

# Best Technology, Better Future

LX Semicon 2023-2024 Sustainability Report



# ABOUT THIS REPORT

## Overview

Since 2022, LX Semicon has published an annual Sustainability Report to disclose its ESG management activities, performance, and future plans transparently to stakeholders. This is LX Semicon's third Sustainability Report and is intended to share LX Semicon's major ESG activities and performance with various stakeholders, including employees, suppliers, local communities, and shareholders. We will continue to publish the Sustainability Report annually to transparently disclose our efforts and achievements in sustainability management.

## Reporting Period

This Report covers our financial performance and sustainable management activities from January 1, 2023 through December 31, 2023. As for some of quantitative performance, data for three years is provided herein to help readers understand trends. Some key operations in the first half of 2024 are also included.

## Reporting Scope

The scope of environmental, social, and governance performance in this Report encompasses LX Semicon's headquarters and domestic business sites, and includes some information from overseas business sites (LX Semicon U.S.A., Inc., LX Semicon China Co., Ltd., and LX Semicon Japan Co., Ltd.). The consolidated financial information follows the Korean International Financial Reporting Standards (K-IFRS). Any financial information prepared by a separate methodology is presented as footnotes. For environmental and social information, where data collection is limited, the scope of reporting is also explained in the footnotes.

## Reporting Framework

This Report has been prepared in line with the Global Reporting Initiative (GRI) Standards 2021. It also follows the Ten Principles of the United Nations Global Compact (UNGC) in four areas: human rights, labor, environment, and anti-corruption. In addition, we took into consideration global initiatives such as semiconductors standards set by the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and UN Sustainable Development Goals (UN SDGs) to prepare the data for this Report. To reflect global trends in sustainability information disclosure, we have also organized the reporting issues considering the core elements required by the International Sustainability Standards Board's (ISSB) 'IFRS S1 General Requirements for Disclosures of Sustainability-related Financial Information.'

## Data Assurance

The data in this Report has been verified according to international verification standards by BSI, an independent verifier, in order to ensure reliability and enhanced quality. The results are available in the Appendix section of this report.

## For more details of LX Semicon's sustainable management, please contact us by any of the following:

LX Semicon Website: [www.lxsemicon.com](http://www.lxsemicon.com)

E-mail: [sustainability@lxsemicon.com](mailto:sustainability@lxsemicon.com)

Address: 222, Techno 2-ro, Yuseong-gu, Daejeon,  
Republic of Korea

Tel: 02-6924-3114

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## Interactive PDF Reader's Guide

LX Semicon 2023-2024 Sustainability Report is published in an interactive PDF format that includes links to related pages or websites.

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# Message from the CEO



Dear esteemed stakeholders,  
I am Yun-tae Lee, CEO of LX Semicon.

In 2023, the business environment became increasingly uncertain due to global recession, geopolitical conflicts, and heightened competition among display semiconductor companies. As we move into 2024, LX Semicon remains committed to enhancing our intrinsic business competitiveness through continuous evolution, innovation, and pursuit of challenges. We are poised for a significant leap forward, aspiring to become 'a global leader in system semiconductor technology' through robust ESG management practices.

**First, we will deliver differentiated value to our customers by fortifying the foundations of our core businesses.**

Leveraging our comprehensive product portfolio in displays, we will enhance the competitiveness of our products by offering chip solutions optimized for our customers' systems. We aim to achieve tangible outcomes by pioneering market-leading technologies and expanding our product range accordingly.

**Furthermore, we will bolster our R&D capabilities and innovate our operations to establish a resilient business structure.**

Through the restructuring of our organizational framework and nurturing our human resources, we are shaping LX Semicon into a globally agile organization capable of steadfast execution towards our objectives. We expect to further fortify our core competencies through operational innovation, including strategic enhancements in supply chain management and quality systems.

**Simultaneously, we are working to cultivate a mid- to long-term portfolio by identifying and nurturing new businesses that will drive future growth.**

Through choice and concentration, we will enhance the efficiency of our investments while striving for the future expansion of our heat dissipation substrates business, which we are currently developing as a new venture, and identify new promising fields aligned with our core competencies.

**Lastly, LX Semicon is committed to elevating our ESG practices to ensure sustainable growth.**

In view of the increasing global and domestic calls for the improvement of environmental, social, and governance practices, LX Semicon aims to enhance its ESG management to secure stakeholder trust and enhance corporate value with the conviction that ESG management is 'the foundation of innovation for maintaining industrial competitiveness.' Therefore, we will intensify our oversight of ESG management, including climate action, human rights, and supply chain.

**Dear stakeholders,**

We anticipate continued challenges in both external and internal environments this year. Nonetheless, this period also presents a pivotal opportunity for us to evolve into a stronger organization. Together with the entire LX Semicon team, I pledge our unwavering commitment to securing our competitive edge and unlocking future potential to deliver enhanced value to all stakeholders.

We deeply appreciate your ongoing support to promote LX Semicon's ESG management.  
Thank you.

June, 2024

LX Semicon CEO **Yun-tae Lee**

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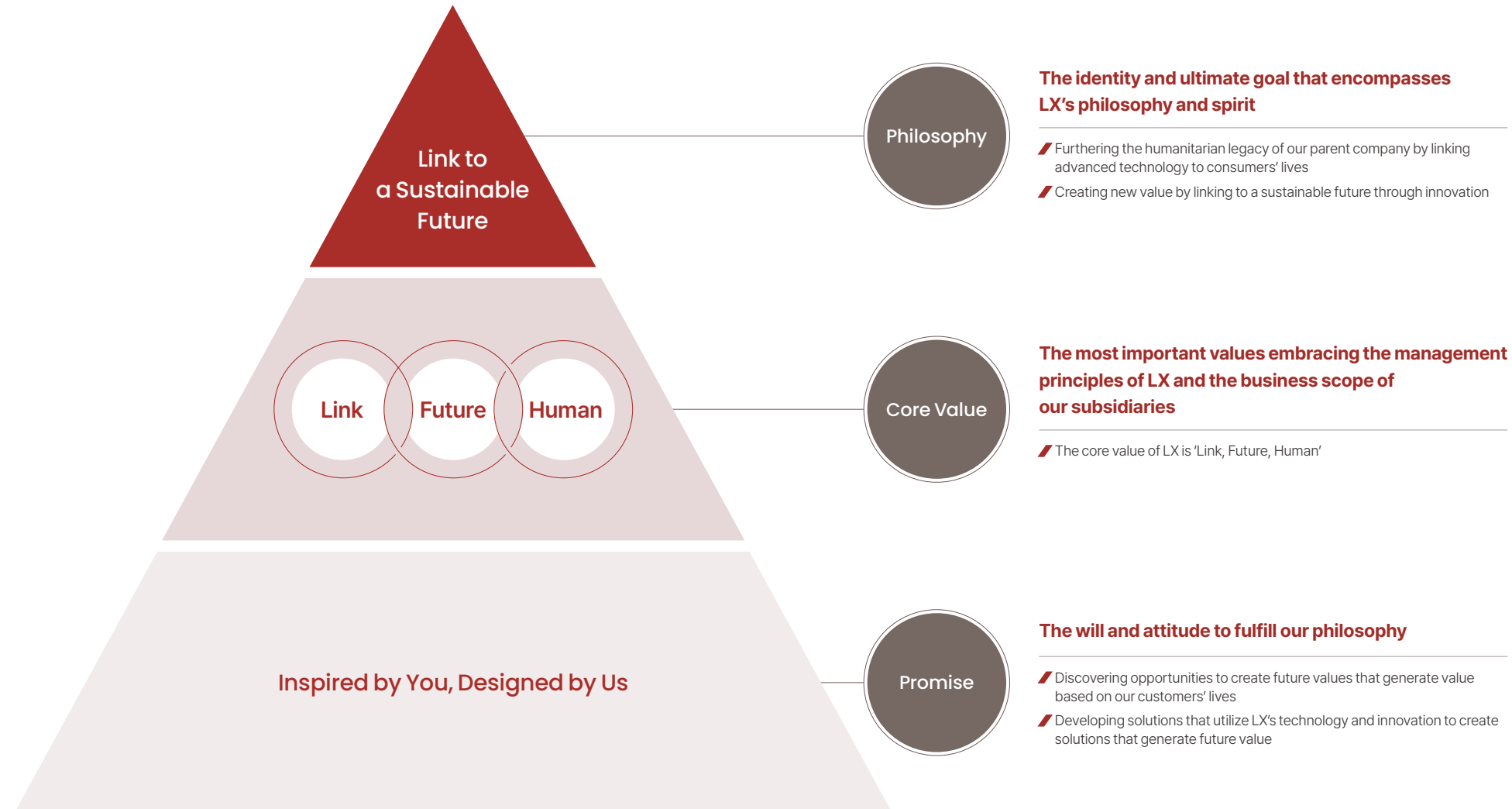
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# LX Management Philosophy

**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 continue a sustainable future.



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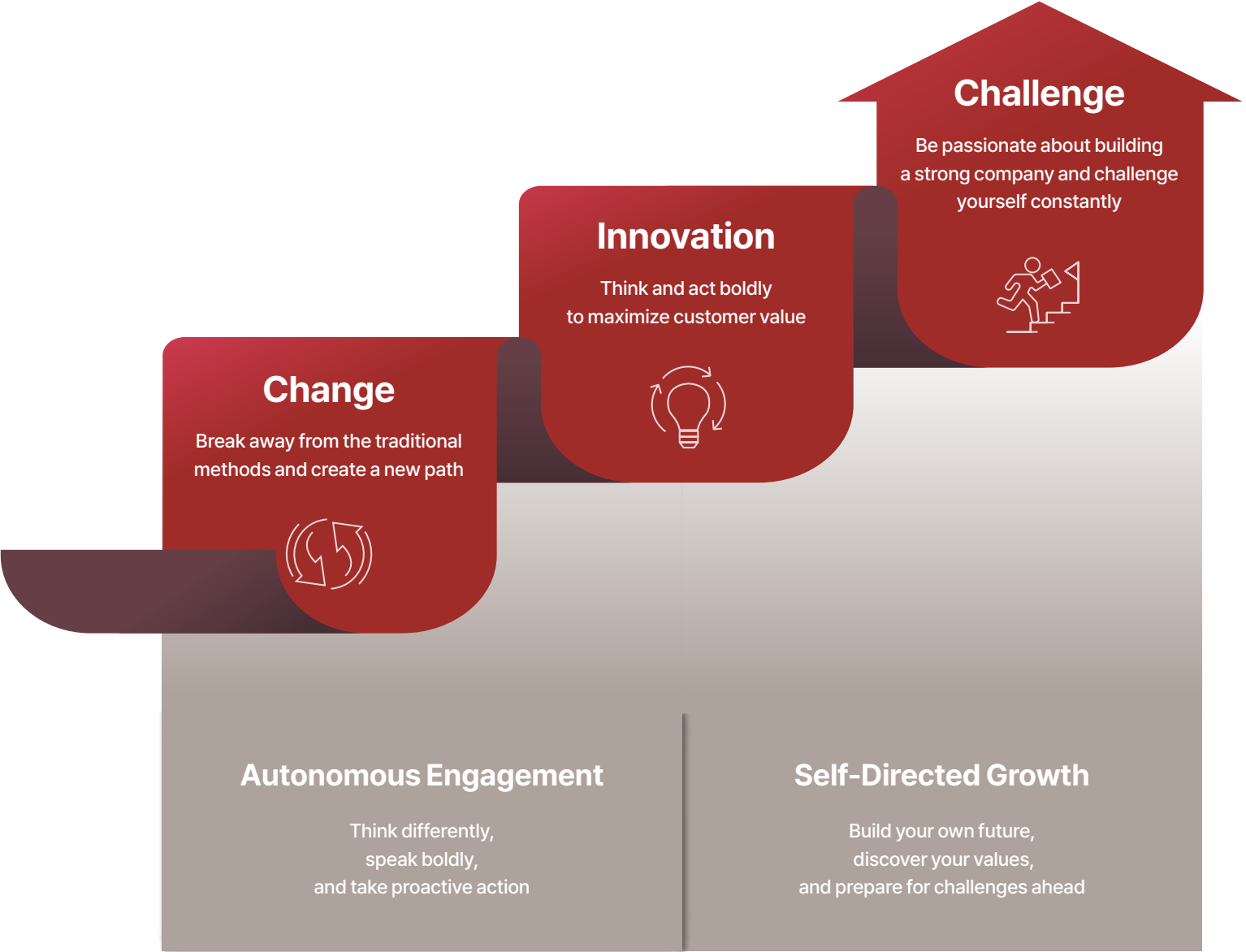


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# LX Semicon Core Values and Principle

## Core Values



## Principle

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# LX Semicon at a Glance

## Company Profile

LX Semicon is Korea's largest fabless company specializing in semiconductor design and sales, with its main focus on the design, manufacturing, and sales of system semiconductors. In particular, we are strengthening our technological competitiveness and securing differentiation and market advantage based on our core products: Driver Integrated Circuits (D-IC), Display Processors (T-Con), and Power Management Integrated Circuits (PMIC). Recently, we have been diversifying our business portfolio by promoting MCUs, power semiconductors, and heat dissipation substrates as new growth engines. To this end, we are actively investing in R&D personnel and technology development, striving to establish our presence as a global semiconductor company.

(As of December 31, 2023)

Company Name	LX Semicon Co., Ltd.	Shareholders	No. of Shares Owned	Ownership Ratio
HQ Location	222, Techno 2-ro, Yuseong-gu, Daejeon	LX Holdings*	5,380,524	33.08%
Business Domain	Semiconductor design	National Pension Service	1,193,795	7.34%
Main Product	System IC	VANGUARD	356,968	2.19%
CEO	Yun-tae Lee	SWEDBANK	350,000	2.15%
Date of Establishment	November 11, 1999	FRANKLIN TEMPLETON	248,855	1.53%

\* Largest shareholder

## LX Semicon History

Oct. 2023	Won the 12 <sup>th</sup> Intellectual Property Rights Award
Jan. 2023	Certified as an Authorized Economic Operator (AEO)
Dec. 2022	Achieved 'Family Friendly Certified Company Certification' by Best Family Friendly Management
Dec. 2022	Selected as an exemplary company in ESG management by the KCGS (Korea Corporate Governance Service)
Dec. 2022	Won the 'USD 1 Billion Export Tower' on Trade Day (Ministry of Trade, Industry and Energy)
Nov. 2022	Listed on the KOSPI securities market (KOSDAQ → securities market)
Aug. 2022	Selected as the Korean Best Job Company in 2022 by the Ministry of Employment and Labor
Jul. 2021	Changed the company name to LX Semicon
May. 2021	LX Holdings launched and incorporated as its subsidiary
Dec. 2020	Reached KRW 1 trillion in sales
Jun. 2018	Won the 10th KOSDAQ Award in the job creation category
Jul. 2015	Acquired a part of LG Electronics System's IC business division
Apr. 2015	Acquired a part of Lusem System's IC division
Jul. 2014	Joined the LG affiliated group
Jun. 2010	Listed on the KOSDAQ
Nov. 2008	Developed CEDS interface technology for ultra-high-speed, ultra-thin, and high-definition next-generation TVs
May. 2006	Developed ultra-low power IP and T-CON
Sep. 2002	Developed MD Architecture for LCD and SD-IC
Nov. 1999	Established the company

## LX Semicon Global Network (Business Sites)

With the aim of securing competitiveness as a leading global fabless company, LX Semicon has been expanding the boundaries of its global network to explore overseas markets and further expand our global business. With 14 hubs in six countries, including Korea, the US, China, and Japan, we provide our local customers with exceptional products and services tailored to their specific needs.

- Corporation
- Office
- Branch
- Headquarters



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# Our Businesses

## Business Areas

LX Semicon started as a fabless of designing semiconductors for IT displays in 1999. Since then, we have diversified our product portfolio to include solutions for TVs, mobile devices, home appliances, and automotives. This diversification has driven our growth. LX Semicon has been focusing on R&D to stay ahead of the competition and develop next-generation displays such as Mini LED, Micro LED, and Micro OLED, while striving to play a leading role in the future display market.



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## 2023 Highlights

After achieving KRW 2 trillion in annual sales in 2022, LX Semicon's performance in 2023 was somewhat sluggish compared to the previous year with annual sales of about KRW 1.9 trillion, due to the global economic downturn and intensified competition. Despite this downturn, LX Semicon remains focused on strengthening its intrinsic competitiveness, preparing for the expansion of new businesses such as heat dissipation substrates, and laying the foundations for mid- to long-term growth rebound. Additionally, LX Semicon participated in the 2023 Korea Semiconductor Exhibition (SEDEX) for the first time in six years since 2017 to showcase its semiconductor technology and total solutions for displays, home appliances, and automobiles. We expect to find new business opportunities and secure talented human resources through such participation. LX Semicon, as the first fabless company in Korea, obtained the Authorized Economic Operator (AEO) certification for excellence in export and import safety management. Following this, we have established standards for continuous post-management inspection and management, improving our compliance with regulations. We are committed to maintaining these standards continuously to provide a stable and efficient business environment for our customers.

### Showcased in the Semiconductor Exhibition (SEDEX)

Exhibited displays, home appliances and automotive semiconductors and demonstrated core technologies



### AEO-certified

Became the first domestic fabless company that obtained the AEO certification



As the largest fabless company in Korea, LX Semicon has achieved steady growth each year through technological preemption based on advanced R&D. The company operates an R&D organization directly under the CEO, and is continuously expanding its investment in R&D, increasing its expenditure from KRW 79.2 billion in 2017 to KRW 219.8 billion in 2023. LX Semicon is a member of the Korea Semiconductor Industry Association and has established the 'Future R&D Center' and 'Industry-University Collaboration Center' at KAIST and Yonsei University, respectively. These Centers provide educational programs such as internships for selected students, and carry out joint industry-academia semiconductor projects using the infrastructure. In addition, we hold 1,111 domestic and 1,785 overseas patents related to semiconductors and operate a dedicated organization of experts to manage our patents. As a new growth engine for the future, we are promoting the business of heat dissipation substrates that quickly dissipate heat generated by power semiconductors. To this end, we have completed the development of MDB (Metal Diffusion Bonding) technology and are in the process of setting up equipment to mass-produce heat dissipation substrates following the construction of the heat dissipation substrates factory in December 2022.

### Strengthened R&D and nurtured talents in the semiconductor sector

Established the LX Semicon-Yonsei University Industry Cooperation Center



### KRW 219.8 billion invested in R&D



### Obtained 1,111 domestic patents and 1,785 overseas patents

(Accumulated figures as of Dec. 31, 2023)



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# Message from the ESG Committee Chair

**Dear esteemed stakeholders at home and abroad,  
I am Kyeong-woo Wee, the Chair of the LX Semicon ESG Committee.**

First of all, I would like to thank all our stakeholders for the generous support and encouragement they have extended for our efforts to become a global leading system semiconductor company through continuous evolution and innovation.

Over the past few years, various stakeholders, including domestic and foreign investment organizations and rating agencies, have been demanding specific ESG management of high standards from companies. Additionally, various ESG factors are being reflected in the actual contract terms for business transactions, increasing the impact of ESG on corporate management.

Legislation has become progressively stringent in recognition of the challenges presented by climate crisis and human rights issues, with major countries establishing ESG disclosure standards and guidelines for listed companies to disclose relevant information and data. Moreover, stakeholders are increasingly demanding that companies improve governance transparency and enhance shareholder value.

Considering these changes in the internal and external business environments, LX Semicon declared 'Best Technology, Better Future' as its ESG vision in 2022 and is strengthening ESG management continuously by implementing improvement tasks in each area. To this end, we have established an ESG Committee under the BOD and created a system to conduct deliberations and make decisions on various ESG issues with the participation of the BOD members.

Based on this, LX Semicon has established a 2050 roadmap for achieving carbon neutrality, a global issue of high priority, and plans to upgrade the plan going forward. Additionally, we are working proactively to respond to climate change by converting part of the power at our Daejeon Campus to solar energy and joining the 'K-RE100,' a renewable energy initiative.

To strengthen the prevention and management of human rights risks, we have established 'a Human Rights Management Policy' and disclosed the policy to the public after approval by the ESG Committee. We will continue to strengthen human rights management and promote a culture of respect for human rights working with various stakeholders of LX Semicon.

Lastly, to strengthen the ESG Committee's expertise and enhance its understanding of various ESG issues, we conducted ESG Committee training in cooperation with an external expert organization.

As the Chair of the ESG Committee, I will continue to do my best to promote the sustainable growth of LX Semicon by expressing various opinions and fulfilling my role.

We would like to ask for your interest and encouragement as we take bold strides forward as 'a global leading system semiconductor company.'

June 2024   
LX Semicon ESG Committee Chair **Kyeong-woo Wee**

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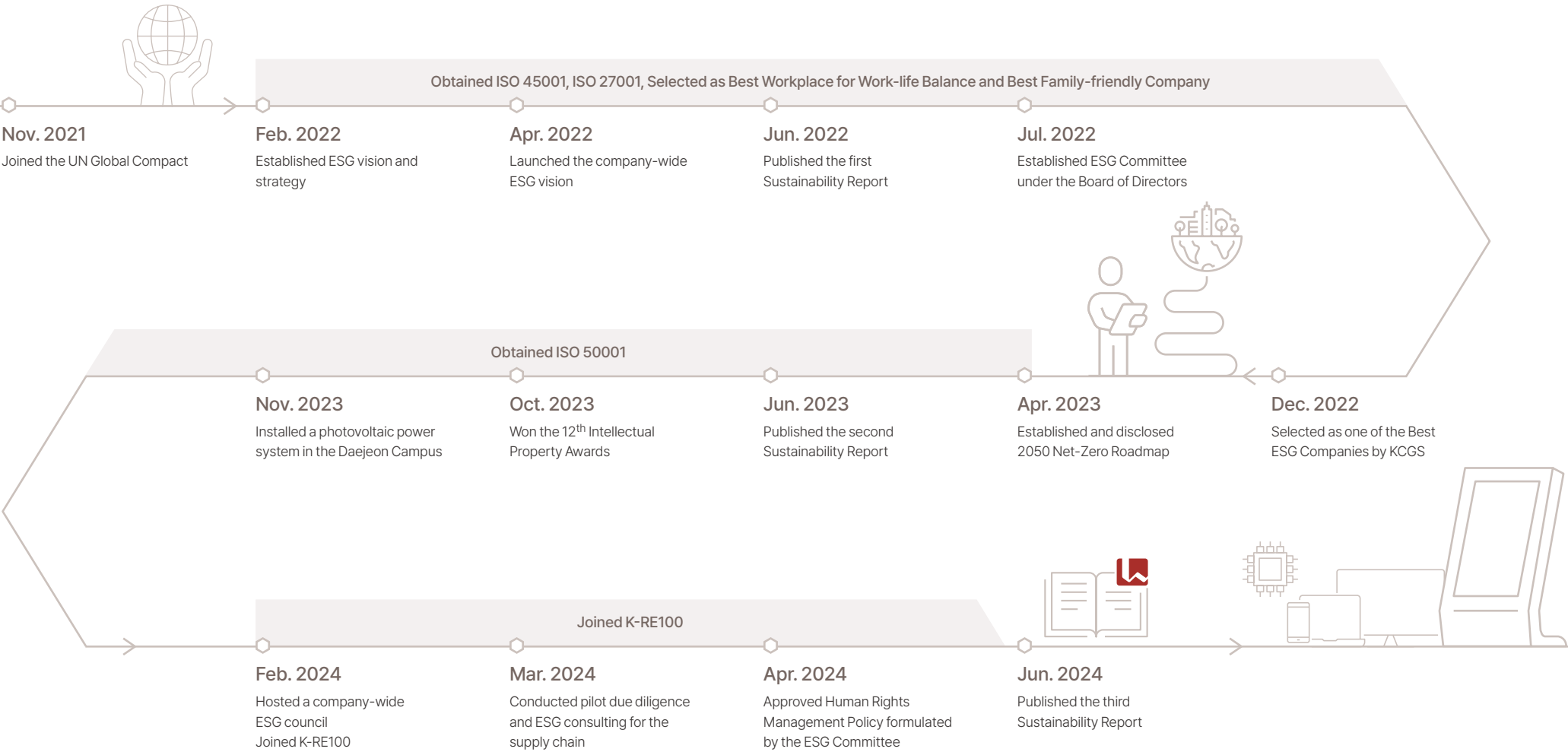


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# ESG Milestone

LX Semicon is participating in domestic and international ESG initiatives such as the UN Global Compact and K-RE100 to strengthen sustainable growth and ESG management. Additionally, we have established an ESG vision and ESG Committee to internalize ESG management and implement ESG activities systematically. We will continue to identify and implement various improvement tasks for the environment, society, and governance.



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# ESG Management System

## ESG Governance

LX Semicon has established and operates a company-wide management system to manage various ESG risks that affect its business directly or indirectly. The Board of Directors, as the highest decision-making body, conducts deliberations and approves major issues related to ESG and internal transactions on a regular basis. The ESG Committee, established under the BOD in 2022, reviews, resolves, and oversees issues related to ESG, including internal transactions. The ESG Committee meets as often as necessary in addition to the semi-annual meetings, and reports to the BOD on issues reviewed or approved in accordance with the BOD's regulations. In 2023, three ESG committee meetings were convened to discuss and approve each item related to ESG. The BOD reviewed and approved a total of seven items, which included the report on ESG materiality assessment results. Additionally, we operate a company-wide ESG Council with the participation of team leaders and working level staffs to identify various ESG issues and enhance collaboration.

