 1 verification). The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of the Company and interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. The Company reports the sustainability performance of the last three years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report.

Scope and Approach

We performed our work using AA1000AS v3, Assurance Standard set for by AccountAbility, and DNV’s assurance methodology VeriSustain™ (Ver. 5.0) which is based on our professional experience, international assurance best practices including the International Standard on Assurance Engagements 3000 (“ISAE 3000”), and the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”). DNV provides Type 1 and the moderate assurance. The engagement excludes the sustainability management, performance and reporting practices of LX Semicon’s subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service(<http://dart.fss.or.kr>) as well as LX Semicon’s website (www.lxsemicon.com). The review of financial data taken from these sources is not within the scope of our work. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a ‘limited level’ of assurance. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the company were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification.

Basis of our opinion

The assurance was carried out from May to June 2022. We undertook the following activities as part of the assurance process:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Site visits to LX Semicon Gangnam Campus in Seoul, Korea to review process and system for preparing sustainability data and implementation of sustainability strategy.
- Conducted interviews with representatives from the various departments;
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- Reviewed the process and the result of materiality assessment.

<p>Responsibilities of the Directors of LX Semicon and DNV</p> <p>The Directors of LX Semicon have sole responsibility for the preparation of the Report. Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Independent Assurance Statement.</p>	<p>Competence and Independence</p> <p>DNV’s established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This engagement work was carried out by an independent team of sustainability assurance professionals.</p>	<p>DNV - Business Assurance</p> <p>DNV Business Assurance Korea Ltd. is part of DNV Group, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.</p> <p>www.dnv.co.kr/assurance</p>
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June 20, 2022
Seoul, Korea



Country Representative **Jang Sup Lee**
DNV Business Assurance Korea Ltd.





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