### Operation System

Board of Directors	• Review and approve agendas related to ESG and internal transactions	ESG Committee
Executive (CEO)	• Make strategic decisions about the company-wide ESG management	
ESG Council (Team Leader Level)	• Identify and manage aspects requiring improvements • Publish reports and respond to evaluations	
Working Group	• Implement detailed tasks by ESG area	
		1. Review and approve ESG management plans and strategies 2. Monitor and manage ESG activities 3. Review and approve internal transactions

### Activities of the BOD and ESG Committee

Meeting	Date	Agenda	
Board of Directors	1 <sup>st</sup> Jan. 26, 2023	Approved	Approval of occupational health and safety plans
	4 <sup>th</sup> Apr. 20, 2023	Approved	Appointment of ESG Committee members
	5 <sup>th</sup> Jul. 26, 2023	Reported	Report on the results of the ESG Committee meeting • Report on the publication of the Sustainability Report • Report on the results of ESG materiality assessment • Report on the Net-Zero Roadmap
		Approved	Approval of self-transactions with affiliates, etc.
	6 <sup>th</sup> Nov. 08, 2023	Reported	Report on the results of the ESG Committee meeting • Report on the implementation status of ESG management and plans • Report on the 2023 self-transaction performance
		Approved	Approval of self-transaction with major shareholders, etc. Approval for the renewal of LX trademark license agreement
ESG Committee	1 <sup>st</sup> Jun. 07, 2023	Reported	1. Report on the publication of the Sustainability Report 2. Report on the results of ESG materiality assessment 3. Report on the Net-Zero Roadmap
	2 <sup>nd</sup> Jul. 24, 2023	Approved	1. Approval of self-transactions with affiliates, etc.
		Reported	1. Report on the implementation status of ESG management and plans 2. Report on the 2023 self-transaction performance
	3 <sup>rd</sup> Nov. 03, 2023	Approved	1. Approval of the aggregate limit on transactions with related parties
			2. Approval of self-transaction with major shareholders, etc.
			3. Approval for the renewal of the LX trademark license agreement

## ESG Strategy

In order to respond to ESG risks systematically in collaboration with various stakeholders, LX Semicon is implementing ESG management under the vision 'Best Technology, Better Future,' setting 'Think Green,' 'Winning Together,' and 'Be Trustworthy' as its three strategic directions. Based on this vision and strategy, LX Semicon is striving to internalize and strengthen ESG management in cooperation with various stakeholders.

### ESG Vision

**Best Technology, Better Future**

LX Semicon pursues a better future based on the best technology.

### Strategic Direction

**Think Green**  
Minimizing environmental impact

We focus on protecting the environment with stakeholders for a sustainable future.

**Winning Together**  
Sharing growth

We share our growth and success by promoting the value of mutual growth.

**Be Trustworthy**  
Transparent business practices

We build trust with stakeholders based on transparent governance.

### Promotion Strategy

Enhance environmental values for future generations

Expanding inclusive value for all

Create sustainable ESG governance

### Strategic Tasks

Participate in carbon related initiatives and reduction plans

Enhance the environmental performance management system and the reliability of data

Expand eco-friendly product designs

Establish an ESG risk management system for the supply chain

Promote competency development, and diversity/inclusiveness in the workplace

Increase social contribution in line with the needs of local communities and businesses

Implement company-wide ESG strategies and systems

Establish and manage an ESG disclosure system

Create a culture that upholds ESG (Internalize ESG)

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













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# ESG Achievements

Strategic Direction	Strategic Tasks	Implementation Status	UN SDGs
 <b>Think Green</b> Minimizing environmental impact	Participate in carbon related initiatives and reduction plans	<ul style="list-style-type: none"><li>Establish and disclose a net-zero roadmap</li><li>Establish the foundation for the transition to renewable energy (introducing the photovoltaic system)</li><li>Join the renewable energy initiative (K-RE100)</li></ul>	 
	Enhance the environmental performance management system and the reliability of data	<ul style="list-style-type: none"><li>Renew the ISO 14001 (Environmental Management System) certification</li><li>Obtain ISO 50001 (Energy Management System) certification</li></ul>	 
	Expand eco-friendly product designs	<ul style="list-style-type: none"><li>Design products with minimal environmental impact (manage the design to ensure not to include hazardous materials)</li></ul>	  
 <b>Winning Together</b> Sharing growth	Establish an ESG risk management system for the supply chain	<ul style="list-style-type: none"><li>Conduct ESG assessment for suppliers</li><li>Provide ESG training/due diligence demonstration · consulting for suppliers</li></ul>	  
	Promote competency development, and diversity/inclusiveness in the workplace	<ul style="list-style-type: none"><li>Establish and disclose a human rights management policy (approved by the ESG Committee)</li><li>Diagnose human rights management levels and identify tasks for improvement</li></ul>	  
	Increase social contribution in line with the needs of local communities and businesses	<ul style="list-style-type: none"><li>Donate to support displaced people in flooded areas</li><li>Donate goods to local welfare organizations (Daejeon and Seoul)</li></ul>	  
 <b>Be Trustworthy</b> Transparent business practices	Implement company-wide ESG strategies and systems	<ul style="list-style-type: none"><li>Strengthen operations of the ESG Council (involving team leader level)</li><li>Provide ESG-related training with the help of external experts (targeting the ESG Council and ESG Committee)</li></ul>	
	Establish and manage an ESG disclosure system	<ul style="list-style-type: none"><li>Publish the third Sustainability Report</li><li>Expand the scope of disclosure (including corporate governance report and activities of the ESG Committee)</li></ul>	
	Create a culture that upholds ESG values	<ul style="list-style-type: none"><li>Participate in the Ministry of Environment's Zero Waste Challenge</li></ul>	 

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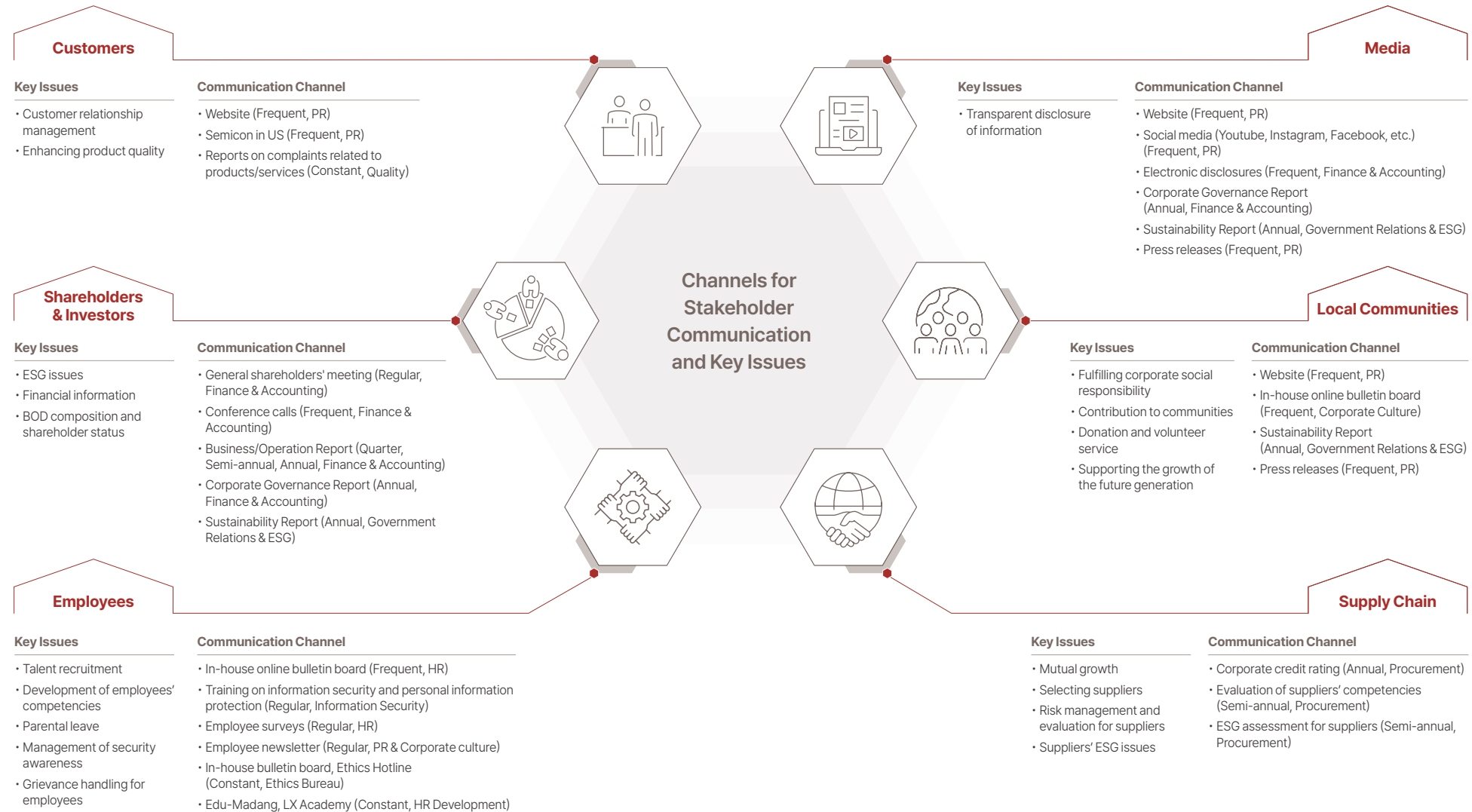
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# Stakeholder Engagement

LX Semicon collects various opinions through communication with internal and external stakeholders, including shareholders and investors, customers, employees, and local communities. We strive to identify key issues and needs through various communication channels for each stakeholder, respond proactively to the issues and demands, and communicate the results back to stakeholders.



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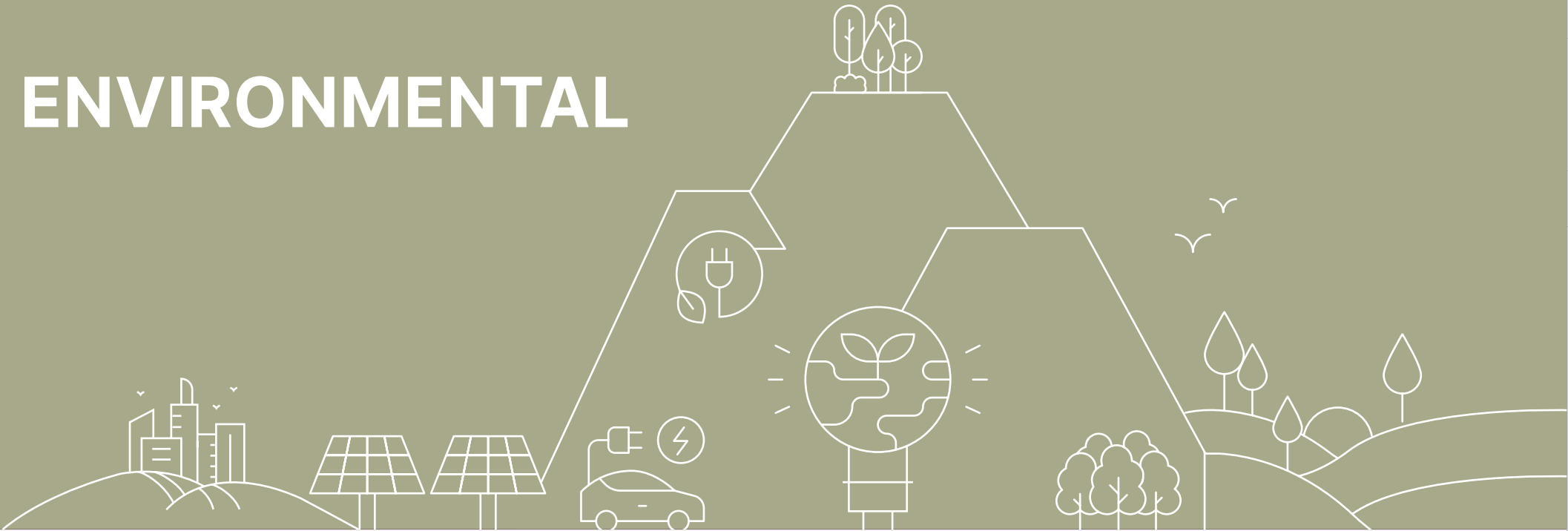
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# ENVIRONMENTAL



LX Semicon recognizes that addressing climate change is not only essential for our common future but also has a significant impact on business sustainability. Therefore, we have established company-wide climate change response governance and created a roadmap to achieve carbon neutrality by 2050. Thus, we are implementing various eco-friendly activities, such as joining K-RE100 and introducing solar self-generation facilities. Additionally, we practice systematic environmental management by acquiring ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management System) certifications, while striving to minimize the negative environmental impact of our business activities by thoroughly managing hazardous substances in the raw materials used in our production process.

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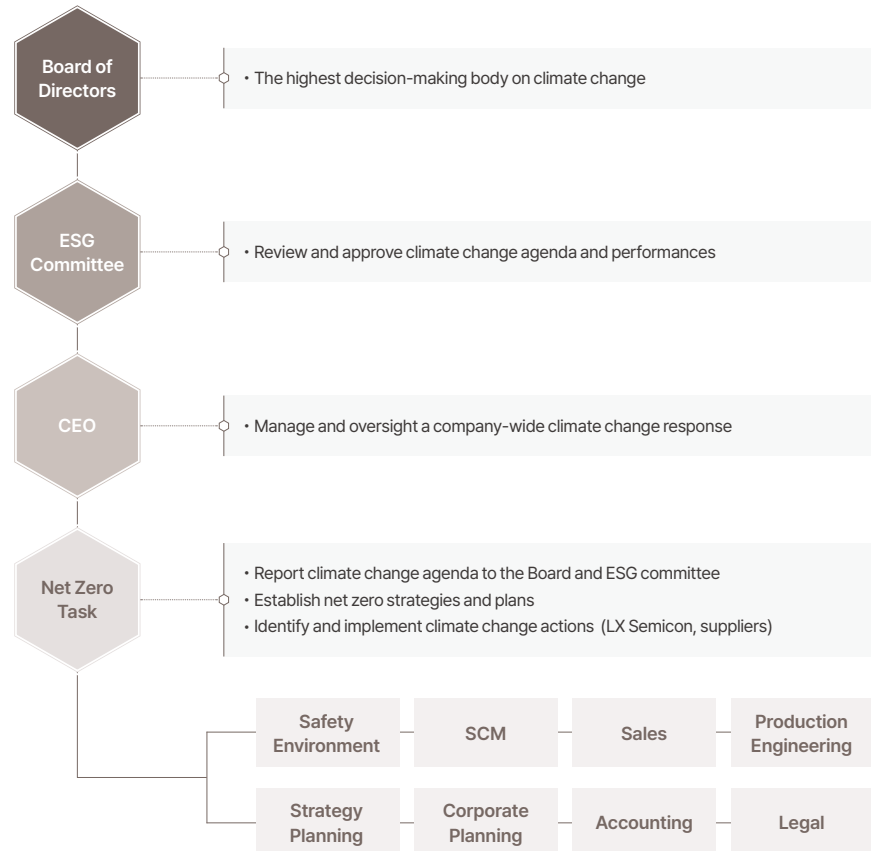
# Action on Climate Change

## Governance

### Climate Change Governance

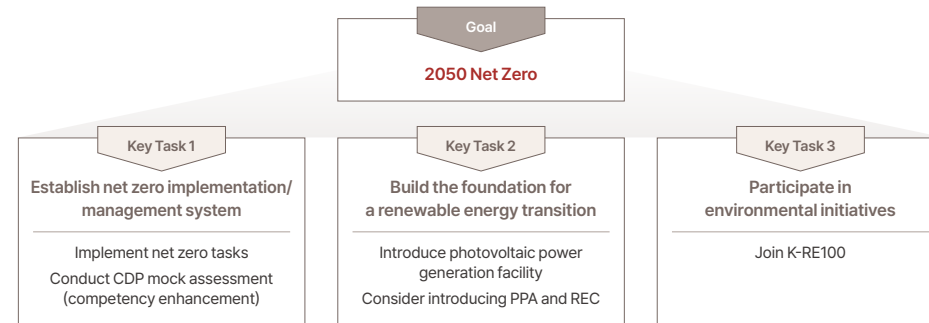
- Review and approve company-wide climate change response strategies and action plans, based on the engagement of the Board of Directors
  - Participate in the review and performance management of relevant policies and investment-related issues, such as climate change response and greenhouse gas emission reduction
- Strive to respond to and better manage GHG reduction requirements from LX Semicon's stakeholders
  - Manage overall supply chain GHG reduction and prepare a renewable energy transition plan and implementation

### Response Framework



## Strategy

### Goals and Tasks



\* K-RE100: Korea's RE100 regulatory system supporting the procurement of 100% corporate electricity usage from renewable energy sources

### Establish Net Zero Implementation/Management System

- Configure a 'Net-Zero Task' for company-wide net-zero implementation and management
  - Build a taskforce composed of team leaders and working level staff from related departments to manage the company-wide net zero implementation plan and performance
- Conduct a 2024 Carbon Disclosure Project (CDP) mock assessment
  - Aimed at understanding and evolving climate-related external requirements, and building internal capabilities

### Build the Foundation for a Renewable Energy Transition

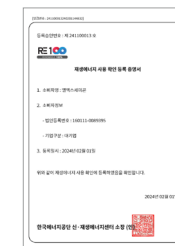
- Introduce a solar self-generation facility at the Daejeon Campus (2023)
  - Expected to reduce electricity usage at the Daejeon campus by about 10% with the 100kW capacity
  - Consider further renewable energy purchases (PPAs) and certificate purchases (RECs) in the future



Daejeon Campus

### Participate in Environmental Initiatives

- Participate in K-RE100 to achieve carbon neutrality and manage renewable energy transition performance (2024)
  - Disclose the company's renewable energy usage performance and strengthen data credibility (in cooperation with the Korea Energy Agency)
  - Share K-RE100 experience and capabilities to help key supplier's energy transition in the future
- Participate in the UN Global Compact Environmental Working Group (from 2023)



K-RE100 certificate

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**Supply Chain Climate Policy**

- Established a company and supplier climate policy in 2023
  - Aimed at establishing a direction for response and building a foundation for reducing GHGs generated throughout the life cycle of products
  - Use the policy as a basis for LX Semicon and supplier's net zero activities and data management (promote information disclosure in the future)

Policy Overview		
Chapter 1: Overview	Chapter 2: Matters to Be Observed	Chapter 3: Partner companies' roles and responsibilities
1. Purpose	1. Establishment of a response system for net-zero	1. Inspection and due diligence criteria
2. Scope of application	2. Disclosure on energy use and GHG emission	2. Activities for enhancement
	3. Renewable energy sourcing for net-zero	3. Establishment of risk mitigation plans and countermeasures
	4. Engagement in external activities for net-zero	
	5. Management of GHGs emitted from the supply chain	

**Building a Green Workplace Foundation**

**Expand EV Charging Station Operations**

- Support government green fleet policies and expand EV charging stations for employee use
  - Existing operations: Yangjae, Gangnam Campus
  - New installations: Daejeon Campus (3 stations in 2024)

**Introduce Electric Vehicles as Corporate Fleet**

- Replace corporate fleet vehicles with electric vehicles (Daejeon Campus business fleet: 1 vehicle)
  - Gradually increase the conversion of business-owned or leased vehicles to EVs

**Build a Centralized Heating and Cooling System**

- Established a centralized air conditioning and heating control system for the Daejeon Campus in the second half of 2023 to improve energy consumption
  - Adjust peak demand for electricity by controlling heating and cooling operations in corridors, passageways, etc., during off-hours (to be publicly disclosed in 2024 after verification of power savings)
  - Completed construction of a centralized control system for air conditioners at the Siheung Campus, in addition to existing campuses

**Participate in Demand Response (DR)\* Projects**

- Participated in the 'Demand Resource Market System' in the second half of 2023 (Daejeon Campus)
  - Aimed at supporting response to the national electricity supply crisis and our own climate change efforts
  - To be expanded to additional campuses outside of Daejeon

\* DR: A system in which electricity users are compensated for the electricity they save through DR behaviors by selling it to the electricity market when market prices are high or during a grid crisis

**Conduct Awareness Campaigns**


- Implement GHG and energy reduction awareness campaigns for employees (winter and summer season, through campus bulletin boards)

환경에 앞장서는 우리 모두는 NZ 세대


휴(休)지(知)노트 2023.08

“NZ(Net Zero) 세대”라는 단어를 들어보셨나요?


NZ(Net Zero)란 탄소중립을 의미하는데요. 탄소중립이란 온실가스 배출이 감축 등으로 제로(0)가 되는 상태를 말합니다. 즉, NZ 세대는 기후위기에 맞서 온실가스 감축을 위해 적극적으로 활동하는 우리 모두를 의미합니다. 온실가스의 직접 감축 뿐만 아니라, 에너지 사용 절감을 통해서도 탄소중립에 기여할 수 있는데요. 그렇다면 우리가 손쉽게 할 수 있는 활동은 무엇이 있을까요?




[프린터 사용 줄이기]



[미사용 조명 소등]



[컴퓨터 절전모드]




[퇴근시 사무기기 전원OFF]

사소한 일들이 모여서 소나무 1그루(CO<sub>2</sub> 0.125ton 흡수)를 심는 효과가 있다고 하네요!

우리 한번 다같이 동참해볼까요?

[출처: 국립산림과학원]

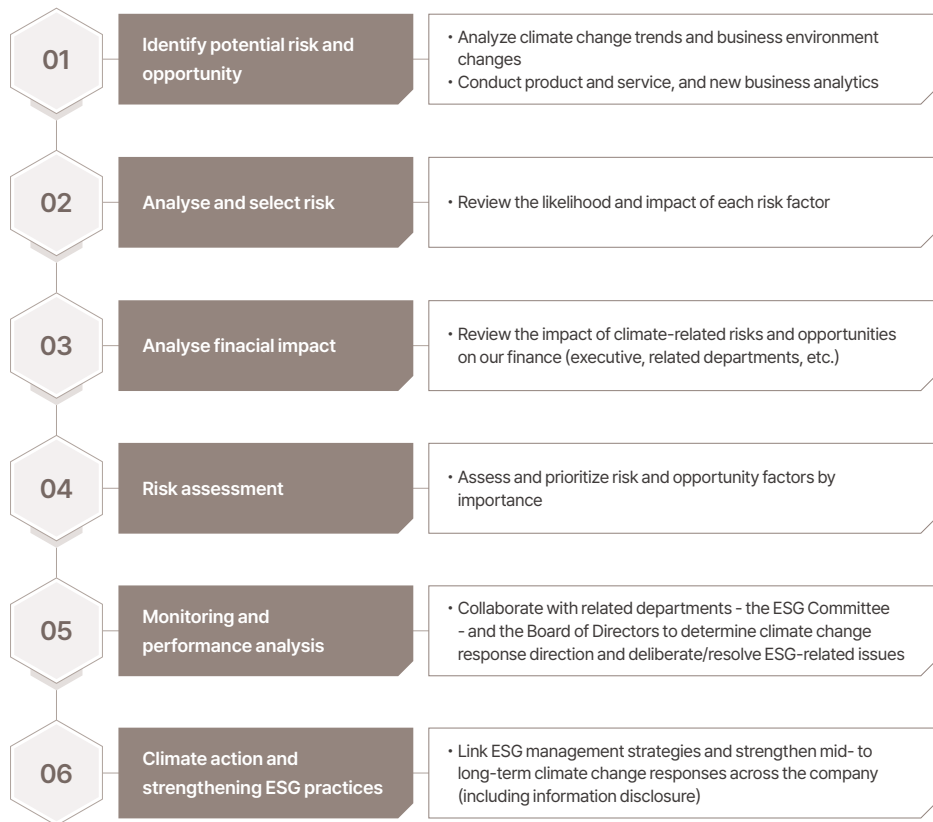


## Risk Management

### Climate Change Response Process

- Reflect strategies and investment plans that take into account internal and external climate change issues and impacts and strengthen performance monitoring
- Enhance cross-functional collaboration for company-wide climate change risk management

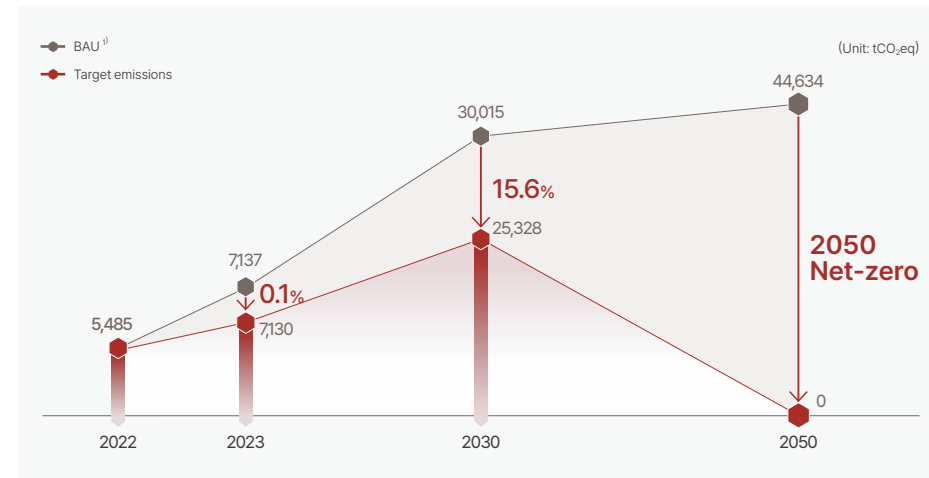
### Management Process



## Metrics and Targets

### Net-Zero Emission Roadmap

- Set and disclose goals and direction based on the need to respond to government net-zero goals, stakeholder demands, etc.
- Establish a 2050 net zero roadmap considering the company's business status, campus expansion, etc., and report it to the ESG Committee



1) Business As Usual: Estimated emissions if no GHG reduction activities are undertaken

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GHG Emissions

- As a fabless company, we voluntarily engage in efforts and make improvements to achieve Net-Zero by 2050
  - Implement external verification of our GHG inventory-based carbon emissions to ensure data credibility (annual, from 2022-)
  - GHG intensity increased slightly due to increase in electricity usage, such as for air conditioners and heaters, and the establishment of a new campus (Siheung)

\* Although the total amount of carbon emissions increased, the Daejeon Campus made progress in reducing emissions by replacing LED lighting, participating in the DR project, and installing solar power facilities

GHG Emissions of Domestic Business Sites

Category		Unit	2021*	2022	2023
Scope 1,2	Total GHG emissions (Scope 1+2)	tCO <sub>2</sub> eq	3,580	5,485	7,130
	Direct GHG emissions (Scope 1)	tCO <sub>2</sub> eq	528	916	1,067
	Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> eq	3,052	4,569	6,063
	GHG intensity**	tCO <sub>2</sub> eq/KRW 1 million	0.0019	0.0026	0.0037
Scope 3	Other indirect GHG emissions (Scope 3) - Employee's commuting***	tCO <sub>2</sub> eq	-	220	205

\* GHG emission calculation scope for 2021 (Daejeon/Yangjae/Gangnam Campus)

GHG emission calculation scope for 2022 and 2023: All domestic business sites (Daejeon/Yangjae/Gangnam/Siheung Campus, Yangjae Gun Building, Ochang Plant)

Ochang plant has been withdrawn since the end of 2023

\*\* Based on consolidated financial statement sales

\*\*\* Calculated from 2022, excluding private vehicles and public transportation, and only including corporate commuting buses where activity data can be collected

Energy Consumption

Domestic Energy Consumption

Category		Unit	2021	2022	2023
Total energy consumption*		TJ	72.80	112.52	146.26
Consumption by energy sources	Total	TJ	72.80	112.52	146.26
	Subtotal	TJ	72.80	112.52	146.13
	Gasoline	TJ	1.65	3.07	3.23
	City gas (LNG)	TJ	8.32	13.98	16.20
	Electricity (by consumption)	TJ	62.83	95.47	126.70
	Renewable energy				
	Solar power	TJ	-	-	0.13
Energy intensity**		GJ/KRW 1 million	0.0383	0.0531	0.0769
Energy reduction***		GJ	-	-	33.20

\* Difference exists from 2021 and 2022 energy use disclosed in prior year reports due to expanded scope of energy use calculations

GHG emission calculation scope for 2021 (Daejeon/Yangjae/Gangnam Campus)

GHG emission calculation scope for 2022 and 2023: All domestic business sites (Daejeon/Yangjae/Gangnam/Siheung Campus, Yangjae Gun Building, Ochang Plant), Ochang plant has been withdrawn since the end of 2023

\*\* Based on consolidated sales, data for 2021 and 2022 have been reaggregated due to the expansion of the scope of energy usage calculation, resulting in differences from the previous year's reported figures

\*\*\* Improved energy efficiency by replacing old LED lights at Daejeon Campus

Overseas Energy Consumption

Category		Unit	2021	2022	2023
Total energy consumption*		TJ	0.97	1.45	1.78
Consumption by energy sources	Total	TJ	0.97	1.45	1.78
	Total	TJ	0.68	0.83	1.12
	Gasoline				
	Japan	TJ	0.00	0.02	0.03
	China	TJ	0.68	0.81	1.09
	Electricity (by consumption)				
	Total	TJ	0.29	0.62	0.66
	Japan	TJ	0.00	0.08	0.17
	China	TJ	0.29	0.54	0.49

\* Based on LX Semicon's own aggregation and calculation of foreign operations activity data from the FY23 consolidated financial statements, excluding U.S. subsidiaries and without undergoing third-party verification

When converting energy calorific value, the total calorific value specified in the domestic Enforcement Rules of the Energy Act is applied



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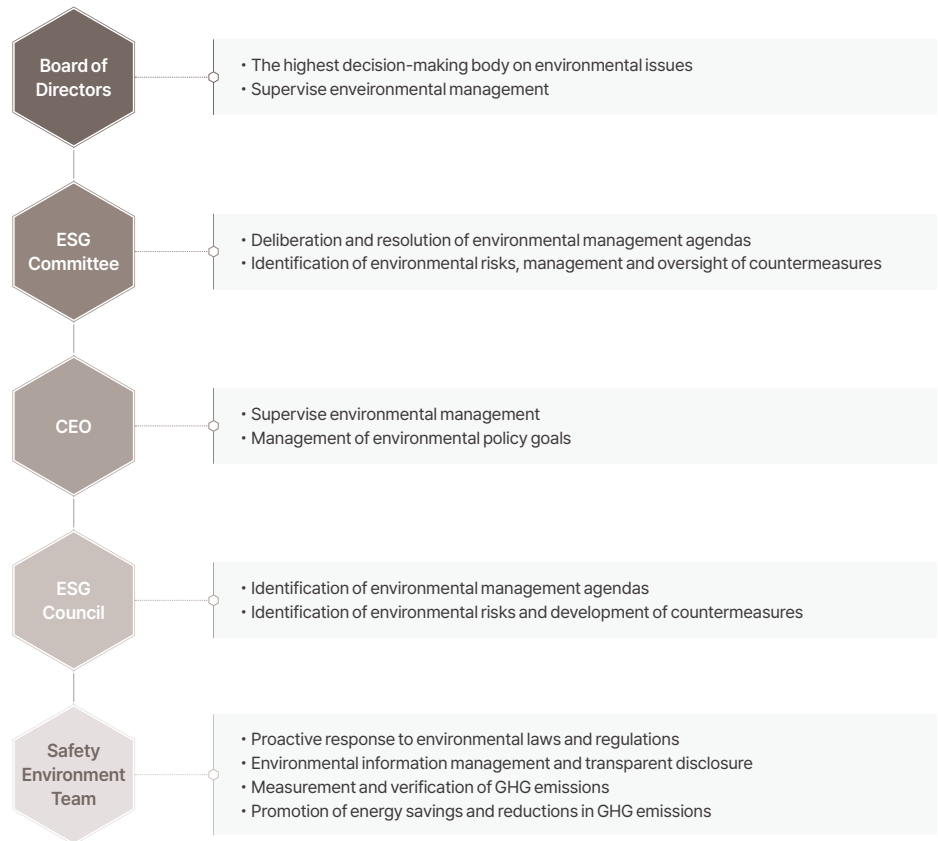
# Environmental Management

## Governance

### Environmental Management Governance

- Review and approve environmental agendas and implement performance management based on the engagement of the Board of Directors and ESG committee
  - Conduct a review of related policies and investments, such as climate change response and greenhouse gas emission reduction, and participate in performance management
- Advance environmental risk management and response through cooperation among relevant departments
  - Make improvements, including establishing company-wide goals and action plans, led by the Safety Environment Team

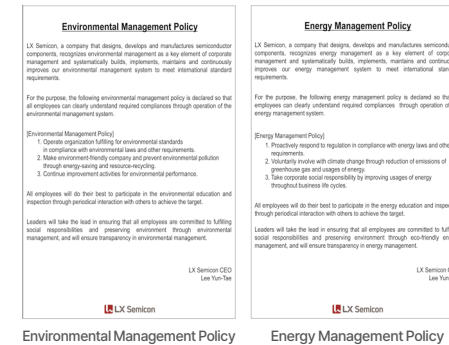
### Response Framework



## Strategy

### Policy Overview

- Establishment and public disclosure of policies based on ISO 14001(Environmental Management System) and ISO 50001(Energy Management System) certifications
- Maintenance and acquisition of relevant certifications to address domestic and international environmental issues and comply with laws and regulations



## Environmental Management Manual

### Chapter 1: Scope of Application

1. Applicable products
2. Exemptions from application

### Chapter 2: Normative Reference

1. Normative reference

### Chapter 3: Glossary

1. Terminology for organization and leadership
2. Terminology for planning
3. Terminology for resources and operations
4. Terminology related to performance appraisal and improvement

### Chapter 4: Organizational Context

1. Understanding the organization and its context
2. Understanding stakeholder needs and expectations
3. Determining the scope of the environmental management system
4. Environmental management systems and processes
5. Related documentation

### Chapter 5: Leadership

1. Demonstrating leadership and commitment
2. Environmental policy
3. Organizational roles, responsibilities, and authorities
4. Related documentation

### Chapter 6: Planning

1. Organization addressing risks and opportunities
2. Environmental goals and achievement plans
3. Related documentation

### Chapter 7: Support

1. Support
2. Competency
3. Awareness
4. Communication
5. Documented information
6. Related documentation

### Chapter 8: Operation

1. Operation planning and management
2. Emergency preparedness and response
3. Related documentation

### Chapter 9: Performance Evaluation

1. Monitoring, measurement, analysis, and evaluation
2. Internal audits
3. Management review
4. Related documentation

### Chapter 10: Improvement

1. General
2. Nonconformances and corrective actions
3. Continuous improvement
4. Related documentation

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Environmental Training

- Provide training for employees and suppliers to improve their understanding of environmental management

Employee Environmental Training

- Implement environmental training to increase understanding of environmental regulations and foster a culture of environmental compliance (online training)

Environmental Manager Training

- Implement mandatory environmental training for those in charge of environmental work in related departments such as air, wastewater, etc.

Environmental Training Status

Category		Unit	2021	2022	2023
Hazardous chemical substance safety training (Administrator certification course)	Target employees	Persons	-	-	1
	Training hours	Hours	-	-	32
Employee environmental management training (Online)	Target employees	Persons	-	-	1,541
	Training hours	Persons	-	-	862

Supplier LCA Training

- Life Cycle Assessment (LCA\*) training for suppliers to prepare them to manage their own product GHG emissions (2023)
  - Planned to apply LCA techniques for each of LX semicon products and manage and monitor related data
  - Implement LCA concepts, real-world applications, etc.

\* Life Cycle Assessment (LCA): A technique for assessing the environmental impacts that may occur throughout the life cycle of a product

Awareness Campaign

- Participation in the “Zero Waste Challenge” organized by the Ministry of Environment (2023)
  - Committed to reduce the use of single-use products and expand the use of multi-use products by participating in environmental campaigns organized by the Ministry of Environment (disclosed on LX Semicon’s social media)
- Launching a “Go Paperless” campaign to reduce unnecessary paper use (company-wide)

Risk Management

Environmental Management Certification

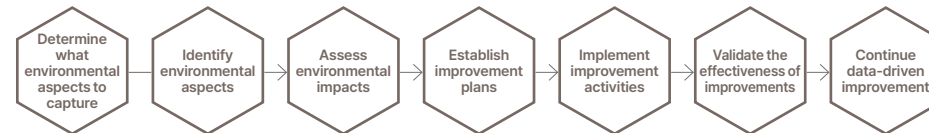
- Acquisition of ISO 14001 (Environmental Management System) in 2012, Expansion of the scope of certification in 2022 (all sites remain certified)
- Acquisition of ISO 50001 (Energy Management System) in 2023 to address climate change and improve energy management efficiency
  - Establish energy management goals based on international standards and develop an achievement strategy



Environmental Risk Management

- Implementation of an “environmental impact assessment” to understand the environmental risks and impacts of the organization’s activities, designs, products, and services
    - Apply to all business activities related to products and services
    - Analyze product environmental significance and legal and regulatory implications from a business perspective, including chemicals, air/soil pollution, and waste discharge
- \* Completed the required environmental impact assessment for the etching line at the Siheung plant, a heat dissipation substrate production plant, in 2023

Environmental Impact Assessment Process



Metrics and Targets

Environmental Violation

- Strengthening compliance and management of domestic and international environmental regulations and laws in LX Semicon’s business activities
  - No environmental violations in the last 3 years

Category		Unit	2021	2022	2023
Number of environmental violations	Legal violation	Cases	0	0	0
	Fines and penalties	KRW	0	0	0

Environmental Performance Management

- Application of KPIs to measure and improve company-wide environmental management performance targeting organizational leaders (executives), team leaders, and staff
  - 2023: Established and disclosed carbon neutral roadmap, obtained new ISO certification (ISO 50001), etc.
  - 2024: Build green workplace infrastructure, drive Scope 3 management activities, etc.





# Hazardous Substances and Resource Management

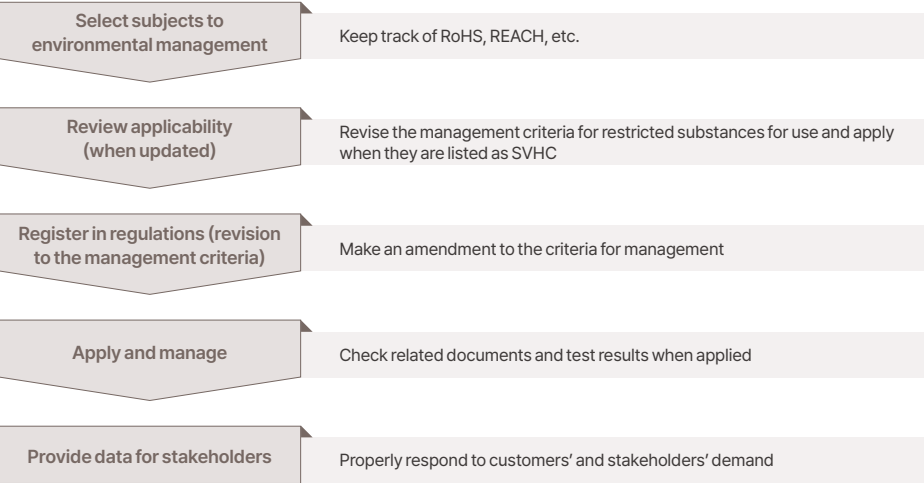
## Strategy

### Environmental Hazardous Substance Management

- Management of all process and raw material conformity approvals for products, and the management and monitoring of environmental hazardous substance statements
  - Ensure product environmental safety and respond to strengthening domestic and international environmental regulations (carbon reduction, chemicals, etc.)
  - Continue to enhance capabilities to address customer-specific environmental and hazardous materials requirements

Category		Substances Subject to Management
Matters restricted	RoHS	Cd, Pb, Hg, Cr6+, PBBBs, PBDEs, Phthalate(DEHP,DBP,BBP,DIBP)
	Halogen	Br, Cl
	Antimony	Sb
	Beryllium	Be
Matters under management	REACH	According to SVHC (Substances of Very High Concern) designated by the EU
	Perfluorooctanoic acid	PFOA
	Perfluorooctanesulfonic acid	PFOS
	Arsenic	As
	Polyvinyl chloride	PCBs

### Environmental Hazardous Substance Management Process



## Risk Management

### Product Environmental Hazardous Substance Investigation

- LX Semicon is a fabless company with no production facilities. Considering the business characteristic of producing products through external partners, LX Semicon reflects customer requirements and international standards in advance in its hazardous substance standards and implements hazardous substance management for various raw and subsidiary materials used by suppliers in production based on these standards
  - When developing or mass-producing new products, activities to comply with international standards for hazardous substances are monitored in the SCS (Supplier Collaboration System) to manage hazardous substances in real time. Also, procedures are established to prevent suppliers from approving products if they fail to comply with the company's standards
  - Periodic Quality System Audits (QSA) of outsourced suppliers are conducted to ensure compliance with our hazardous substance standards and international regulations, driving corrective actions and continuous improvement

### Waste Mitigation Activities

- Waste generated on campus is separated into recyclable cartons, plastic bottles, paper, etc. through segregation
- PCBs and chips generated during the design and test process are disposed of separately by providing dedicated collection boxes

## Metrics and Targets

### Waste Generation

Category	Unit	2021	2022	2023
Total	Tons	7.7	12.5	38.38
Daejeon Campus	Tons	7.7	12.5	14.27
Siheung Campus	Tons	-	-	24.11

\* Waste is calculated based on business site waste, and in the case of Gangnam Campus/Yangjae Campus, it will be calculated and reflected in the future as they are leased sites

### Water Consumption

Category		Unit	2021	2022	2023
Water Consumption by Source (Total Water Withdrawals)	Service water	m <sup>3</sup>	29,274	63,669	85,811
	Underground water	m <sup>3</sup>	Not in use	Not in use	Not in use
Percentage of water withdrawals in high or extreme water stress areas*		%	N/A**	19.00	17.10

\* Sites with a high water stress index (Daejeon Campus, Ochang Site) and sites with an Extremely High water stress index (None) are identified according to the World Resources Institute (WRI) Water Risk Atlas

\*\* Percentage not calculated for 2021 due to lack of data on water withdrawal and consumption by site

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# SOCIAL



LX Semicon aims to build relationships based on mutual trust and to grow together based on our principle of respecting the human rights of all stakeholders, including employees, customers, and suppliers, who are directly or indirectly affected by our business activities. To build a solid foundation for corporate growth, we support the development of employees' capabilities and strive to create a safe and healthy working environment. Additionally, to build a sustainable supply chain, we conduct regular supply chain ESG assessments based on the Supplier Code of Conduct to check the ESG risks of our suppliers. We also engage in activities such as quality management, strengthening information security, and social contribution to enhance the value for customers and the community as a whole.

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Human Rights Management	35
Social Contribution	38
Occupational Safety and Health	39
Supply Chain	42
Information Security	44
Quality Management	46



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# Employees

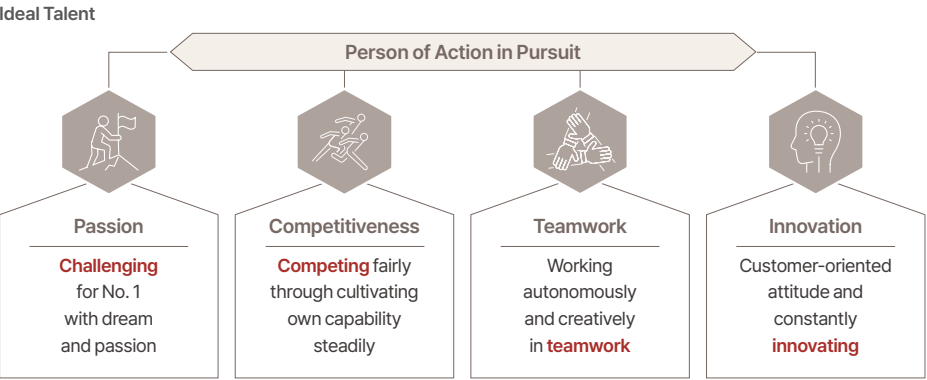
## Governance

- Review and implement direction/plans for organizational operations, talent development, etc., through the company-wide Talent Development Committee
  - Each organization operates a "Talent Subcommittee" to review and deliberate on employee promotions, compensation, and performance evaluations

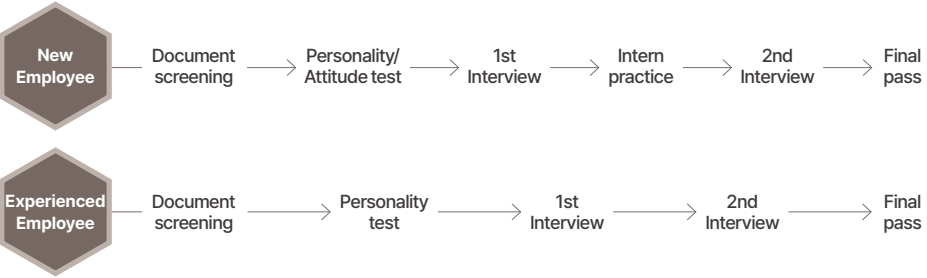
## Strategy

### Recruitment Policy

- Provide opportunities to select 'Semiconductor Talent with both Conviction and Execution Ability'
  - LX Semicon's entire recruitment process is based on the 'LX Group Online Recruitment System' (open and frequent recruitment)
  - Exclusion of discriminatory factors such as age, gender, region, etc. in the entire recruitment process and preferential treatment for persons with disabilities/veterans



### Recruitment Process



## Performance Evaluation

- Pursue competitive compensation level both internally and externally, and enhance employee engagement through fair, performance-based individual compensation
  - Evaluate employees' performance and competence annually and the results of the evaluation are used to determine employees' annual salary, incentives, training, promotion
  - Implement regular performance evaluation covering all employees (regular and contract employees, executives, excluding those who joined after regular recruitment period and who have less than 6 months of service)

### Regular Performance Evaluation

Category		Unit	2021	2022	2023
Ratio of regular performance evaluation results applied*		%	100	100	100
By gender	Male	Persons	935	1,139	1,220
	Female	Persons	203	249	265
By age	Below 30	Persons	269	371	385
	30-49	Persons	809	938	997
	50 or above	Persons	60	79	103
By age (Ratio)	Below 30	%	24	27	26
	30-49	%	71	68	67
	50 or above	%	5	6	7

\* All employees (regular and contract employees, executives), excluding those who joined after regular recruitment period and who have less than 6 months of service

\* Data aggregation may result in minor discrepancies due to rounding

### Remuneration

Category		Unit	2021	2022	2023
Pay	Average pay for all	KRW 1 million	73	88	92
	Male	KRW 1 million	78	94	98
	Female	KRW 1 million	51	64	67
Equal pay	All employees	Times	0.65	0.68	0.69
	Managerial positions	Times	1.08	0.96	1.01
	Non-managerial positions	Times	0.73	0.75	0.73
	Executives	Times	0.54	0.83	0.68

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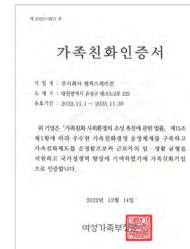
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Work-Life Balance

- Operate flexible working hours system and working from home to ensure employee efficiency and work-life balance
  - Flexible working hours system is operated on a monthly basis (employees set their own working hours)
- Support for maternity leave, parental leave, reduced working hours, and in-house daycare center operation
  - Support members in alleviating the burden of education expenses through a children's tuition fee support program



Family Friendly Certified Company Certification

**Flexible working hours system**

Four-week basis, selective working hours system operated

**Working from home**

Working from home utilized for maternity protection, etc.

**Recommended vacation system**

Usage of leave recommended for holidays interspersed with workdays (about 18days per year)

**Casual Dress Code**

Casual dress code suitable for TPO operated

Childcare Leave\*

Category		Unit	2021	2022	2023
Total number of members eligible for childcare leave**	Male	Persons	286	334	346
	Female	Persons	21	28	32
Total number of employees using childcare leave	Male	Persons	5	12	21
	Female	Persons	11	12	14
Total number of employees returning to work after the leave	Male	Persons	5	3	11
	Female	Persons	6	4	9
Total number of employees working for 12 months after the return	Male	Persons	1	3	3
	Female	Persons	2	2	4
Return rate of employees using childcare leave	Male	%	100	100	79
	Female	%	86	100	100
Rate of employees working for 12 months after the return	Male	%	50	60	100
	Female	%	67	33	100

\* Numbers differ from prior year reports due to changes in data aggregation criteria

\*\* Based on family information registered in the HR system

Employee Communication

- Operation of organization-specific CAs\* and councils engage with organizational leaders to address employee grievances, provide feedback, and facilitate communication within the company
  - Hold quarterly grievance councils to discuss employee opinions, grievances, and proposed solutions following feedback sessions
  - Convene quarterly-basis performance sharing meetings, both online and offline with the CEO and all employees, including real-time employee feedback and Q&A sessions
  - Share CA's ongoing cultural improvement campaigns and activities to employees through internal bulletin boards
- Provision of content such as semiconductor industry trends, business performance updates, employee interviews, etc., through social media platforms like the website, YouTube, and blog

\* CA: Communication Agent

'The Empathy', Our In-house Counseling Office

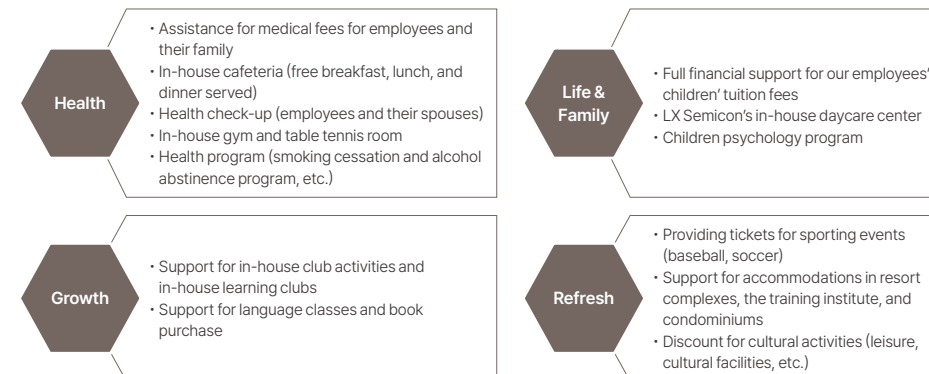
- Operation of 'The Empathy,' an in-house psychological counseling center, aimed at assisting employees with work stress, interpersonal issues, family matters, etc.
  - Provide professional counseling and solutions in connection with psychological counselling experts

Re-employment Support Service

- Provision of training (options vary including job arrangement, employment training, or entrepreneurship training) for employees aged over 50 and who have been with the company for at least one year

Welfare Policies

- Operation of various programs to protect employees' health and ensure work-life balance, such as support for bereavement and disaster relief, medical expense and tuition, housing loans, and optional benefits (welfare points)



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Metrics and Targets

Employee Composition

• To respond to the fast-evolving semiconductor industry, LX Semicon promotes employee diversity and strives to secure outstanding talents

Category			Unit	2021	2022	2023
Total number of employees	Total		Persons	1,352	1,688	1,661
	Domestic	Total	Persons	1,272	1,581	1,543
		Male	Persons	1,029	1,277	1,250
		Female	Persons	243	304	293
	Overseas	Total	Persons	80	107	118
		Male	Persons	58	83	93
		Female	Persons	22	24	25
	Regular Employees	Total		Persons	1,317	1,643
Domestic		Total	Persons	1,237	1,537	1,493
		Male	Persons	1,008	1,250	1,217
		Female	Persons	229	287	276
Overseas		Total	Persons	80	106	115
		Male	Persons	58	82	90
		Female	Persons	22	24	25
Contract Employees (temporary)*		Total		Persons	35	45
	Domestic	Total	Persons	35	44	50
		Male	Persons	21	27	33
		Female	Persons	14	17	17
	Overseas	Total	Persons	-	1	3
		Male	Persons	-	1	3
		Female	Persons	-	-	-

\* Scope of overseas business sites data collection : The Unite States, China, and Japan

\* Data aggregation may result in minor discrepancies due to rounding

\* Contract Employees(temporary): Office support staff

Category		Unit	2021	2022	2023
By age	Total	Persons	1,352	1,688	1,661
	Domestic	Total	1,272	1,581	1,543
		Below 30	307	456	387
		30-49	888	1,042	1,063
		50 or above	77	83	93
	Overseas	Total	80	107	118
		Below 30	25	25	18
		30-49	52	71	83
		50 or above	3	11	17
By age (Ratio)	Total	%	100	100	100
	Domestic	Below 30	24	29	25
		30-49	70	66	69
		50 or above	6	5	6
	Overseas	Total	100	100	100
		Below 30	31	23	15
		30-49	65	66	70
		50 or above	4	10	14
By region	Total	Persons	1,352	1,688	1,661
	Domestic	Persons	1,272	1,581	1,543
	Overseas	Persons	80	107	118
By region (Ratio)	Total	%	100	100	100
	Domestic	%	94	94	93
	Overseas	%	6	6	7



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**Female Employees**

- Striving to create a work environment that supports the growth and development of talented female employees and continuing to provide opportunities for them to lead and thrive
  - Provide institutional support and make improvements to prevent career interruptions due to pregnancy, childbirth, etc.

Category			Unit	2021	2022	2023	
Employee	Total number of female employees	Total	Persons	265	328	318	
		Domestic	Persons	243	304	293	
		Overseas	Persons	22	24	25	
	Female employees in managerial position*	Total	Persons	3	7	6	
		Domestic	Persons	3	7	6	
		Overseas	Persons	0	0	0	
	Female executives	Total	Persons	1	1	1	
		Domestic	Persons	1	1	1	
		Overseas	Persons	0	0	0	
	Female employees in sales generating departments**	Total	Persons	29	28	24	
		Domestic	Persons	20	20	16	
		Overseas	Persons	9	8	8	
	STEM departments**	Total	Persons	127	174	169	
		Domestic	Persons	123	170	165	
		Overseas	Persons	4	4	4	
	Ratio	Total number of female employees	Total	%	20	19	19
			Domestic	%	19	19	19
			Overseas	%	28	22	21
Female employees in managerial position*		Total	%	2	5	5	
		Domestic	%	2	5	5	
		Overseas	%	0	0	0	
Female executives		Total	%	8	6	6	
		Domestic	%	8	6	6	
		Overseas	%	0	0	0	
Female employees in sales generating departments**		Total	%	30	27	26	
		Domestic	%	30	28	27	
		Overseas	%	29	25	24	
STEM departments**		Total	%	14	15	15	
		Domestic	%	14	16	15	
		Overseas	%	11	8	7	

\* Scope of overseas business sites data collection : The Unite States, China, and Japan

\* Those who are in leading position, such as team leader, office leader, etc.

\*\* Numbers differ from prior year reports due to changes in data aggregation criteria

(Previous year: Number of women in managerial positions in sales-generating and STEM departments → Current year: All women in sales-generating and STEM departments)

**Employee Diversity**

- LX Semicon strives to enhance employee awareness and systems that respect the employee diversity (gender, race, disability, etc.) and individuality of employees

Category			Unit	2021	2022	2023
Employees with disabilities	Number of employees		Persons	21	27	26
	Ratio (Domestic business sites)		%	2	2	2
Employees of national merit	Number of employees		Persons	5*	4	5
	Ratio (Domestic business sites)		%	0.4	0.3	0.3
Nationality	Domestic business sites	Subtotal	Persons	1,272	1,581	1,543
		Republic of Korea	Persons	1,258	1,567	1,529
		North America	Persons	2	2	2
		Asia	Persons	12	12	12
	Overseas business sites	Subtotal	Persons	80	107	118
		Republic of Korea	Persons	18	29	29
		North America	Persons	-	-	-
		Asia	Persons	62	78	89

\* Update in the number of employees of national merit in 2021 compared to the previous year's report



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Recruitment and Employee Turnover

• LX Semicon makes continuous improvement of recruiting efforts and systems to attract talent, the foundation of LX Semicon's growth

Category			Unit	2021	2022	2023
Total	Total		Persons	369	458	127
	Domestic		Persons	347	430	108
	Overseas		Persons	22	28	19
By gender	Total	Male	Persons	269	357	100
		Female	Persons	100	101	27
	Domestic	Male	Persons	253	336	86
		Female	Persons	94	94	22
	Overseas	Male	Persons	16	21	14
		Female	Persons	6	7	5
By gender (Ratio)	Total	Male	%	73	78	79
		Female	%	27	22	21
	Domestic	Male	%	73	78	80
		Female	%	27	22	20
	Overseas	Male	%	73	75	74
		Female	%	27	25	26
By age	Total	20s	Persons	177	227	44
		30s	Persons	93	160	47
		40s	Persons	87	61	23
		50s or over	Persons	12	10	13
	Domestic	20s	Persons	166	218	41
		30s	Persons	84	150	43
		40s	Persons	86	55	18
		50s or over	Persons	11	7	6
	Overseas	20s	Persons	11	9	3
		30s	Persons	9	10	4
		40s	Persons	1	6	5
		50s or over	Persons	1	3	7

Category			Unit	2021	2022	2023
New Hires*	Total	20s	%	48	50	35
		30s	%	25	35	37
		40s	%	24	13	18
		50s or over	%	3	2	10
	Domestic	20s	%	48	51	38
		30s	%	24	35	40
		40s	%	25	13	17
		50s or over	%	3	2	6
	Overseas	20s	%	50	32	16
		30s	%	41	36	21
		40s	%	5	21	26
		50s or over	%	5	11	37

\* Scope of overseas business sites data collection : The United States, China, and Japan  
\* Data aggregation may result in minor discrepancies due to rounding  
\* Excluding corporate expats when counting international headcount (considering only new local hires)



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Category			Unit	2021	2022	2023
Total	Total		Persons	109	132	150
	Domestic		Persons	100	121	141
	Overseas		Persons	9	11	9
By gender	Total	Male	Persons	81	90	111
		Female	Persons	28	42	39
	Domestic	Male	Persons	74	85	106
		Female	Persons	26	36	35
	Overseas	Male	Persons	7	5	5
		Female	Persons	2	6	4
By gender (Ratio)	Total	Male	%	74	68	74
		Female	%	26	32	26
	Domestic	Male	%	74	70	75
		Female	%	26	30	25
	Overseas	Male	%	78	45	56
		Female	%	22	55	44
Employee Turnover*	Total	Below 30	Persons	47	38	47
		30-49	Persons	58	91	96
		50 or above	Persons	4	3	7
	Domestic	Below 30	Persons	43	35	42
		30-49	Persons	54	83	93
		50 or above	Persons	3	3	6
	Overseas	Below 30	Persons	4	3	5
		30-49	Persons	4	8	3
		50 or above	Persons	1	0	1
	Total	Below 30	%	43	29	31
		30-49	%	53	69	64
		50 or above	%	4	2	5
By age (Ratio)	Domestic	Below 30	%	43	29	30
		30-49	%	54	69	66
		50 or above	%	3	2	4
	Overseas	Below 30	%	44	27	56
		30-49	%	44	73	33
		50 or above	%	11	-	11

\* Scope of overseas business sites data collection: The Unite States, China, and Japan  
\* Data aggregation may result in minor discrepancies due to rounding  
\* Excluding those returning from corporate expats when counting international headcount (considering only new local hires)

Category			Unit	2021	2022	2023
Total	Total		Persons	106	119	133
	Domestic		Persons	97	109	126
	Overseas		Persons	9	10	7
By gender	Total	Male	Persons	78	83	100
		Female	Persons	28	36	33
	Domestic	Male	Persons	71	79	96
		Female	Persons	26	30	30
	Overseas	Male	Persons	7	4	4
		Female	Persons	2	6	3
By gender (Ratio)	Total	Male	%	74	70	75
		Female	%	26	30	25
	Domestic	Male	%	73	72	76
		Female	%	27	28	24
	Overseas	Male	%	78	40	57
		Female	%	22	60	43
Voluntary Turnover*	Total	Below 30	Persons	47	34	41
		30-49	Persons	55	84	90
		50 or above	Persons	4	1	2
	Domestic	Below 30	Persons	43	31	37
		30-49	Persons	51	77	87
		50 or above	Persons	3	1	2
	Overseas	Below 30	Persons	4	3	4
		30-49	Persons	4	7	3
		50 or above	Persons	1	0	0
	Total	Below 30	%	44	29	31
		30-49	%	52	71	68
		50 or above	%	4	1	2
By age (Ratio)	Domestic	Below 30	%	44	28	29
		30-49	%	53	71	69
		50 or above	%	3	1	2
	Overseas	Below 30	%	44	30	57
		30-49	%	44	70	43
		50 or above	%	11	-	-

\* Scope of overseas business sites data collection: The Unite States, China, and Japan  
\* Data aggregation may result in minor discrepancies due to rounding  
\* Excluding those returning from corporate expats when counting international headcount (considering only new local hires)



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Talent Development

Governance

• Focus on diversification of human resources and talent development to drive sustainable growth of LX Semicon

Talent Development Organization



Strategy

Talent Development Framework

• We prioritize individual growth and offer a wide variety of courses aimed at enhancing employees’ skills

- Implement systematic talent development training to strengthen leadership, basic and professional skills, as well as global competencies

Leadership Competency	Basic Competency	Professional Competency	Global Competency
Education for high-potential talents and leaders to sharpen their competency	Basic competency enhancement education based on LX Semicon's core values	Job training for nurturing experts in each field	Education and training aimed at global talent cultivation
<ul style="list-style-type: none"><li>• Training for business division heads</li><li>• Leader training (executives, officers, office / team leaders)</li><li>• Coaching program</li><li>• Domestic / overseas degree programs and MBA</li></ul>	<ul style="list-style-type: none"><li>• Training for entry-level/experienced employees</li><li>• Training by job position</li><li>• Training for all employees (internalizing core values)</li><li>• General job training</li></ul>	<ul style="list-style-type: none"><li>• Professional job training by field</li><li>• Support for in-house learning clubs</li></ul>	<ul style="list-style-type: none"><li>• Training for FSEs before overseas posting</li><li>• Training for local employees at overseas subsidiaries</li><li>• Language skill courses</li></ul>

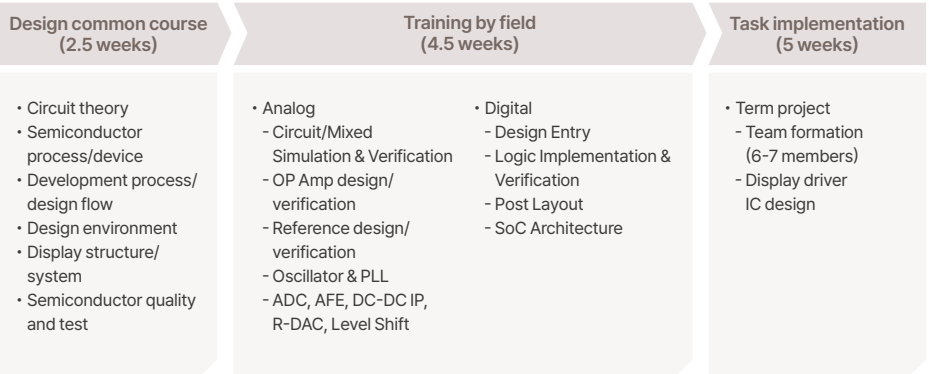
Training Framework

Leadership	Basic	Professional	Global
Executives/officers	Training by job position (manager / senior manager)	Advanced design course of Design Academy (R&D)	Training for FSEs before overseas posting / training for local employees at overseas subsidiaries
Office/team leaders	Training for entry-level/experienced employees		
High-potential talents/junior leaders	Training for all (core value internalization)	Professional job training by field	Language courses
	General job training		

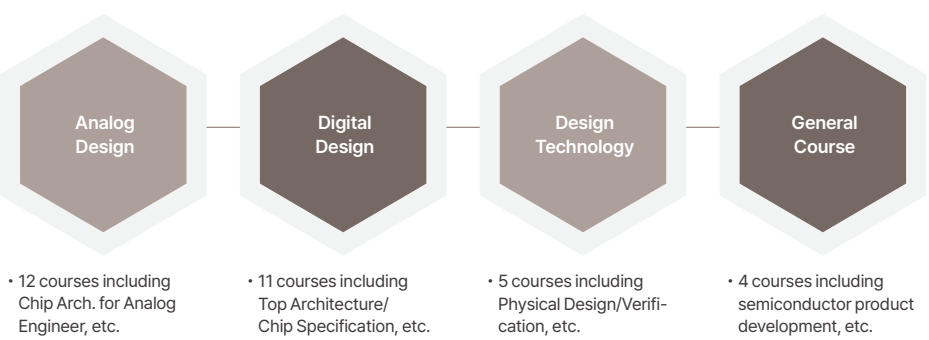
Training Course to Enhance Design Skills

- To systematically foster design personnel, we established a company-wide specialized design training system and develop and operate various programs to enhance practical skills
- In 2023, we launched the Design Academy for Entry-level Employees, a three-month program designed to help new researchers quickly adapt to the workplace (Specialized in-house instructors impart design knowledge and know-how accumulated through years of field experience)
- In 2024, we developed and operated an advanced course for senior/lead researchers. This involves inviting in-house lecturers and external experts (such as university professors and research institutes) to support members’ theoretical and practical development

Design Academy for Entry-level Employees



Advanced Design Course



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Training Framework

Building Leadership Competency

- Provide training and coaching programs to develop the necessary leadership skills at the right time for each position level
  - Provide regular training for organizational leaders based on leadership components to help them run the organization and drive performance
  - Implement proactive training to ensure future leaders can have the skills needed to lead teams
  - Introduce coaching programs for individuals who need strategic development, such as assigning them in new positions and roles within the organization

Building Basic Competency

- Conduct basic competency training for each position based on LX Core Values
- Provide programs for new and experienced hires to improve organizational understanding and facilitate successful onboarding through interaction
- Conduct position-specific training to establish and reinforce the competencies required for each role to perform smoothly
- Conduct training for all employees to internalize LX Core Values

Building Professional Competency

- Establish a job training system for R&D, sales and marketing, quality, etc., and conduct job training according to employees' capabilities and needs
  - Ensure employees take job-enhancing training as a mandatory requirement (at least annually for non-R&D roles and at least twice a year for R&D roles)
  - Encourage employee engagement through personalized development planning in training schedules and courses

Building Global Competency

- Support various development activities to strengthen employees' global competencies as we expand our global business
  - Provide pre-deployment training and language program support for Foreign Service Employees (FSEs)
  - Actively support customized development activities for FSEs and local hires
  - Provide biannual on-the-job training for local hires in China to enhance job expertise, starting in 2024

\* First half of the year: online training, Second half of the year: trainings in HQs(planned)

Creating a Continuous Learning Culture

- Support a variety of activities in addition to regular training to foster a culture of continuous learning for employees
  - Support online learning by creating and uploading video lessons (job descriptions, new hire training, etc.)
  - Support knowledge sharing and utilization on various topics based on employee participation (in-house learning clubs)
  - Provide information on various job trainings, conferences, and seminars through the internal educational information board



Learning Club

Online Training System

Training System	Details
LX Academy	LX Group training platform
SINGLEX HR	LX Semicon on/offline class application system
Edu-Madang	Learning platforms for job training, internal process, etc.

In-house Learning Club

Subject	Details
FE/BE	Physical Design-related areas, such as FT and PnR, etc.
PMIC	Logic Function and Design Share to improve PMIC function and design skills
Patents	Strategic patents development and establishment of portfolios by empowering patent team members
Design Verification	Design verification related studies to improve capabilities

Metrics and Targets

Education and Training Status

Category	Unit	2021	2022	2023
Total training hours	Hours	36,362	42,085	64,925
Total training expenses	KRW 100 million	12	19	22
Training hours per employee	Hours	29	27	42
Training expenses per employee	KRW 1,000	912	1,177	1,423

# Human Rights Management

## Governance

### Human Rights Management Organization

- We establish and operate a decision-making system linked to the board of directors, departments in charge, and relevant departments to manage human rights management
  - Established 'Human Rights Management Policy' to establish a human rights management system and strengthen risk management and approved by the ESG Committee (April 2024)
- In the event of risks that may have a negative impact on human rights, immediate action and report to the CEO undertaken(operating a grievance channel)

### Response Framework

Board of Directors	ESG Committee	• The highest decision-making body on human rights management
Department in Charge	HR Division Leader	• Verify Labor Standard Act compliance • Manage maternity protection program operations and performance • Receive and act on reports of human rights violations, including grievances, sexual harassment, workplace bullying, etc. • Monitor and improve the hiring process, addressing any unreasonable hiring discrimination • Run a Labor-Management Council
	Ethics Bureau	• Receive and investigate grievances and cases of human rights violations such as sexual harassment and workplace bullying
Relevant Department	Government Relations & ESG Team	• Disclose key performance and data related to human rights management
	SCM Division	• Manage Supplier Code of Conduct
	Information Security Team	• Receive, investigate, and follow up on privacy breaches
	Safety Environment Team	• Run an employee wellness program • Create a industrial accident prevention plan • Manage the environment near the workplace

## Strategy

### Human Rights Declaration

- LX Semicon established and disclosed the Human Rights Declaration in 2022 to establish the foundation for Human Rights Management
- We incorporated human rights-related articles into our 'Supplier Code of Conduct' to encourage supplier engagement and establish various human rights risk management frameworks

LX Semicon Human Rights Declaration	
1. Respect for Human Rights	6. Prevention of Sexual Harassment and Workplace Bullying
2. Prohibition of Forced Labor	7. Wages and Benefits
3. Prohibition of Child Labor	8. Responsible Sourcing of Minerals
4. Compliance with Working Hours	9. Information Security
5. No Discrimination	10. Compliance with the Law

Supplier Code of Conduct (Article 1 Labor and Human Rights)	
1. Voluntary Work	4. Wages and Benefits
2. Prohibition of Child Labor and Management of Young Worker	5. Prohibition of Discrimination and Workplace bullying
3. Prohibition of Excessive Overtime Work	6. Freedom of Association

### Human Rights Management Policy

- In the course of our business activities, LX Semicon actively implements human rights management to ensure equal respect for the rights and values of stakeholders directly affected by our operations, such as employees, customers, and suppliers. We establish and disclose the 'LX Semicon Human Rights Management Policy' to prevent and manage human rights violations
  - Built upon international standards and guidelines, including the International Bill of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact's Ten Principles, the UN Convention on the Rights of the Child, the UN Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Business Conduct
  - Apply to all LX Semicon employees and other stakeholders, including suppliers, partners, and joint ventures
  - Disclose external policies with final approval by the ESG Committee of the Board of Directors

Human Rights Management Policy Overview			
1. Purpose 2. Scope of Application	3. Basic Principles • Ensuring Occupational Safety and Health • Prohibition of Forced Labor • Prohibition of Child Labor and Protection of Minors • Freedom of Association and Collective Bargaining • Compliance with Working Hours • No Discrimination	• No Workplace Bullying • Wages and Benefits • Responsible Sourcing of Minerals • Responsible Supply Chain Management • Information Security • Ensuring Environmental Rights	4. Operation Framework • Human Rights Management Governance • Human Rights Risk Management • Grievance Handling Process

### Campaigns for Raising Awareness

- As part of our efforts to foster a culture of mutual respect and promote human rights within our organization, LX Semicon launched a campaign called 'Respect Each Other'
  - Encourage employees to empathize with one another and use honorifics, regardless of job position to spread respect for human rights and mutual consideration throughout the company
- In 2023, LX Semicon measured job satisfaction and human rights awareness through the "Building Good Teams" project
  - Implemented improvement tasks through surveys for each department and workshops (Planned to incorporate more agendas related to human rights)



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Risk Management

A Company-Wide Human Rights Management Assessment

- LX Semicon conducted 'Human Rights Management Self-Assessment', aimed at identifying potential human rights risks by relevant departments in the company, diagnosing the overall status of human rights management and deriving improvement tasks by detailed items
  - Developed diagnostic indicators for human rights management level in 2024 based on major domestic and international human rights guidelines and initiatives (12 issues, 148 detailed items in total) and conducted self-assessment by relevant departments
  - As a result of self-diagnosis, the need to 'operate a human rights management system' and 'strengthen responsible supply chain management' was identified (policies will be established by relevant departments and risk management will be strengthened)

LX Semicon Human Rights Management Checklist

NO.	Issue	Definition of Issue	Applicable Areas		Item
1	Ensuring occupational safety and health	Assess worker safety and environmental impact to ensure workers are working in safe and sanitary conditions	• Workplace safety • Protection of pregnant women, people with disabilities, and others	• Providing essential equipment, conduct training, etc. • Supporting workers injured in industrial accidents	16 items
2	Prohibition of forced labor	Prohibit unreasonably restricting physical or mental freedom or forcing employees to work against their will	• Prohibition of forced labor • Inhumane practices, including human trafficking	• Prevention of forced labor by subsidiaries and suppliers	12 items
3	Prohibition of child labor	Comply with minimum age employment laws and regulations in each country and region	• Prohibition of the hiring of underage workers	• Procedures for addressing inadvertent employment of minors	13 items
4	Freedom of association	Uphold the right of workers and employers to form and join associations and engage in collective bargaining	• Protection of freedom of association and collective bargaining • Prohibition of penalizing labor union activities	• Ensuring collective bargaining coverage and enforce in good faith • Alternative actions in the absence of a labor union	14 items
5	Compliance with working hours	Comply with regular, overtime, and holiday working hours regulations set by laws and regulations in each country and region	• Employee's working hours		2 items
6	No discrimination/ workplace bullying	Promote equal opportunity in hiring, promotion, compensation, training, etc., and prohibit discrimination and harassment based on social status, etc.	• No discrimination in employment • No gender discrimination in employment	• No discrimination for non-regular employees • No discrimination for foreign employees	20 items
7	Wages and benefits	Pay wages at or above minimum wage levels set by labor laws in each country and region	• Employee's wage level		2 items
8	Responsible supply chain management	Encourage suppliers' human rights practices and avoid sourcing minerals mined directly or indirectly from high-risk and conflict-affected areas	• Prevention of human rights abuses by suppliers and others • Conducting monitoring	• Prevention of human rights abuses by security personnel • Responsible management of minerals and raw materials sourcing	9 items
9	Information security	Enhance security measures to prevent the unauthorized release of consumer/customer personal information and implement information security training	• Customer personal information	• Protection of intellectual property	8 items
10	Ensuring environmental rights	Establish and maintain an environmental management system, disclose environmental information, and adhere to a precautionary approach to environmental issues	• Establishment and maintenance of an environmental information system • Principles of a precautionary approach to environmental issues	• Disclosure of environmental information • Development of contingency plans	16 items
11	Establishment of human rights management system	Establish a company-wide human rights management system, including policies, organizational structure, and grievance handling channels	• Human Rights Policy Statement • Organizational structure for Human Rights Management.	• Grievance handling channels	12 items
12	Operation of human rights management system	Operate a comprehensive human rights management system, including risk assessments, performance management, and remediation efforts	• Periodic human rights impact assessments • Improvement activities • Human rights management performance	• Preparing remedial actions • Human rights risks	24 items



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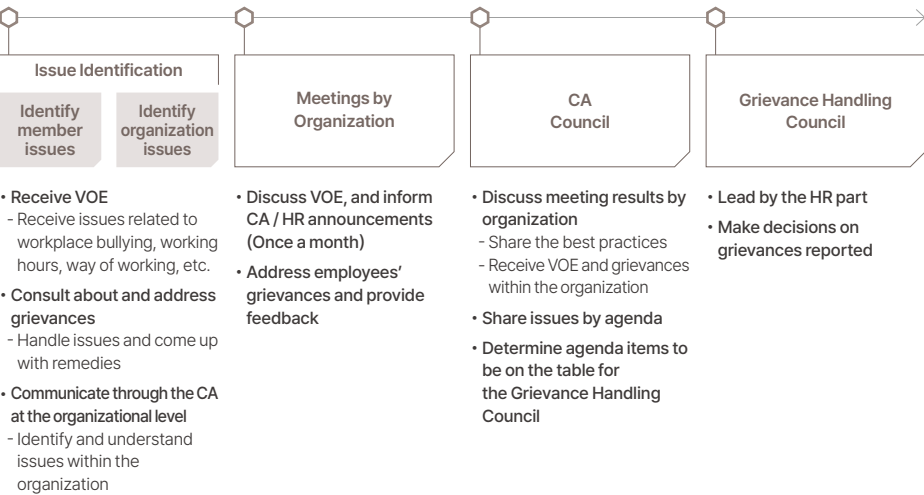
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Grievance Handling Process

- LX Semicon provides remedies to mitigate and effectively address adverse human rights impacts and operate various grievance handling channels
  - Ensure anonymity during post-grievance investigations to prevent whistleblowers from being penalized
  - Implement separate measures to prevent retaliation and discrimination against whistleblowers following a report (to prevent secondary victimization)

- We report the results to the CEO after the Grievance Handling Council

\* A company-wide notice is planned after grievance handling process improvements in 2024



Channels for Reporting Human Rights Grievances

Category	Details
Grievance Now Talk	Operate Grievance Handling Reporting Channel within the In-house Intranet (Online)
CA Hotline	Report to the CAs through anonymous channel (KakaoTalk)
Reporting Channel for Workplace Bully and Sexual Harassment	Report to the person in charge of the Corporate Culture Team (Online and offline)
	Operate Sexual Harassment/Workplace Bullying Reporting Channel within the In-house Intranet (Online)
Ethics Hotline	Operate 'Ethics Hotline' within the website
Ethics Bureau	Enable reporting through online, in-person visits, postal mail, email, or phone calls

Metrics and Targets

Human Rights Education

- Implement human rights education to all employees such as education on raised awareness of people with disabilities and prevention of workplace sexual harassment, etc.
- Implement additional human rights education to leader positions (director, office/team leader)
  - 2023: Implement sessions introduce attendance management measures and systems, and training on workplace harassment issues
  - 2024: Implement training on workplace harassment issues

Human Rights Management Education

Category		Unit	2021	2022	2023
Education on raised awareness of the disabled in the workplace	Educational hours	Hours	1,262	1,646	1,561
	Number of employees who completed education	Persons	1,262	1,646	1,561
Education on the prevention of workplace sexual harassment	Educational hours	Hours	1,262	1,646	1,561
	Number of employees who completed education	Persons	1,262	1,646	1,561

Remedial Actions

- The number of ethics violations related to discrimination cases (gender discrimination, discrimination on people with disabilities, workplace harassment, etc.) in the last three years and the remedial actions taken in response:
  - 2021 (Overseas): 1 sexual harassment case / disciplinary dismissal
  - 2021 (Domestic): 1 incident of workplace harassment / separation from victim and disciplinary action
  - 2022 (Domestic): 1 case of sexual harassment, 1 case of workplace harassment / separation from victim and disciplinary action
- Increase sexual harassment and workplace bullying prevention training after an incident: implement customized training by position and by gender

# Social Contribution

## Strategy

### Social Contribution Framework

- Contribute to society by practicing LX Group's Core Values and solving community problems
- Plan to continuously provide social contribution activities for various stakeholders in the local community

### Implementation Framework



### Social Contributin Activities

#### Support for Future Generations' Growth

- LX Semicon collaborates with local childcare facilities near our campuses (to enhance the living conditions for children)
  - Donated necessary items such as electronics and school supplies to these facilities (Children's Day and national holidays)
  - Organized employee donation bazaars and delivered donations (to help purchase buses for welfare organizations)



#### Scholarships for Undergraduate/Graduate Students Majoring in Semiconductors

- LX Semicon awards scholarships to undergraduate and graduate students in semiconductor design-related fields (From 2019)
  - Award scholarships to the winning team of the 'Korea Semiconductor Design Competition,' hosted by the Ministry of Trade, Industry, and Energy

#### Supporting Sports for People with Disabilities

- LX Semicon provides support to 'a sports team of athletes with disabilities' to promote sports for people with disabilities and expand its foundation
  - Operate the sports team and support overall training (4 sports, 16 athletes)

#### Supporting Local Community Disaster Relief

- Donated to help rebuild areas affected by the 2023 torrential rains and provide relief to sufferers (National Disaster Relief Association)

#### Employee's Engagement in Donation

- LX Semicon implements a "scrap deduction" program for those who wish to participate (From 2018-)
  - Donate the change from their monthly salaries that is less than KRW 1,000
  - Used for social contribution activities that reflect the needs and interests of LX Semicon employees

## Metrics and Targets

### Social Contribution Education

- LX Semicon conducted social contribution training for CAs (21 People)
  - Include concept and need for CSR, internal and external trends and implications
  - Share best practices of LX Group, affiliates, and third-party social contribution, etc.

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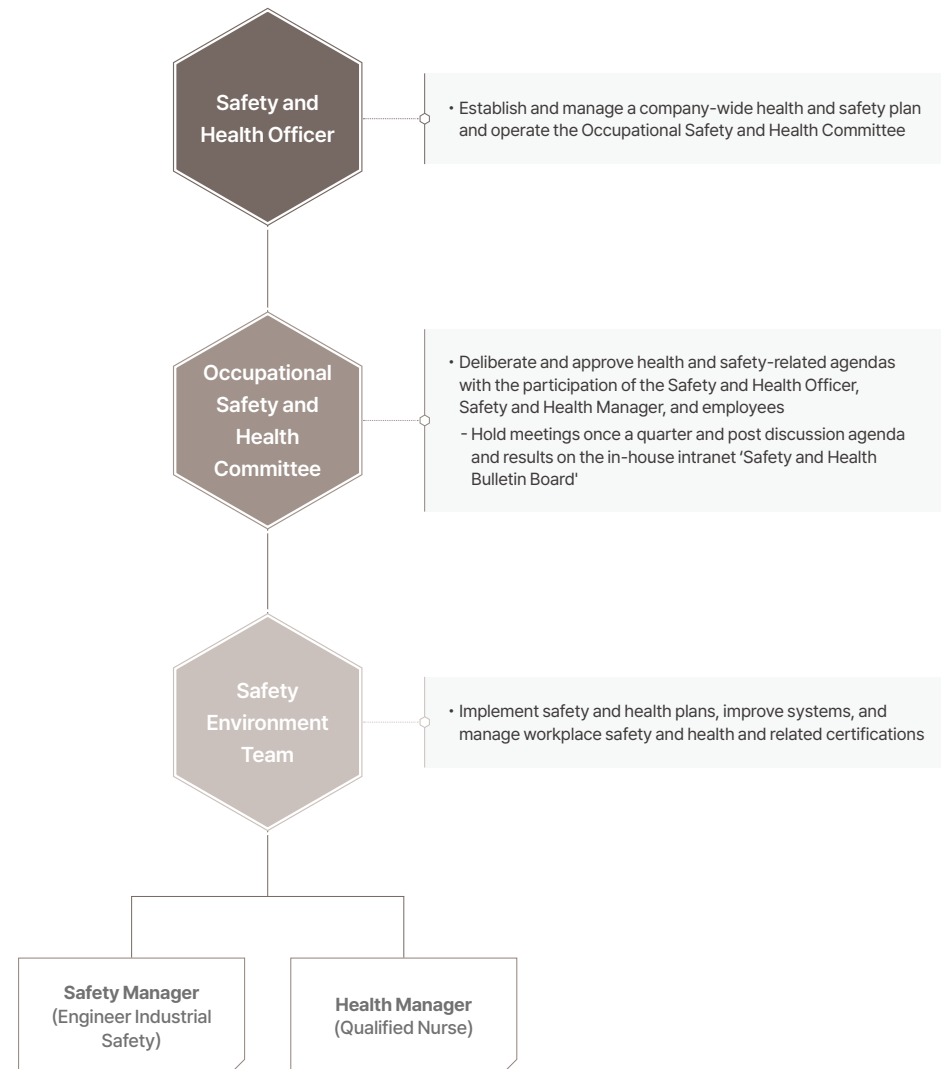
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# Occupational Safety and Health

## Governance

### Response Framework



## Strategy

### Safety and Health Policy

- LX Semicon promotes accident prevention and awareness improvement through improving a company-wide safety and health environment
- We establish and disclose ISO 45001-based company-wide safety and health management policy
  - Apply to employees and non-employee workers, including on-site contractors, and temporary workers

### Safety and Health Management Policy

All former employees of LX Semicon recognize safety and health as their top priority responsibility, and strive to prevent accidents and improve the quality of life by creating a safe and pleasant working environment through continuous improvement and practice.

We recognize safety and health as the top priority value that must be prioritized above all else, and we will always practice the following measures.

#### [Safety and Health Management Policy]

1. Safety and health regulations will be complied with and continuous improvement pursued.
2. Safe and healthy working environment will be created to prevent injuries and disabilities of employees.
3. Education and training will be actively supported to enhance the understanding of safety and health for all employees.
4. Active participation in safety and health activities and faithful performance of duties and responsibilities will be expected from all employees.
5. Risk factors will be identified and eliminated to reduce safety and health risks in our company.

### Safety and Health Management Manual

- LX Semicon established and operate Safety and Health Management Manual to create safe working environment
  - Aimed at strengthening the safety and health management system, including accident prevention, compliance with safety and health laws and regulations, and prevention and response to safety incidents
  - Apply to stakeholders who may be exposed to health and safety risks due to LX Semicon's business activities, including employees, suppliers, and customers

### Expanding Safety and Health Education (In addition to Statutory Mandatory Training)

- We implement expanded safety and health education by position and campus
  - Designate a lab Safety Officer for each campus and train employees working in labs on chemical properties and hazards (MSDS training)
  - Expand CPR training by campus



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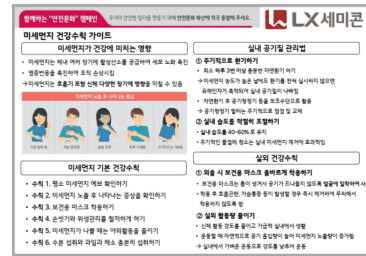
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Spreading a Culture to Promote Safety and Health

Safety and Health Bulletin Board

- Share policy information, company management status, etc. to raise employees' safety and health awareness by operating an in-house 'Safety and Health Bulletin Board'
- Operate the VOE menu (for requesting safety and health improvements) in the company's bulletin board
  - Confirm requests and proceed to improve risk factors by business site



Safety Culture Together Campaign

Implementation of 'Safety Culture Together Campaign'

- Implement monthly awareness campaigns to foster a culture of safety and health, raising awareness of safety and health practices among employees

Supporting Employee Health Care

- Identify and implement various employee health care programs
  - Support for employee general and comprehensive checkups (for employees over 5+ years of service and over the age of 35)
  - Run health care programs with different themes, such as smoking cessation, diet, etc.
  - Operate on-campus health care centers and gyms

Supplier Safety and Health Management

- Establish safety management evaluation standards and strengthen management of suppliers with the goal of achieving 'zero' safety accidents
  - Hold regular Supplier Safety and Health Council (monthly)
  - Conduct joint workplace safety and health inspections (regular/occasional)
- Practice continuous health and safety management by implementing supplier safety management manuals and management plans

Risk Management

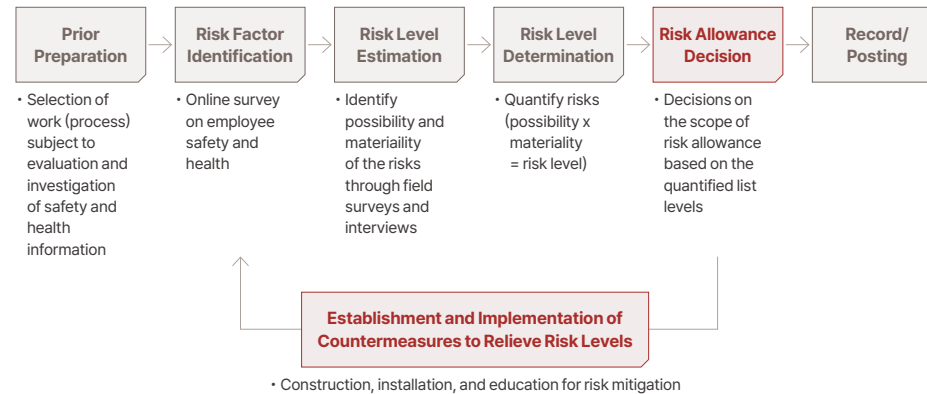
Identification of Safety and Health Risks

- Conduct assessments to identify and manage potential safety and health risks (annually)
  - Conduct safety and health risk assessments in business sites and labs and make improvements
  - Assessment items: facilities, industrial accidents, employee health checks, hazardous substance (used in business sites and labs) management status, etc.

Workplace Risk Assessment

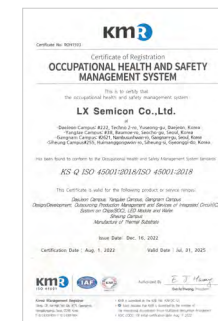
- Conduct assessments to measure safety and health risks at each business site (once each in the first and second half of the year)
  - Conduct risk assessments based on six categories of risks and implement risk control action

Procedures for Risk Assessment



Safety and Health Management (ISO 45001) Certification

- Strengthen overall safety and health management based on obtaining and maintaining ISO 45001 certification at all business sites (from 2022-)
- Evaluate risks that may occur at each workplace, prevent health and safety accidents, and improve the safety and health environment at workplaces



ISO 45001





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**Lab Safety Management**

Precision Safety Diagnosis

- Conduct regular precision safety diagnosis for lab safety management
  - Take improvement actions when identifying risk factors based on the existing risk class definitions
  - Implement follow-up diagnosis and take corrective action within 3 months when serious risks are found

Precision Safety Diagnosis Classification

Ranking	Measurement Standard
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

Risk Assessment for Lab Works

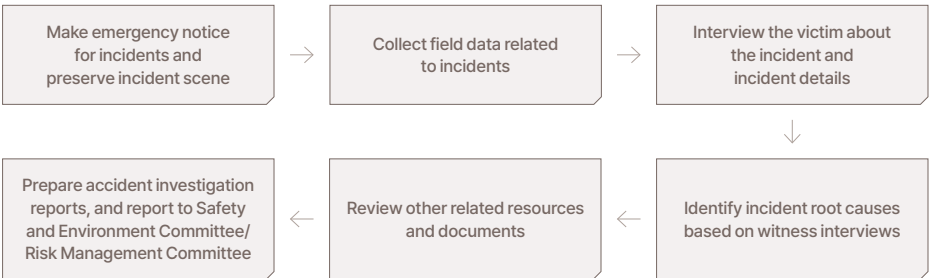
- Measure risks by hazardous factor to protect employee health and create a safe work environment (biannually)
  - Aimed at determining the level of exposure and occurrence of hazards that negatively impact employees' health
  - Collect, analyze, and evaluate personal samples under a measurement plan

\* No substances exceeding exposure standards detected according to the measurement results in the second half of 2023

Safety Incident Investigation

- Investigate all incidents occurred to analyze cause and take corrective action
  - Establish an incident investigation team in the event of a critical incident and conduct an investigation to identify the cause of the incident and establish measures to prevent recurrence

Safety Incident Investigation Process



**Metrics and Targets**

**Workplace Risk Assessment Results**

- Conduct risk assessments to identify and improve safety and health risks at each workplace (once each in the first and second half of the year)
  - Employee surveys: Identify risk types, details of risk situations, likelihood of occurrence, suggestions for improvement, etc.
  - On-site inspections: Campus-specific on-site inspections led by safety manager from the Safety Environment Team (measuring risks and determining whether improvements should be made)

\* The 2023 risk assessment resulted in the total of 30 hazardous risk factors and the improvement measures were implemented

(Unit: Cases)

Business Sites	2023 Performance		
	Case reported	Case below risk allowance	Case to be improved
Yangjae	408	303	8
Gangnam	312	257	11
Daejeon	150	96	6
Ochang	6	6	0
Siheung	33	27	5
Total	909	689	30

**Industrial Safety and Health Education**

Category	Unit	2021	2022	2023
Training Hours	Hours	30,072	39,408	37,614
Number of Participants	Persons	1,253	1,545	1,520

**Industrial Accident Status**

Category		Unit	2021	2022	2023
Employee*	Number of lost-time injuries	Cases	-	-	1**
	Accident	%	-	-	0.06
	Illness	%	-	-	-
Partner Company	Number of lost-time injuries	Cases	-	-	-
	Accident	%	-	-	-
	Illness	%	-	-	-

\* Including employees and in-house contract workers

\*\* Minor, non-work-related injuries



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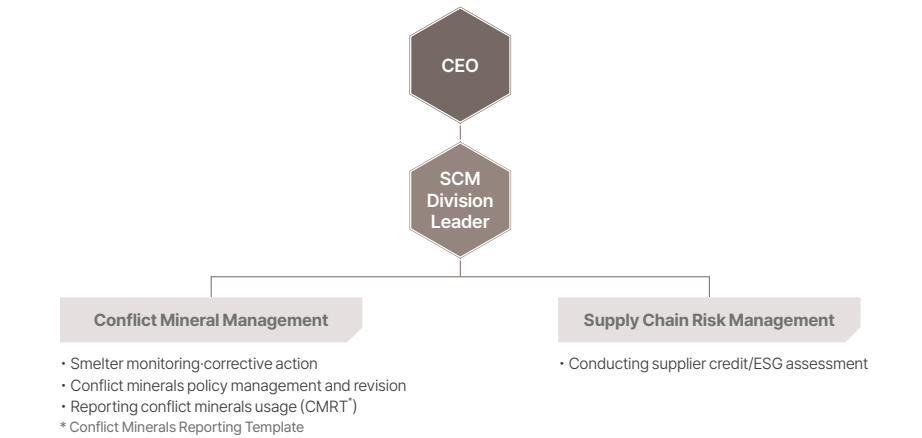
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# Supply Chain

## Governance

- LX Semicon implements financial and non-financial risk management for responsible supply chain operations
  - Consider domestic and international supply chain regulations, guidelines, etc. for supply chain management and strive to minimize negative impacts on the business

### Response Framework



## Strategy

### Supplier ESG Management

- We make efforts to manage suppliers by taking into account various domestic and international supply chain-related initiatives and customer ESG requirements
- Established and disclosed 'LX Semicon Supplier Code of Conduct' based on the RBA Code of Conduct for responsible supply chain management

### Supplier Code of Conduct

Chapter 1	Chapter 2	Chapter 3	Chapter 4
Overview of Code of Conduct	Subject to Application	Working Conditions and Human Rights	Safe Workplace
Chapter 5	Chapter 6	Chapter 7	Chapter 8
Environment	Ethics	Conflict Mineral Management	Management System

### Supplier Risk Identification

- Define risk types considering semiconductor industry characteristics and evaluate supplier competitiveness based on LX Semicon's management standards
  - Financial risk management: Supplier credit ratings (biannual)
  - Capability/ESG management: Evaluation based on 5 metrics (technology, quality, cost, delivery, ESG) (biannual)

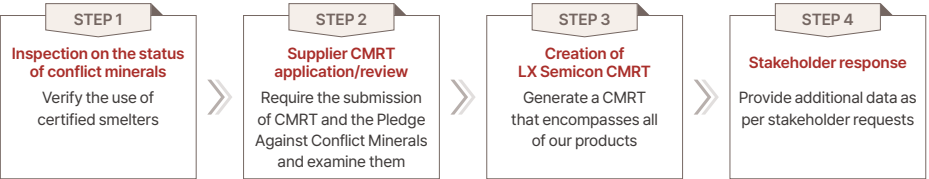
### Risk Types

Finance	Operation	Commercial	Geopolitics	ESG
Risks of bankruptcy of others based on information such as profitability, debt, and cash flow	Risks of supply and demand disruptions and quality defects associated with technology, manufacturing, logistics, quality, etc.	Risk management regarding contracts, payment, etc.	Risks of supply chain issues and supply disruption due to disputes	Compliance risks related to environment, labor, safety and health, and ethics

### Conflict Mineral Management

- Manage the non-use of conflict minerals (tin, tantalum, tungsten, and gold) that are mined and distributed unethically, including human rights abuses and environmental degradation
    - Manage conflict minerals based on our 'Responsible Minerals Sourcing Policy'
    - Strengthen supplier monitoring and management to prevent the entry of conflict minerals into the supply chain
- \* Implementing inquiries about the use of conflict minerals, requesting and verifying submissions of non-use confirmations from suppliers

### Conflict Mineral Management Process



Category	Details
Responsible Mineral Sourcing Policy	• Participation in the international community's efforts to stop using conflict minerals and disclosure of management policies
Conflict Minerals Management Policy	• Supplier management/monitoring in order to prevent the inflow of conflict minerals into the company's supply chain • Inspection of the use of conflict minerals by each partner company and request for the submission of a confirmation of non-use of conflict minerals
Supplier Code of Conduct (Article 6)	• Establishment of a policy to prevent the use of raw materials procured illegally, with negative environmental impact or by unethical methods • Conflict minerals provisions should be included in the supply chain policy, and establishment of a system to ensure that the minerals used in raw materials, parts, and products supplied to LX Semicon (tantalum, tin, tungsten, gold: hereinafter 3TG) do not directly or indirectly provide financial resources or benefits to armed forces that seriously violate human rights in the Democratic Republic of the Congo or neighboring countries • Efforts to check the origin and supply chain of 3TG minerals in raw materials, parts, and products supplied to LX Semicon • Cooperate in providing relevant data such as the origin of 3TG minerals, information on smelters and refiners, and others upon request from LX Semicon and LX Semicon customers

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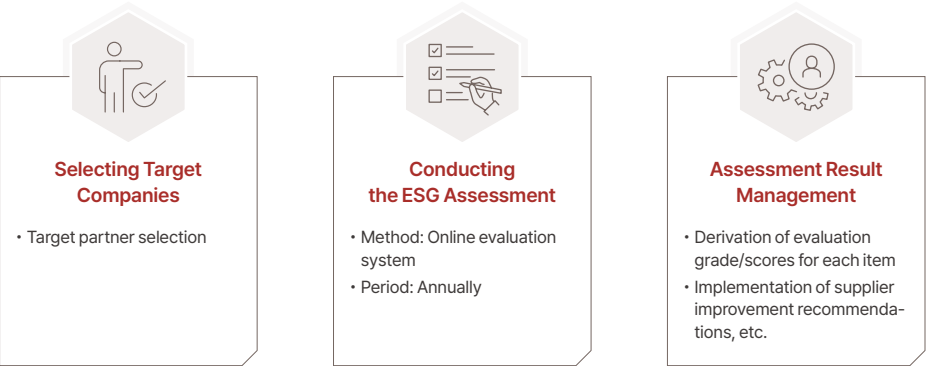
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Risk Management

Supplier ESG Assessment

- Conduct online ESG assessments to measure suppliers’ ESG risk management
  - Assessment Items: Environment, Human Rights/Labor, Ethics/Governance, and Product/Service
  - Assessment Target: Select among suppliers based on business importance and other factors

Supplier ESG Assessment Process



ESG Assessment Item

Category	Details
Environment	Environmental management system, GHG, water / effluent, waste, air quality
Human rights/Labor	Human rights/labor standards and practices, workplace safety and health, human rights/labor within supply chain
Ethics/Governance	Ethical management, ESG management / information disclosure, corporate governance
Product/Service responsibility	Responsible management of chemical and hazardous substance, raw material sourcing, use of renewable energy, etc.

ESG Assessment Results

Category	Grade A (Excellent)	Grade B (Good)	Grade C (Unsatisfactory)	Grade D (Severe)
Number of suppliers	19	1	-	-

\* Suppliers demonstrate an overall higher ESG level than the benchmark group, and no negative environmental or social impacts were found

Supplier Pilot ESG Due Diligence

Due Diligence Overview

- Conducted pilot ESG due diligence after selecting key suppliers based on the results of the 2023 supplier ESG Assessment and the size of the transaction
    - Organized by: Collaboration with LX Semicon (ESG, SCM) and external expert organizations
    - Purpose: To identify and improve the ESG management level of suppliers (training, consulting)
    - Target: 3 domestic suppliers were selected and pilot due diligence was implemented
    - Process: Preliminary guidance for suppliers, online self-diagnosis for suppliers, on-site pilot ESG due diligence of suppliers (including ESG training and consulting)
- \* Due diligence: ESG materiality/trends training and pilot due diligence for each supplier (document review, departmental interviews, workplace environment check)

Due Diligence Results

- No material ESG risks were identified, but many areas for improvement were found (human labor, health and safety, ethics, etc.)
  - Conducted hearings on ESG-related opinions from suppliers, answered questions, and consulted with suppliers to discuss ways to improve

Supplier ESG Due Diligence (Example)

Category	Improvement Tasks (Example)	
ESG System	• Systematic management of non-financial risks through establishment of ESG management decision-making system and documentation of ESG information	• Top management’s commitment to ESG Management • Periodic executive-level review of ESG-related issues or performance
Governance	• Establishment of a principle of non-punishment for whistleblowers • Disclosure of the whistleblowing handling process • Implementation of regular ethics training for employees (anti-corruption, fair transaction, etc.)	• Creating an environment where boards can hold management accountable and fulfill their oversight duties
Social	• Establishment of a subcontractor (in-house contractor) exclusion principle for hazardous/dangerous tasks • Training for changed process to prevent disaster • Provision of safety and health information for foreign workers	• Conducting regular fire safety drills and inspections of fire facilities • Introduction of expanded employee benefits to retain talent
Environment	• Demonstration of CEO commitment to environmental practices • Promotion of public disclosure of environmental management policies	• Regular checks for environmental compliance • Ongoing monitoring for environmental regulations

Metrics and Targets

Category		Unit	2021	2022	2023
Suppliers subject to ESG assessment	Number	Companies	-	22	22
	Ratio	%	-	100	100
Suppliers participate in ESG assessment	Number	Companies	-	20	20
	Ratio	%	-	91	91

\* Supply chain ESG assessments have been conducted since 2022, selecting ESG assessment targets from production suppliers with a certain level of transaction volume and business significance to the company, based on input from relevant departments within LX Semicon (once annually at the beginning of each year)



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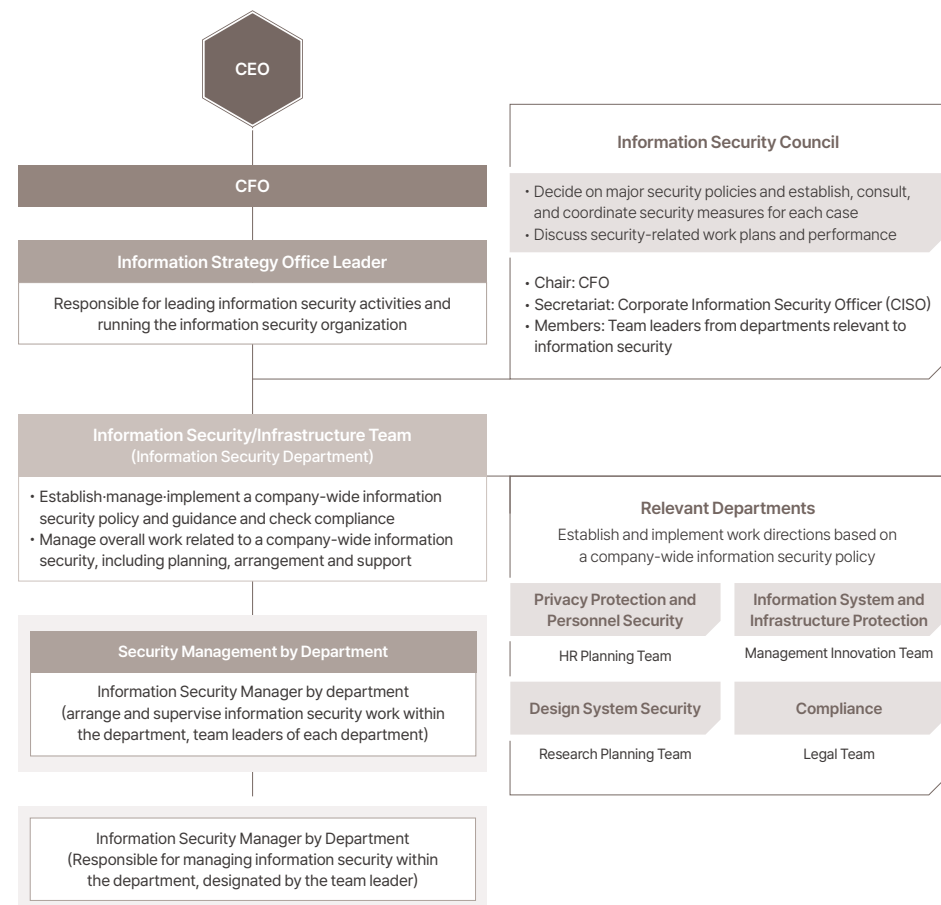
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# Information Security

## Governance

- LX Semicon established company-wide security policies and guidelines that integrate asset management, personnel security, physical security, and information technology security
  - Designated a Chief Information Security Officer (CISO) to strengthen information security management
  - Strive to strengthen and improve information security management through the operation of the Information Security Council under the CEO
- We are committed to protecting information by complying with privacy laws, creating a privacy policy, etc.
  - Designated a Chief Privacy Officer (CPO) to manage privacy risks and prevent breaches

### Company-wide Information Security Organization



## Strategy

### Information Security and Privacy Policy

- Obtain ISO 27001 and establish ISMS\* and information security policy
- Manage the company's information security policy, and establish and operate information policies and guidelines to respond to security incidents and protect the company's assets

\* ISMS: Information Security Management System

Information Security Policy	Information Security Guidelines
Article 1 Purpose	1. Operation of Information Security Organization
Article 2 Scope or Application	2. Information Asset Management
Article 3 Information Security Basic Principle	3. Personnel Security
Article 4 Information Security Responsibilities	4. Security Response
Article 5 Compliance and Discipline	5. Legal Compliance & Security Management by Business Characteristics
Article 6 Information Security Regulation Review	6. Security Audit
Article 7 Relevant Guidelines	7. Physical Security
	8. PC & Mobile Security
	9. IT Security
	10. National Core Technology Security Management
	11. Supplier Project Security

### Designation of National Core Technology Possessing Company

- LX Semicon was recognized by the Ministry of Trade, Industry and Energy as a company possessing 'OLED DDI design technology for driving display panels' in the national core technology semiconductor field (2023)
  - Classify departments and personnel involved in handling related technologies and undergo security training
  - Participate in the fact-finding surveys of institutions possessing national core technology conducted by the government (annually)

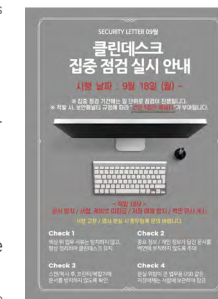
### Raising Security Awareness of Employees

- Implement a company-wide information security education and training and conduct target-specific training sessions
  - Implement a company-wide information security training and conduct customized training for specific employees\*

\* New employees, employees planning to retain, suppliers, personnel handling national core technologies and personal information, etc.

- Send Security Newsletter every month
  - Share domestic and international cyber-attack cases security-related recent trends
- Share a company-wide security incident cases and notes (in the event of a security incident that becomes a social issue)
  - Increase information security awareness through in-house intranet to all employees
- Conduct a company-wide mock cyber security drills\*
  - Conduct mock cybersecurity drills for all employees and share the results (to prepare for social engineering attacks)

\* Mock Cyber Security Drills: Send virtual phishing emails, check whether emails are opened, links are accessed, and personal information is entered, and share the results



Clean Desk Campaign

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Risk Management

Network Security

- 24/7 control of the internet gateway for intrusion prevention and surveillance
  - In the event of an external intrusion, organize CERT\* in accordance with company regulations and respond in cooperation with external organizations and government agencies
- \* CERT: Computer Emergency Response Team
- Operation of Demilitarized Zone (DMZ) and Firewall
  - Operate a Demilitarized Zone (DMZ) to protect critical data
  - Operate firewalls to protect and monitor traffic in DMZs, work/design networks, etc.
- \* Firewalls allow only trusted traffic to communicate on the network (blocking everything else)
- Wireless Intrusion Prevention System (WIPS) network connections management
  - Allow only pre-authorized devices to connect to the wireless network (block unauthorized devices from connecting)

Network Segmentation

- Operation of segregated network from general business network through ‘network segmentation’ to protect its semiconductor design technology
    - Required to get separate approval to move data from segregated networks to the general business network
    - Prevent semiconductor design information from leaking out of the network through network segmentation
  - Completed employee's PC virtualization with VDI\*, separating work network from local PCs
    - Provide a secure and safe VDI environment even for employees accessing the network from outside the company, such as when they are offsite, traveling, or working from home
- \* VDI: Virtual Desktop Interface

Physical Security

- Operation of an access control system (Allow pre-authorized personnel to enter)
    - Enforce security checks with x-rays and metal detectors to prevent unauthorized laptops and storage media from being taken out of the company
  - Introduction of security paper solution (from 2023)
    - Allow only security paper for internal printing and operate a security paper gate sensor (EAS) to prevent unauthorized documents from being taken out of the company
  - Integration management of an access control system – MDM (Mobile Device Management)
    - Restrict certain features of personal smart devices (such as taking photos) for internal security management
    - Activate MDM when employees enter the company building and automatically turn it off when they leave
  - PC Security
    - Install anti-viral applications and data loss prevention security solutions (DLP\*) on all employees' business PCs to protect information and prevent security breaches
    - Allow only PCs with security solutions to access the internal network (operating NAC\*\*) and restrict access of PCs with security vulnerabilities
- \* DLP: Data Loss Prevention  
\*\* NAC: Network Access Control

Overseas Subsidiary Information Security

- Select 11 essential information security activities and provide implementation guidelines for overseas subsidiaries
    - Conduct an company-wide information security checklist-based inspection led by entity-specific security officers, and submit the results
    - Analyze and provide feedback on inspection results led by Headquarters Information Security Department
- \* Strengthening and improving management through periodic on-site inspections of overseas subsidiaries

Customer/Supplier Security Management

- Meet customers’ security requirements
- Include security-related clauses when contracting with suppliers and conduct security inspections through on-site audits

Metrics and Targets

Employee Information Security Training and Investment

Category		Unit	2021	2022	2023
Information security training	Total training hours*	Time	3,723	1,241	1,633
	Number of participants*	Persons	1,241	1,241	1,633
	Training hours per capita (responsible personnel)**	Time	1,862	414	1,633
Investment in the information security sector	Ratio of investment in information security***	%	5.2	8.1	6.1

\* Information security training + privacy training  
\*\* Total annual training hours for each course for responsible personnel  
\*\*\* Investment in information security/overall IT budget \* 100

Information Security Accidents

Category		Unit	2021	2022	2023
Violations in regard to information	Number of damages involving personal information	Cases	0	0	0
	Number of damages involving information breach	Cases	0	0	0
	Penalty	KRW	0	0	0



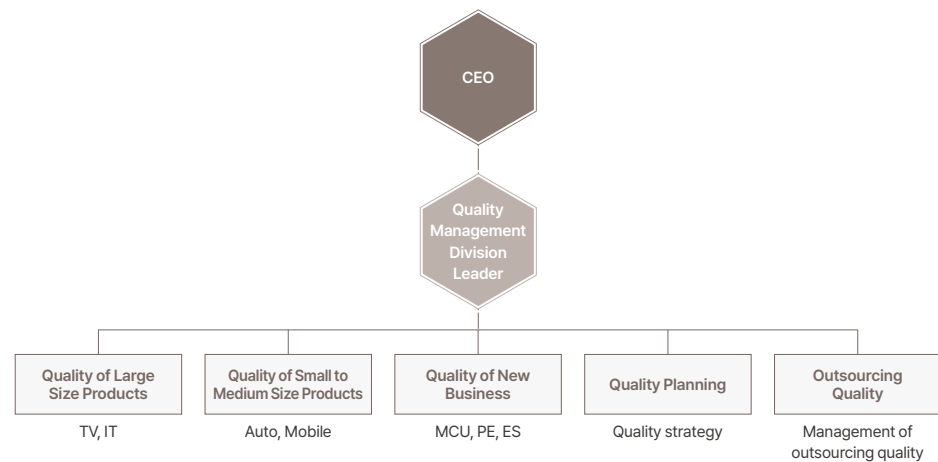
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# Quality Management

## Governance

- LX Semicon strives to implement quality management practices and establish policies aimed at ensuring customer value, quality strategy, development and mass production quality, quality related to new business ventures, and outsourcing quality
- Improve quality and strengthen management by engaging the management including the CEO, the Quality Management Division Leader, and relevant departments



## Strategy

- Operate and advance the quality management system based on the process for providing quality products and services
  - Contribute to securing customer system quality by providing high-quality semiconductors and implementing quality improvements in all phases of production (design, development, and production)
  - Make efforts to strengthen quality management by implementing a quality management policy and Code of Conduct based on ISO 9001

### Quality Policy

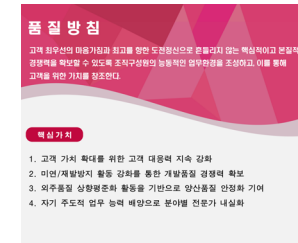
We create a proactive work environment for our employees to secure core, intrinsic, and unwavering competitiveness, with a mindset of putting customers first and pursuing excellence, thereby creating value for our customers.

#### [Core Value]

1. Continuously improve our capabilities to respond to customers' requirements to expand customer value
2. Secure competitiveness in development quality by strengthening proactive and recurrence prevention activities
3. Contribute to stabilization of mass-production quality based on outsourcing quality improvement activities
4. Develop professionals in specific areas by fostering self-directed working competency

### Quality Management Division Leader Code of Conduct

- Quality Management Division Leader - Leaders Making a Creative and Innovative Organization
- |  |   |
|--|---|
| <b>[Code of Conduct]</b> <ol style="list-style-type: none"> <li>1. Become a manager who articulates the vision and business direction and mentors them</li> <li>2. Become a manager who respects members and communicates candidly based on trust</li> </ol> | <ol style="list-style-type: none"> <li>3. Become a manager who assumes responsibility for business results based on expertise</li> <li>4. Become a manager who takes the lead in everything</li> <li>5. Become a manager who combines care for people and passion for work</li> </ol> |
|--|---|



## Risk Management

### Quality Risk Identification

#### Proactive Prevention of Development Quality Risks

- Enhance verification for preventing recurring issues through root cause analysis and countermeasure development when issues arise in the mass production stages, including customer, process, and raw materials-related issues
- Strive to secure development quality by identifying and responding to quality risks in a proactive manner
  - Cultivate international reliability experts and strengthen pre-reliability verification not only at the single IC level based on reliability standards but also based on customer modules

#### Proactive Prevention of Mass Production Quality Risks

- Utilize LX Semicon's Quality Management System (QMS) and Supplier Collaboration System (SCS) for data processing and database management related to mass production quality activities
  - Enable tracking of all tasks and progress during supplier mass production

\* QMS: Quality Management System, \* SCS: Supplier Collaboration System
- Establish annual outsourcing production quality metrics for process/production quality enhancement and conduct regular monthly quality meetings with outsourcing partners
  - Improve the overall quality of outsourcing partners following the identification of CIP\* items

\* CIP: Continuous Improvement Plan

### Quality Risk Management

#### Quality Management System (ISO 9001) Identification

- Maintain ISO 9001 to improve quality levels and customer satisfaction, and to meet international quality requirements
- Transform to meet global quality management standards to achieve a differentiated competitive advantage
- Acquire IATF 16949, an automotive quality management system, in addition to ISO 9001, to expand certifications across new business fields and business sites



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Supplier Quality Management

- Evaluate, approve, and register the process according to the standards agreed upon through rigorous verification of partner companies that produce and ship products
- Ensure shipment quality through verifying all products produced and thorough process, product, and quality management
- Conduct annual supplier evaluation for each supplier by fostering VDA 6.3 auditors, and conduct an objective assessment based on the ISO 19011 inspection guidelines

Closed Loop of Quality



Response to Customer Complaints and Requirements

- Strive to minimize quality issues by rapidly responding to any defects in our products
- Implement improvements and preventative measures through traceability management and failure analysis in the event of a quality issue
  - Establish in-house analysis room at domestic and overseas business sites to manage customer voice and respond quickly to customer complaints
- Continue to implement customer satisfaction activities
  - Dispatch quality personnel to major countries (the U.S., China, and Japan) to stay ahead of potential issues and provide prompt support to our customers

Metrics and Targets

Voice of Customer Management

- Receive real-time VoC to drive customer feedback activities

Year	2021			2022			2023		
Ranking	Type	Cases	Ratio	Type	Cases	Ratio	Type	Cases	Ratio
1	Sales	357	79%	Sales	419	45%	Sales	447	20%
2	Design	88	19%	Design	212	23%	Design	182	49%
3	Companies	9	2%	Companies	133	14%	Companies	164	6%
4				Quality	84	9%	Production/Technology	54	6%
5				Production/Technology	70	7%	Quality	53	1%
6				SCM	21	2%	SCM	13	18%
-	Total	454	100%	Total	939	100%	Total	931	100%

Nurturing International Professional

- Develop international quality professionals (Certified Quality Engineers) and international reliability professionals (Certified Reliability Engineers) through the American Society for Quality (ASQ) to strengthen quality management
  - Enhance competitiveness by utilizing high-quality statistical quality management, advanced data analysis, and reliability testing techniques

Certification Name	Target	Period	Number of Professionals
International quality professional (Certified Quality Engineer)	Quality Management Division Leaders	Ongoing	8
International reliability professional (Certified Reliability Engineer)			3



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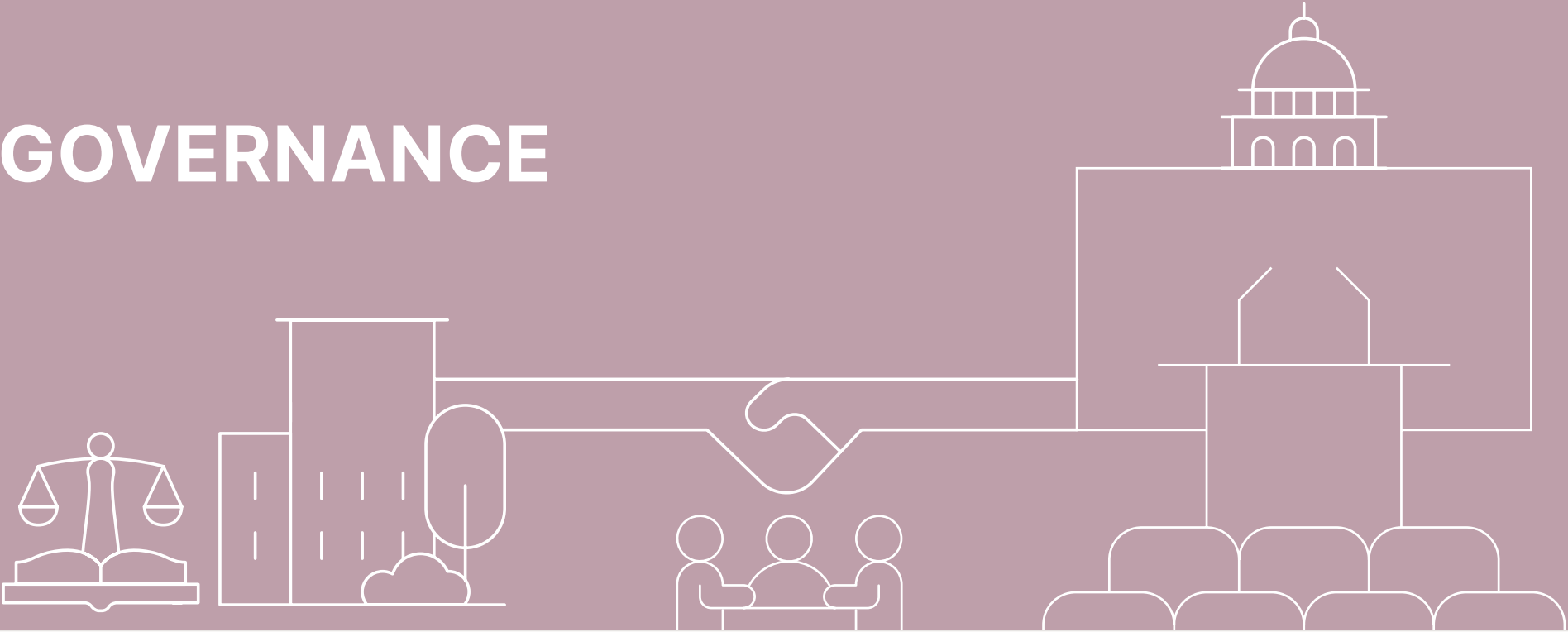
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Transparent and sound corporate governance is essential for sustainable growth. LX Semicon strives to promote the rights and interests of various stakeholders through board-centered management based on governance principles and policies. Additionally, LX Semicon emphasizes fulfilling corporate ethics and social responsibilities, aiming to compete fairly and achieve performance by steadily cultivating skills based on LX's 'Jeong-Do Management'. In the future, LX Semicon will continue to achieve sustainable growth based on the trust of various stakeholders by adhering to laws, ethics, and key principles both domestically and internationally.

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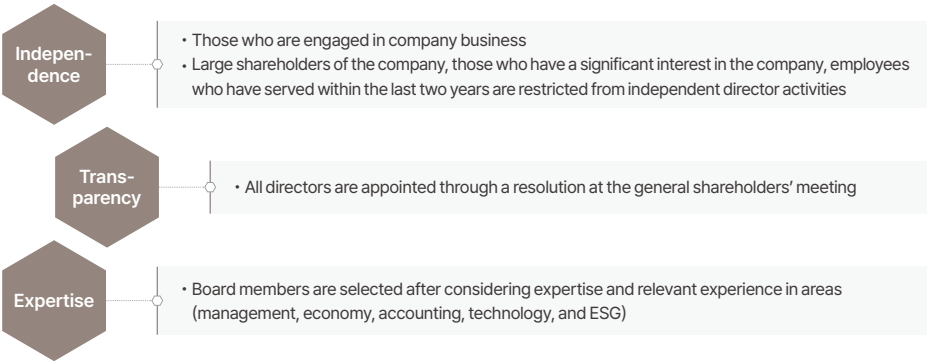
# Board of Directors

## Governance

### BOD Composition

- The Board of Directors deliberate laws, articles of association, delegation of shareholders' meeting, and deliberate and approve agendas for major matters related to company management
  - Ensure at least 50% of the board consists of independent directors to enhance transparency and decision-making objectivity
  - Consist of two executive directors, four independent directors, and one other non-executive director
  - Establish a process that does not discriminate (based on gender, race, religion, etc.) in the appointment of directors

### Director Appointment Criteria



### BOD Skill Matrix

Category		Position	Related industry experience	Management	Finance/ Risk	Accounting	ESG
Yun-tae Lee	Executive Director	CEO, The chair of the BOD and Finance Committee, a member of ESG committee	●	●			
Hun Kim	Executive Director	CFO, Internal Accounting Officer, a member of the Finance Committee			●	●	
Kyeong-woo Wee	Independent director	The chair of the Audit Committee and ESG Committee			●	●	●
Seong-ook Jung	Independent director	A member of the Audit Committee and ESG Committee	●				
Nam-soo Kim	Independent director	A member of the Audit Committee and ESG Committee	●				
Sang-beom Han	Independent director	-	●	●			
Jin-soe Roh	Other non-executive director	-		●			

\* As of May, 2024

### Organization Supporting BOD

- Ensure the smooth operation of the Board of Directors and the performance of duties by independent directors with the support of the Legal Team under the CFO

Department	No. of personnel	Responsibilities
Legal Team	6	<ul style="list-style-type: none"><li>• Provide advance explanation of board agenda items for independent directors</li><li>• Assist with items necessary for the performance of independent directors</li><li>• Conduct workshops and seminar training for independent directors</li></ul>

### Committee

- Operate three committees under the Board of Directors (Audit Committee, Finance Committee, ESG Committee)

Category	Composition	Name of Board Member	Responsibilities
Audit Committee	3 Independent directors	Kyeong-woo Wee (Chair), Seong-ook Jung, Nam-soo Kim	• Manage and oversee company business, inspect property conditions, and require sales reporting to the management
Finance Committee	2 Executive directors	Yun-tae Lee (Chair), Hun Kim	• Deliberate and approve matters delegated to the Finance Committee by the Board of Directors and address other routine management matters
ESG Committee	1 Executive director 3 Independent directors	Yun-tae Lee, Kyeong-woo Wee (Chair), Seong-ook Jung, Nam-soo Kim	<ul style="list-style-type: none"><li>• Deliberate, approve, and oversee all internal transactions</li><li>• Review and oversee ESG material issues</li></ul>

### ESG Committee

- Established the ESG Committee in July 2022 to deliberate on issues related to internal transactions (CEO and 3 independent directors)
- Appoint a chairman from among the independent directors and report to the Board on the outcome of deliberations in accordance with the Board and ESG Committee rules
  - Present any items requiring board approval as a separate agenda item for deliberation and voting
- The ESG Committee was held 3 times in 2023 (5 reports, 4 approvals)

Category			Unit	2021	2022	2023
ESG Committee Activities (Report/ Approval)	ESG	Reported	Cases	-	1	4
		Approved	Cases	-	1	-
	Internal Transaction	Reported	Cases	-	-	1
		Approved	Cases	-	4	4

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Strategy

BOD Operation

- LX Semicon's board of directors is required to convene regular board meetings at least once every quarter (2023: 6 board meetings were held)
  - Discussed and decided on a total of 14 agenda items for reporting and 18 agenda items for approval concerning the overall management of LX Semicon, including the business plan, financial performance, internal transaction, and ESG
  - Attended by the majority of the board members, with a total attendance rate of 97%

Operation Status

Category		Unit	2021	2022	2023
No. of board meetings held		Meetings	7	10	6
BOD agenda deliberation	Approved	Cases	21	22	18
	Reported	Cases	7	11	14
BOD participation rate	Executive	%	100	100	94
	Independent	%	100	96	100
	Other non-executive	%	100	100	100
	Total	%	100	98	97

BOD Evaluation

- Implement self-evaluation based on a comprehensive assessment (attendance rate, contribution, independence, and expertise) to enhance the accountability and transparency of the BOD
- Implement for independent directors and conduct once before the end of their term (when considering reappointment)

Remuneration

- Executive directors' compensation comprises salaries and bonuses and bonuses are granted in accordance with executive compensation regulations and approved by the board of directors, taking into account performance evaluation
  - Quantitative indicators: Company's previous revenue and operating profit, etc.
  - Qualitative indicators: Mid- to long-term priorities to assess key tasks and prepare for the future
- The ceiling on compensation for registered directors, including executive directors, is determined at the general shareholders' meeting

Risk Management

Control of Internal Transaction and Self-dealing

- Manage 'Approval of transactions between directors and the company' as a resolution of the BOD in Article 11 of the BOD regulations
- To strengthen controls on internal transaction and self-dealing, relevant proposals are reviewed by the ESG Committee and then reviewed and approved by the Board of Directors (Directors who have a vested interest in the decisions of the BOD are not allowed to exercise their voting rights)

Metrics and Targets

Board Training and Liability Exemption

- Held four workshops for independent directors on internal audit and internal accounting management in 2023 to enhance their expertise, and conducted ESG external expert training in April 2024 to strengthen the ESG capabilities of the board of directors
- Subscribe to and manage "Executive Liability Insurance" to ensure the independence of directors and the management, and included an "Exemption of directors' liability to the company" clause in the articles of association of the BOD

Independent Directors Workshop (2023-2024)

Date	Organized by	Independent directors attended	Workshop details
Jan. 06, 2023	Legal Team, Accounting Team	Kyeong-woo Wee, Il-gu Yun, Yeong-soo Shin	Selection of new external auditors
Jan. 26, 2023	Legal Team, Business Audit/Enhancement Team, Accounting Team, Internal Accounting Part	Kyeong-woo Wee, Il-gu Yun, Yeong-soo Shin	Report on the internal audit department's performance and plans, report on the external auditor's audit progress and key findings, and report on the operation of the internal accounting control system
Feb. 22, 2023	Legal Team, Business Audit/Enhancement Team	Kyeong-woo Wee, Il-gu Yun, Yeong-soo Shin	Evaluation of the operation of the internal accounting control system, evaluation of the operation of the internal monitoring system, and audit report of the Audit Committee
Jul. 26, 2023	Legal Team, Business Audit/Enhancement Team, Accounting Team, Internal Accounting Part	Kyeong-woo Wee, Seong-ook Jung, Yeong-soo Shin	Inspection plan for the operation status of the internal accounting management system, and a report on the internal audit department's performance for the first half of 2023 and plans for the second half.
Jan. 25, 2024	Legal Team, Ethics Bureau	Kyeong-woo Wee, Seong-ook Jung, Yeong-soo Shin	Report on internal audit department performance and plans
Feb. 28, 2024	Legal Team, Ethics Bureau	Kyeong-woo Wee, Seong-ook Jung, Yeong-soo Shin	Evaluation of the operation of the internal accounting management system for 2023, and review of the operation of the internal monitoring system for 2023 Review of the 2023 audit reports of the Audit Committee

Independent Directors Education and Training (2023-2024)

Date	Organized by	Independent directors attended	Details
Nov. 08, 2023	External expert institution	Kyeong-woo Wee, Seong-ook Jung, Yeong-soo Shin	Institutional and operational trends of Audit Committee
Apr. 11, 2024	Government Relations & ESG Team, external expert institution	Kyeong-woo Wee, Seong-ook Jung, Nam-soo Kim	ESG trends and ESG key issues for 2024 and more

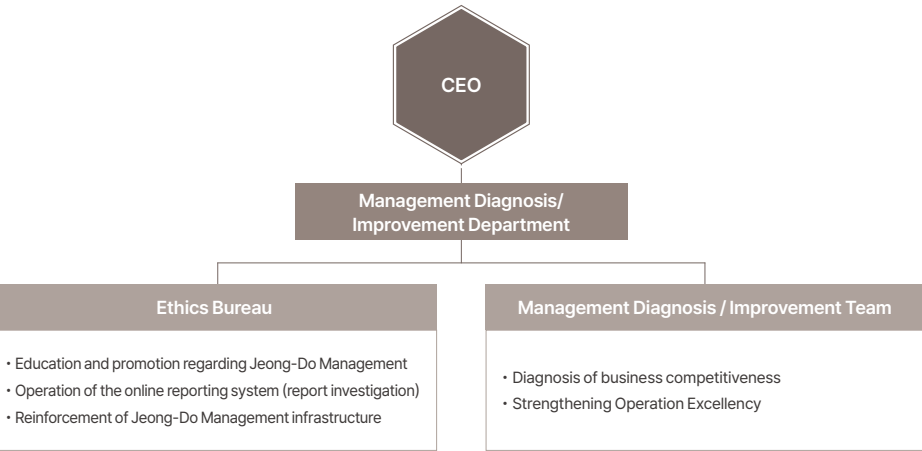


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# Jeong-Do Management/Anti-Corruption

## Governance

- Strengthen Jeong-Do Management with the operation of 'Management Diagnosis/Improvement Department' under the CEO
- Implement awareness activities that include monitoring, preventing, and improving ethics-related risks, as well as providing Jeong-Do Management training to employees



## Strategy

### LX Jeong-Do Management

- LX's Jeong-Do Management refers to a code of conduct to compete fairly and create results by continuously developing capabilities based on ethical management
  - Apply to all employees and stakeholders under the principles of Honesty, Fair Treatment, and Fair Competition based on Competence
- The Ethics Bureau runs various training and implementation programs to enhance the level of understanding of Jeong-Do Management and its practices

Honesty	Fair Treatment	Fair Competition based on Competence
Work transparently according to our principles and standards	Provide equal opportunity and fair treatment in all business contexts	Develop the competence to compete and win fairly

### LX Code of Ethics

- Provide basic guidelines for LX integrity management, prioritizing ethical values for employees to practice
- The LX Code of Ethics serves as the standard for proper behavior and value judgment for all employees. It provides direction for free and fair competition and fosters common interests with all stakeholders based on mutual trust and cooperation

\* Publicly available in English and Korean to broaden stakeholder understanding and engagement both domestically and internationally

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 Environment, Society, and Shareholders

1. Conservation of the Environment

2. Contributing to Social Development

3. Protecting Shareholders' Returns

LX

LX Code of Ethics

Standards for valuation and ethical behavior to be observed by all LX managers and employees

### Pledge for Jeong-Do Management Practice

- All members of LX Semicon sign and submit the 'Jeong-Do Management Practice Pledge' to comply with and practice Jeong-Do Management
  - Include anti-corruption laws and regulations to prohibit improper acts such as unreasonable collusion, illegal political subsidy or bribery
- Include the 'Jeong-Do Management Practice Pledge' in the standard contract when dealing with suppliers, and proceed with the contract only after it is signed



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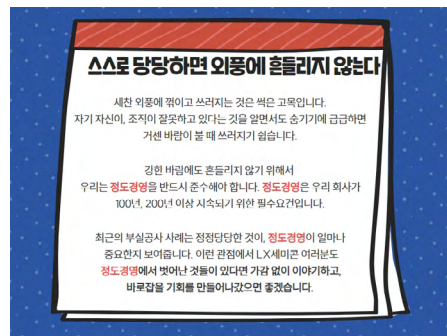
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Voluntary Practice of Jeong-Do Management

- Implement various activities to establish a company-wide Jeong-Do Management culture (awareness of complying with Jeong-Do Management and anti-corruption)
  - Send a Jeong-Do Management newsletter to employees and post 'Jeong-Do Management Story' every month
  - Produce and release 'Jeong-Do Management Web Content' on the in-house intranet
  - Provide offline education for employees (utilizing gamification)
- Publish the 'Jeong-Do Management Newsletter' in each language of overseas subsidiaries to enhance their participation (Chinese, Japanese, etc.)

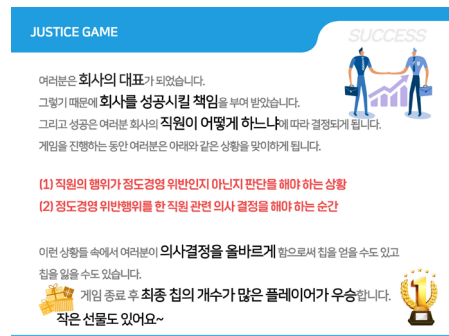
Jeong-Do Management newsletter



Jeong-do Management web content



Jeong-do Management Education utilizing gamification



Risk Management

Bribery Reporting System

- All LX Semicon members are obligated to comply with the LX Code of Ethics and to prohibit any unfair trade practices
  - Based on the LX Code of Ethics, prohibit the exchange of money, gifts, entertainment, and hospitality to ensure fair trade with business partners and suppliers
  - The CEO directly sends out a 'No gift-giving or receiving' notice to employees, suppliers, and business partners (Lunar New Year's Day and Chuseok)
- Must courteously refuse and return money or gifts if received (If returning the item is unfeasible, it must be reported to the Ethics Bureau)

Ethics Hotline (Reporting Channel)

- Report violations of LX Jeong-Do Management through online and offline reporting channels
  - Online: Ethics Hotline
  - Offline: Report to the Ethics Bureau (in-person visit, by mail, phone, email, etc.)
- Maintain confidentiality of the informant and the report contents within the Jeong-Do Management organization
  - Handle reports by a limited number of individuals who have pledged confidentiality
- Ensure all reports remain anonymous and investigate them for accuracy after they are received
  - Take follow-up actions upon detecting wrongdoings to prevent recurrence, including disciplinary measures, improvements to business processes, and Jeong-Do education

Anti-Corruption Risk Management

Pledge Compliance with Anti-corruption Regulations

- Sign and submit the pledge for 'Anti-Corruption Law Compliance' (Annually)
  - Engage all domestic and international employees, including the CEO
  - Provide the Pledge in English and Chinese for overseas employees

Reward for Reporting Corruption

- Operate a reward system to incentivize reporting corruptions
  - Persist in efforts to ensure business transparency and prevent corruption that compromises the value of our customers

**Pledge of Compliance to Bribery Prevention Laws**

I pledge to comply with the business principles of this Company based on the concepts of transparent and fair transaction according to the principles of the free competition through equal participation in the performance of my duties, and with all rules and regulations related to corruption prevention nationally and internationally according to the 'Regulations related to the Prohibition of Acceptance of Illegal Requests and Money and Valuables, etc.' and the 'Bribery Prevention Law related to Foreign Officials in Overseas Transactions'.

1. I shall observe the company policies regarding bribery in overseas transactions and the prohibition of bribery in international commercial transactions.

2. I acknowledge the laws and regulations prohibiting bribery in national and overseas transactions and Company guidelines on prohibiting bribery in national and overseas transactions. I shall not commit bribery or express any intention to bribe foreign officials, etc. for the purpose of illegitimate gains regarding international commercial transactions.

3. I shall fulfill my duties to monitor and supervise transactions to prevent bribery of foreign officials by overseas affiliates, or other third parties in international commercial transactions, in compliance with the laws and regulations on prohibiting bribery in overseas transactions and company guidelines.

4. I acknowledge that the Company will face losses and damages if the laws and regulations on prohibiting bribery, or the Company guidelines are violated. I shall not make any objection to any punishment and/or retaliation the Company may impose on me for any violation of the related laws committed by myself.

Date : \_\_\_\_\_

Department : \_\_\_\_\_

Employee no. : \_\_\_\_\_

Signature : \_\_\_\_\_



Metrics and Targets

Grievance Handling Channels

- Operate grievance reporting system through various channel for all stakeholders
  - Online: In-house intranet (Grievance Now Talk, Sexual harassment/workplace bullying reporting channel)
  - Offline: Report to the Ethics Bureau (in-person visit, by mail, phone, email, etc.)
- Implement fact-checked and take corrective actions within 40 days for all received reports

Reports and Handling Status

Category			Unit	2021	2022	2023
Violation of the Code of Ethics	Number of violations	Total	Cases	3	2	3
		Domestic	Cases	2	2	3
		Overseas	Cases	1	0	0
	Number of people violated	Total	Persons	3	2	3
		Domestic	Persons	2	2	3
		Overseas	Persons	1	0	0
Measures against violations of the Code of Ethics	Dismissal	Total	Cases	1	0	0
		Domestic	Cases	0	0	0
		Overseas	Cases	1	0	0
	Demotion	Total	Cases	0	1	0
		Domestic	Cases	0	1	0
		Overseas	Cases	0	0	0
	Suspension from duty	Total	Cases	2	1	1
		Domestic	Cases	2	1	1
		Overseas	Cases	0	0	0
	Probation	Total	Cases	0	0	2
		Domestic	Cases	0	0	2
		Overseas	Cases	0	0	0
	Reprimand	Total	Cases	0	0	0
		Domestic	Cases	0	0	0
		Overseas	Cases	0	0	0
	Others (advise to resign)	Total	Cases	0	0	0
		Domestic	Cases	0	0	0
		Overseas	Cases	0	0	0

Application of Code of Ethics

Category		Unit	2021	2022	2023
Application ratio of the Code of Ethics	Employees	%	100	100	100
	Contractors/Providers/Service providers	%	100	100	100
Recognition in writing	Employees	%	100	100	100
	Contractors/Providers/Service providers	%	100	100	100

Jeong-Do Management Training

- Provide regular Jeong-Do Management trainings to all employees (on · offline)
  - Include programs such as compliance with Code of Ethics, prevention of sexual harassment/workplace bullying, and anti-corruption

Category			Unit	2021	2022	2023
Total training hours	Total	Total		1,409	2,225	2,212
		Employee	Hours	1,272	2,066	2,034
		Manager		137	159	177
	Domestic	Total		1,409	2,225	2,168
		Employee	Hours	1,272	2,066	1,998
		Manager		137	159	170
	Overseas*	Total		-	-	44
		Employee	Hours	-	-	36
		Manager		-	-	8
Jeong-Do Management Training	Total	Total		939	1,483	1,474
		Employee	Persons	848	1,377	1,356
		Manager		91	106	118
	Domestic	Total		939	1,483	1,445
		Employee	Persons	848	1,377	1,332
		Manager		91	106	113
	Overseas*	Total		-	-	29
		Employee	Persons	-	-	24
		Manager		-	-	5

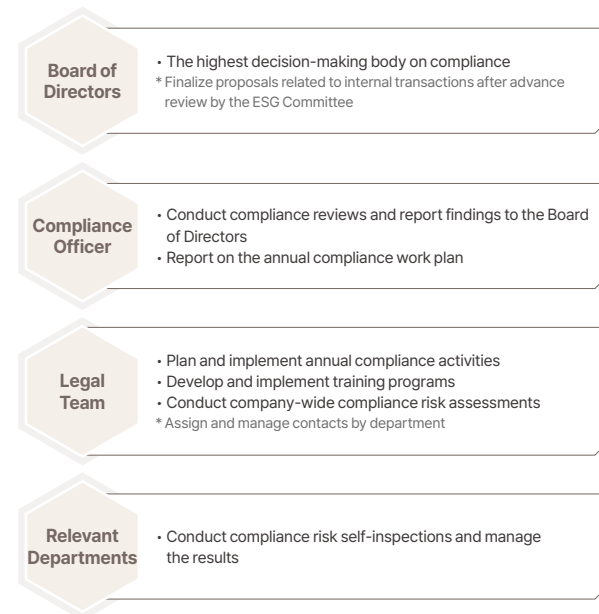
\* Implemented trainings for members of the China subsidiary, including those at the corporate headquarters (Beijing) and the Shenzhen branch

# Compliance

## Governance

- Establish and operate a compliance response framework to strengthen legal and regulatory compliance across the company
  - Deliberate on and resolve items that require board approval by law, such as large-scale internal transactions
  - Plan, implement, and improve annual compliance activities
  - Implement self-assessment of compliance risk by department and conduct improvement measures

### Response Framework



## Strategy

### Fair Trade Compliance Guidelines

- Operate a compliance risk management system based on internal regulations such as the LX Code of Ethics, Code of Practice, and Fair Trade Compliance Guidelines
- Established the Fair Trade Compliance Guidelines in 2018 and implement regular revision

### Code of Ethics (Chapter 3. Fair Transactions)

All business transactions are based on the principles of fair competition, with equal opportunity guaranteed to all entities. We build trust and cooperative relationships through fair and transparent transactions. Such relationships are built based on long-term mutual growth.

#### 1. Equal Opportunities

- 1) We offer equal opportunities to all qualified companies seeking to become our business partners.
- 2) We register and select all applicants in a systematic manner, following a fair and objective evaluation process.

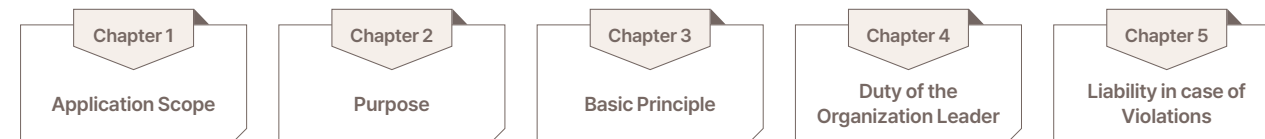
#### 2. Fair Transaction Process

- 1) We conduct all business transactions under equal circumstances. The terms and procedures of the transaction are thoroughly discussed between the parties involved.
- 2) We never engage in any form of unfair transaction taking advantage of any superior position.
- 3) We exchange transaction information through appropriate procedures in a timely manner. Transaction results are evaluated on a regular basis and mutual cooperation measures are taken.

#### 3. Pursuing Mutual Growth

- 1) We support the long-term growth of our partner companies by enhancing their competitiveness through technological and managerial assistance. We share the profits derived from business innovations.
- 2) We pursue mutual efforts and cooperate with our partner companies in promoting a healthy business environment and maintaining fair business processes.

### Fair Trade Compliance Guidelines



### Raising Awareness for Employees

- Send a “request letter to comply with fair trade” under the name of the CEO to express the CEO's will to comply with compliance and encourage members to participate
- Send out the ‘Fair Trade Newsletter’ (monthly) to enhance employees’ understanding and awareness of compliance, covering major content and trends of the fair trade system and cases of violations of laws and regulations

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Risk Management

Compliance Risk Management

- Conduct regular self-assessments on compliance risks by department (identify risks and their severity in advance)
  - Provide training and take follow-up actions for identified risks through departmental self-assessments (report the results to management)

Compliance Risk Management Pool



Management Process



Subcontractor Risk Inspection

- Inspect the status of departments dealing with outsourcing partners, including sharing subcontractor risk types and management guidelines
  - Aim to prevent risks of violations of regulations related to supplier transactions
- Conduct reviews in five areas and take corrective action areas for improvement are identified during first-party subcontracting risk reviews
  - Inspect whether there is substantial command system, whether the partner is substantially incorporated, aspects of the partner's personnel and labor decisions and management, aspects of the partner's business expertise and technology, and the independent corporate organization and facilities of the partner

Metrics and Targets

Compliance Training for Employees

- Conduct online and offline training to enhance compliance awareness, thereby preventing legal risks and fostering a culture of compliance
  - Board of Directors: Take compliance training sessions (independent director workshops)
  - Employees: Take online compliance training
  - Relevant departments: Provide customized training tailored to departments with potential compliance risks

Compliance Training

Category		Unit	2021	2022	2023
Board of Directors	Target directors	Persons	3	3	3
	Directors completed the training	Persons	3	3	3
Employees	Target employees	Total	Persons 1,272	1,688	1,659
		Domestic	Persons 1,272	1,581**	1,541
		Overseas	Persons 0	107	118
Online Compliance Training*	Employee completed the trainings	Total	Persons 38	1,050	897
		Domestic	Persons 38	1,042**	866
		Overseas	Persons 0	8	31

\* Scope of overseas business sites data collection : The Unite States, China, and Japan  
\* Training content: 2021 Personal Information Protection Act, 2022 Serious Accidents Punishment Act, 2023 Safety and Environment-Industrial Safety  
\*\* Numbers differ from 2022 data in the prior year reports due to changes in internal data aggregation criteria

Advanced Training for Relevant Departments

Category		Unit	2021	2022	2023
Fair Trade Training	Target employees*	Persons	0	0	400
	Employee completed the trainings	Persons	0	0	313
Trainings on Subcontracting Act	Target employees**	Persons	0	0	34
	Employee completed the trainings	Persons	0	0	15

\* Employees in the Sales, Purchasing, and Staff departments  
\*\* Employees in ES Production Operations, Planning/Sales, Business Operations, Technology Development, and Quality Control Departments

Violations Concerning Compliance

- No legal violations in the last three years, and we will continue to strengthen our efforts to prevent legal violations and improve employee awareness

Category	Unit	2021	2022	2023
Number of violations of laws	Cases	0	0	0

# Taxation

## Strategy

- We thoroughly comply with tax laws, regulations, and obligations for each country of operation, considering both domestically and internationally
  - In Korea, we proactively identify and respond to anticipated risks arising from changes in relevant laws or new issues, such as the announcement of revised tax laws, through continuous monitoring (If necessary, mitigate uncertainty by making official inquiries with tax authorities)
  - For overseas operations, we establish and apply a transfer pricing policy (TP policy) that meets global standards, taking into account corporate functions and risks, while avoiding tax avoidance transactions, such as transferring income between countries to exploit tax differences or utilizing tax havens
- Monitor global legislative trends, such as the Global Minimum Tax (Digital Tax Pillar 2), to proactively review and respond to potential risks
- Disclose corporate tax expense, deferred corporate taxes, and effective tax rate information in the Audit Report, and ensure disclosure in the Electronic Disclosure System (Financial Supervisory Service)

## Metrics and Targets

### Tax Payment

Category		Unit	2021	2022	2023
Corporate Tax Payment	Profit before tax	KRW 1 million	380,676	303,971	126,287
	Corporate tax expense	KRW 1 million	84,252	70,278	25,083
	Taxes paid in cash	KRW 1 million	23,322	107,386	52,729
Tax payments by tax jurisdiction	Republic of Korea	KRW 1 million	23,121	106,917	52,107
	China	KRW 1 million	152	388	454
	Japan	KRW 1 million	-	-	43
	The United States	KRW 1 million	49	81	125

\* Based on consolidated financial statements

# Risk Management

## Strategy

- Top management and employees recognize the importance of risk management and manage and respond to company-wide risks to ensure stable business operations
  - Proactively identify potential risks based on an internal and external business risk management system and monitoring, and continuously implement prevention and mitigation measures
  - Establish and operate a cooperative system with relevant departments for immediate response when risks are discovered

### Risk Management Framework

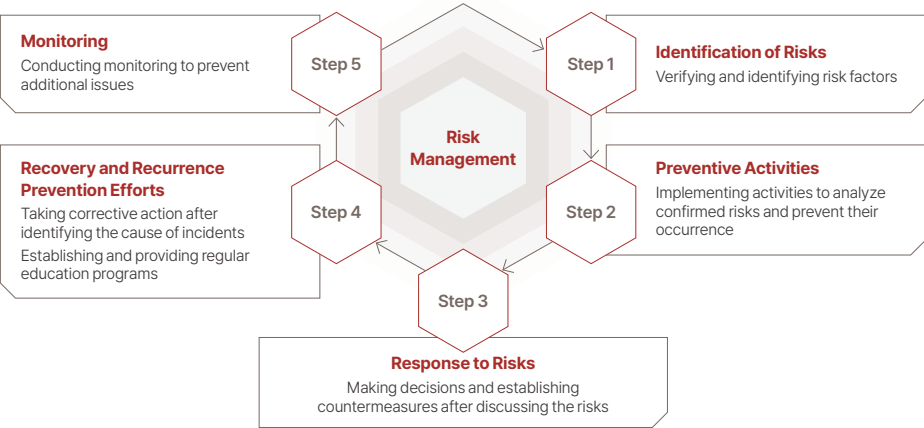
- Participate in decision-making, including the board, top management, and organizational leaders, to manage risks that arise in the course of business
- Integrate company-wide management and response to potential risks that may affect the company's business activities (if necessary, report to the Board of Directors for resolution)



### Risk Management Process

- Proactively respond to risks to prevent unpredictable events, misunderstandings, and rumors from becoming business risks
  - Continuously manage and prevent incidents that may cause significant damage to the organization, including reputational damage and financial loss

### LX Semicon Risk Management



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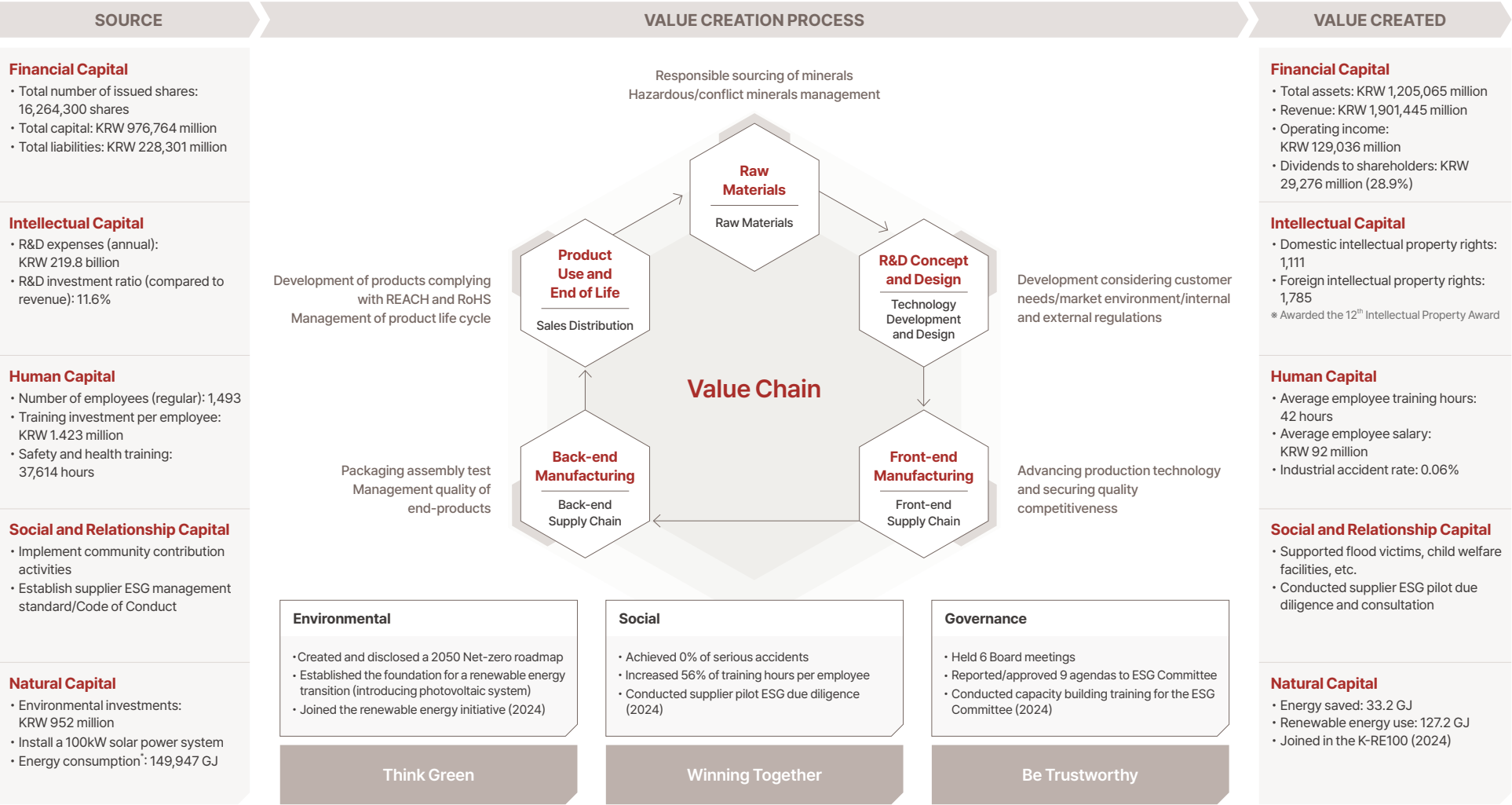
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# LX Semicon Value Creation Process

LX Semicon creates not only financial value but also non-financial value through our core businesses. To elaborate, we conceptualized how our core assets transform into economic, social, and environmental values through LX Semicon's unique business model, which is based on the Value Creation Process that forms the integrated reporting framework announced by the International Integrated Reporting Council (IIRC).



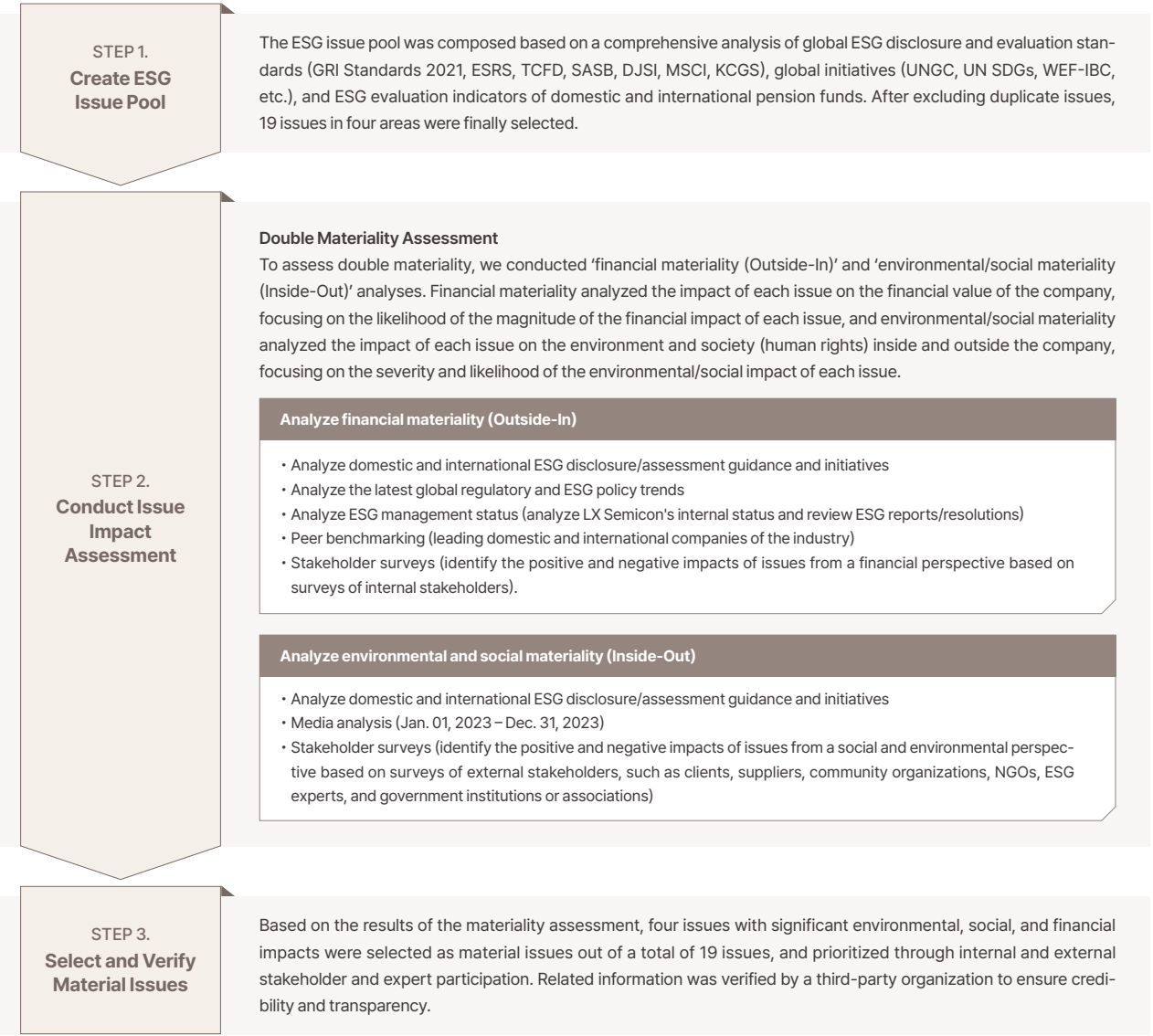
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# Double Materiality Assessment

## Double Materiality Assessment Process

LX Semicon implements annual materiality assessment to identify key issues related to sustainability issues and transparently communicate with stakeholders. Therefore, we introduced double materiality assessment to identify material issues by considering both the impact of ESG issues related to business activities on the financial condition of the company (Outside-In) and the impact of the company's business activities on the sustainability of the environment and society (Inside-Out). In particular, the double materiality assessment factors include severity and likelihood of occurrence of each issue to check the impact on the company and the extent of the impact on LX Semicon's business activities.





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**Double Materiality Assessment Results**

According to the results of assessing the financial and environmental-social impacts of each issue, ‘Responding to Climate Change’, ‘Expanding Human Rights Management’, ‘Sustainable Supply Chain Management’, and ‘Strengthening Occupational Safety and Health’ were selected as LX Semicon’s four material issues. Compared to the previous year, the importance of sustainable supply chain management, climate change response, and strengthening occupational safety and health increased, and expanding human rights management was newly included as a material issue. LX Semicon’s sustainability management activities and performance related to each issue are transparently disclosed throughout the report.

Issue	GRI Topic Standards	Impact Materiality					Financial Materiality					Changes in priority over a year	Priority
		Inside-out (Environmental•Social Impact)	Positive/ Negative	Results of Impact Materiality Assessment			Outside-in (Financial Impact)	Positive/ Negative	Results of Financial Materiality Assessment				
				Severity	Likelihood	Final Result			Severity	Likelihood	Final Result		
Sustainable Supply Chain Management	GRI 308 : Supplier Environmental Assessment GRI 414 : Supplier Social Assessment	Proactively responding to potential ESG risks within the value chain through sustainable supply chain management	Positive	●●●○	●●●●	●●●●	Preventing financial losses by identifying and managing potential ESG risks within the value chain	Opportunity	●●●●	●●●●	●●●●	▲3	1
Responding to Climate Change	GRI 302 : Energy GRI 305 : Emissions	Achieving carbon neutrality and accelerating transition to low-carbon economy	Negative	●●●●	●●●○	●●●●	Increase in external demand to manage violation risks and relevant performance in accordance with strengthened regulations on GHG emissions and climate response related disclosures	Risks	●●●●	●●●○	●●●○	▲3	2
Expanding Human Rights Management	GRI 405 : Diversity and Equal Opportunity GRI 406 : Non-Discrimination	Implementing corporate social responsibility by practicing human rights management	Positive	●●●●	●●●○	●●●●	Loss of corporate credibility and possible financial penalties for regulatory violations, such as stakeholder human rights abuses	Risks	●●●○	●●●●	●●●○	New	3
Strengthening Occupational Safety and Health	GRI 403 : Occupational Health & Safety	Poor health and safety management can lead to potential negative impacts on safety and health of employees and other various stakeholders	Negative	●○○○	●●●●	●○○○	Avoiding financial losses by preventing potential accidents and regulatory violations due to poor health and safety management	Opportunity	●●●○	●●●●	●●●●	▲5	4



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**Material Issue Management**

LX Semicon has identified the top four issues as material based on the results of the materiality assessment, which highlights the business impact of these issues in the context of sustainability and outlines the activities to address them. LX Semicon will continue to identify timely material issues and actively respond to them while transparently communicating the process and results to stakeholders.

Material Issue	Implication	Implementation Status	Reported Page
<div><p><b>Sustainable Supply Chain Management</b></p></div>	<p>Stable partnerships with suppliers are crucial for a company's growth and global competitiveness. Therefore, the need to manage ESG risks in the value chain through proactive supply chain ESG management is increasing, and the obligations of such management are expanding under international laws and regulations.</p>	<ul style="list-style-type: none"><li>• Establishment of LX Semicon supply chain ESG management policy and Supplier Code of Conduct</li><li>• Operation of policy-based management process for conflict minerals</li><li>• Enforcement of supplier financial and non-financial risk management</li><li>• Implementation of supplier ESG assessments and on-site due diligence (pilot)</li></ul>	42-43
<div><p><b>Responding to Climate Change</b></p></div>	<p>To fulfill the 1.5°C agreement of the Paris Climate Agreement, social responsibility is required for companies that are responsible for carbon emissions and reduction. Additionally, global countries are striving to declare and achieve the 2050 carbon neutrality goal in response to the global climate crisis. Institutional efforts based on regulations such as carbon taxes and carbon credits are underway, and the semiconductor industry also needs to take an active role in this response.</p>	<ul style="list-style-type: none"><li>• Creation of a 2050 net-zero roadmap and implementation plan</li><li>• Participation in the K-RE100 initiative</li><li>• Introduction of a solar self-generation facility at the Daejeon campus</li><li>• Eco-friendly activities (the introduction of EVs for corporate fleet and the establishment of charging stations, employee awareness campaigns, replacement of LED lighting, establishment of a centralized control system for air conditioning and heating, and participation in the DR market</li><li>• Identification of climate change risks and opportunities</li></ul>	19-22
<div><p><b>Expanding Human Rights Management</b></p></div>	<p>In recent years, institutional and social demands for corporate human rights management have been increasing, exemplified by the active discussion of the Basic Act on Human Rights Policy. The importance of systematic human rights management is growing alongside efforts to protect the human rights of employees and various stakeholders throughout the supply chain. In response, leading companies are implementing systematic human rights impact assessments and human rights risk identification and management, including with their suppliers.</p>	<ul style="list-style-type: none"><li>• Establishment of human rights management policies based on international standards and guidelines related to human rights and labor</li><li>• Conducting a human rights management diagnosis to upgrade the human rights management system</li><li>• Operation of multiple human rights grievance handling channels</li></ul>	35-37
<div><p><b>Strengthening Occupational Safety and Health</b></p></div>	<p>There is a growing social demand for companies to strengthen their safety management and disaster prevention efforts in the workplace. In Korea, companies are required to fulfill their obligations related to occupational safety and health through the enforcement of the Serious Accident Punishment Act and the announcement of the Comprehensive Plan for Industrial Safety and Health Supervision. This includes self-diagnosis and improvement of risk factors based on the establishment of an occupational safety and health system. Furthermore, it requires to prevent potential industrial accidents and establish a regular monitoring system.</p>	<ul style="list-style-type: none"><li>• Establishment of a "Safety Environment Team" for systematic safety and health management</li><li>• Achievement of ISO 45001 (Health and Safety Management System) certification and establishment of a safety and health policy based on relevant standards</li><li>• Conducting a safety and health culture campaign to instill safety and health activities in employees</li><li>• Operation of an employee health care program</li><li>• Identification of safety and health risks (workplace risk assessment and lab safety audits)</li><li>• Operation of regular supplier safety and health meetings</li></ul>	39-41



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Financial Summary

Consolidated Financial Statements

(Unit: KRW million)

Category	2021	2022	2023
<b>Current assets</b>	1,031,063	1,009,649	902,885
Cash and cash equivalents	135,613	188,365	184,417
Short-term financial instruments	470,000	130,501	120,514
Trade receivables	175,265	143,347	204,968
Other receivables	20,459	30,339	3,418
Other current assets	28,607	34,539	53,675
Inventories	201,117	482,556	335,891
<b>Non-current assets</b>	141,467	279,969	302,179
Other long-term receivables	12,361	15,729	12,768
Investments in associates and joint ventures	11,668	39,730	47,935
Tangible assets	50,262	105,170	104,427
Right-of-use assets	7,679	17,009	21,512
Intangible assets	50,215	63,798	73,937
Other non-current assets	879	10,161	8,994
Defined benefit assets	0	18,301	9,689
Deferred tax assets	8,400	10,067	22,914
<b>Total assets</b>	<b>1,172,530</b>	<b>1,289,618</b>	<b>1,205,064</b>
<b>Current liabilities</b>	363,583	324,401	207,337
Trade payables	213,463	196,211	97,600
Other payables	59,424	68,951	44,464
Other current liabilities	12,793	10,732	32,386
Lease liabilities	3,576	8,158	7,643
Current tax liabilities	74,324	40,347	25,242
<b>Non-current liabilities</b>	8,614	14,856	20,964
Other non-current payables	20	2,001	1,825
Other non-current liabilities	4,046	5,127	5,657
Lease liabilities	3,927	7,727	13,481
Defined benefit obligations	620	0	0
<b>Total liabilities</b>	<b>372,198</b>	<b>339,257</b>	<b>228,301</b>
<b>Equity attributable to owners of the parent</b>	800,332	950,360	976,763
Capital	8,132	8,132	8,132
Capital surplus	76,343	76,343	76,343
Other capital items	15	-781	-1,072
Retained earnings	715,842	866,667	893,361
Non-controlling interest	0	0	0
<b>Total equities</b>	<b>800,332</b>	<b>950,360</b>	<b>976,763</b>
<b>Total equities and liabilities</b>	<b>1,172,530</b>	<b>1,289,618</b>	<b>1,205,064</b>

Consolidated Income Statement

(Unit: KRW million)

Category	2021	2022	2023
Sales	1,898,845	2,119,345	1,901,444
Cost of sales	1,240,353	1,443,672	1,367,468
Gross profit	658,492	675,673	533,976
Selling and administrative expenses	288,870	365,049	404,941
Operating income	369,621	310,623	129,035
Financial income	4,111	11,958	12,985
Financial expenses	2,998	12,873	24,997
Other non-operating income	20,909	44,572	31,252
Other non-operating expenses	11,710	52,214	24,993
Equity method gains and losses	743	1,903	3,003
Income before corporate tax	380,676	303,970	126,286
Corporate tax expense	84,252	70,278	25,082
Net income	296,424	233,692	101,203
Controlling interest	296,424	233,692	101,203
Non-controlling interest	0	0	0
*Basic earnings per share	18,225	14,368	6,222
*Diluted earnings per share	18,225	14,368	6,222

\* Basic earnings per share and diluted earnings per share unit: KRW



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# GRI Index

GRI Standards 2021		Remarks	
GRI 1 : Foundation 2021	Statement of use	LX Semicon reports ESG performance and data for the period from January 1, 2023, through December 31, 2023, in accordance with the GRI Standards-aligned reporting approach. For some significant performances, we include activities through the first half of 2024.	
	GRI 1 used	GRI 1 : Foundation 2021	
	Applicable GRI Sector Standards	Not available as of now (the standards applicable to the logistics industry where we belong are not published as of the date of issuance in June 2024)	

GRI Standard 2021		Disclosure	Location	Remarks
GRI 2 : General Disclosures 2021	2-1	Organizational detail	1, 8	
	2-2	Entities included in the organization's sustainability reporting	1	
	2-3	Reporting period, frequency and contact point	1	
	2-4	Restatements of information	22, 28, 30, 55	* 22p: Changes to '21-'22 GHG emissions and energy use due to an expanded scope of calculation * 28p: Adjustments to parental leave usage figures due to a change in data aggregation criteria * 30p: Adjustments to '21 veteran headcount figures due to a change in data aggregation criteria * 30p: Adjustments to female representation in revenue-generating/STEM departments due to a change in data aggregation criteria * 55p: Adjustments to compliance training headcount figures due to a change in data aggregation criteria
	2-5	External assurance	72-73	
	2-6	Activities, value chain and other business relationships	8, 9, 58, 25 <sup>th</sup> Business Report p.10-12	
	2-7	Employees	29, 25 <sup>th</sup> Business Report p.184	
	2-8	Workers who are not employees	29, 25 <sup>th</sup> Business Report p.184	
	2-9	Governance structure and composition	49, 25 <sup>th</sup> Business Report p.167	
	2-10	Nomination and selection of the highest governance body	49, Corporate governance report p.22-35	
	2-11	Chair of the highest governance body	49, 25 <sup>th</sup> Business Report p.167	
	2-12	Role of the highest governance body in overseeing the management of impacts	14, 49, 25 <sup>th</sup> Business Report p.167-169	
	2-13	Delegation of responsibility for managing impacts	14, 49, 25 <sup>th</sup> Business Report p.167-169	
	2-14	Role of the highest governance body in sustainability reporting	14, 25 <sup>th</sup> Business Report p.167-169	
	2-15	Conflicts of interest	25 <sup>th</sup> Business Report p.170	
	2-16	Communication of critical concerns	35, 37	
	2-17	Collective knowledge of the highest governance body	50, 25 <sup>th</sup> Business Report p.171-172, 174	
	2-18	Evaluation of the performance of the highest governance body	50	
	2-19	Remuneration policies	25 <sup>th</sup> Business Report p.185-188	
	2-20	Process to determine remuneration	50, 25 <sup>th</sup> Business Report p.185-188	
	2-21	Annual total compensation ratio	-	We made the decision to keep this information private based on the internal principles of our company.



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GRI Standard 2021		Disclosure	Location	Remarks
GRI 2 : General Disclosures 2021	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments	23, 39, 44, 46	
	2-24	Embedding policy commitments	23-24, 39-41, 44-45, 46-47	
	2-25	Processes to remediate negative impacts	37	
	2-26	Mechanisms for seeking advice and raising concerns	37	
	2-27	Compliance with laws and regulations	24, 55, 25 <sup>th</sup> Business Report p.192-193	
	2-28	Membership associations	68	
	2-29	Approach to stakeholder engagement	16	
	2-30	Collective bargaining agreements	-	We operate the Labor-Management Council and the Grievance Handling Council
Material Topics				
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	59	
	3-2	List of material topics	60	
	3-3	Management of material topics	61	
Economy (GRI 200)				
GRI 205 : Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	42-43, 51-53	
	205-3	Confirmed incidents of corruption and actions taken	53	
GRI 206 : Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	55, 25 <sup>th</sup> Business Report p.192-193	
GRI 207 : Tax 2019	207-4	Country-by-country reporting	56	
Environmental (GRI 300)				
GRI 302 : Energy 2016	302-1	Energy consumption outside of the organization	22	
	302-3	Energy intensity	22	
	302-4	Reduction of energy consumption	22	
GRI 303 : Water and Effluents 2018	303-3	Water withdrawal	25	
GRI 305 : Emissions 2016	305-1	Direct (Scope 1) GHG emissions	22	
	305-2	Energy indirect (Scope 2) GHG emissions	22	
	305-3	Other indirect (Scope 3) GHG emissions	22	
	305-4	GHG emissions intensity	22	
GRI 306 : Waste 2020	306-3	Waste generated	25	
GRI 308 : Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	42-43	



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GRI Standard 2021		Disclosure	Location	Remarks
Social (GRI 400)				
GRI 401 : Employment 2016	401-1	New employee hires and employee turnover	31	
	401-3	Parental leave	28	
GRI 403 : Occupational Health & Safety 2018	403-1	Occupational health and safety management system	39-41	
	403-2	Hazard identification, risk assessment, and incident investigation	40-41	
	403-3	Occupational health services	40	
	403-4	Worker participation, consultation, and communication on occupational health and safety	39-40	
	403-6	Promotion of worker health	40	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	39-41	
	403-8	Workers covered by an occupational health and safety management system	39, 41	
	403-9	Work-related injuries	41	
	403-10	Work-related ill health	41	
GRI 404 : Training and Education 2016	404-1	Average hours of training per year per employee	34	
	404-2	Programs for upgrading employee skills and transition assistance programs	33-34	
	404-3	Percentage of employees receiving regular performance and career development reviews	27	
GRI 405 : Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	30, 25 <sup>th</sup> Business Report p.182-183	
	405-2	Ratio of basic salary and remuneration of women to men	27	
GRI 406 : Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	37	
GRI 414 : Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	42-43	
GRI 418 : Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	45	



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# SASB Index

Category	Accounting Metric	Code	Achievements in 2023	Page
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions	TC-SC-110a.1	1,067 tCO <sub>2</sub> eq	22
	(2) Amount of total emissions from perfluorinated compounds		N/A	-
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	TC-SC-110a.2	We have announced our goal to achieve carbon neutrality by 2050 and have developed a road-map and reduction plan to achieve it. To this end, we have joined the K-RE100 initiative, introduced solar power generation facilities, and conducted various eco-friendly activities. We will continue to pursue carbon neutrality through company-wide reduction efforts.	19-21
Energy Management in Manufacturing	(1) Total energy consumed	TC-SC-130a.1	146,260GJ	22
	(2) Percentage grid electricity		99.90%	22
	(3) Percentage renewable		0.10%	22
Water Management	(1) Total water withdrawn	TC-SC-140a.1	85,811m <sup>3</sup>	25
	(2) Total water consumed		Not disclosed for business reason	-
	(3) Percentage of each in regions with High or Extremely High baseline water stress		17.1% The business sites located in areas with a high water stress index are Daejeon and Ochang, while there are no business sites in areas with an extremely high water stress index.	25
Waste Management	Amount of hazardous waste from manufacturing, percentage recycled	TC-SC-150a.1	As a fabless company with no production process, we do not generate hazardous (hazardous-designated) waste.	-
Employee Health & Safety	Description of efforts to assess, monitor, and reduce exposure of employees to human health hazards	TC-SC-320a.1	We have performed regular workplace risk assessments and devised risk elimination and prevention activities based on the assessment outcomes. We also carry out regular detailed safety inspections for laboratory safety management and execute improvement actions for the potential hazards detected.	40-41
	Total amount of monetary losses as a result of legal proceedings associated with employee safety and health violations	TC-SC-320a.2	N/A	-
Recruiting & Managing a Global & Skilled Workforce	(1) Percentage of employees that are foreign nationals	TC-SC-330a.1	0.90%	30
	(2) Percentage of employees that are located offshore		7.90%	29
Product Lifecycle Management	Percentage of products by revenue that contain IEC 62474-declarable substances	TC-SC-410a.1	We do not use materials related to IEC 62474.	-
	Processor energy efficiency at a system level for : (1) servers, (2) desktops, and (3) laptops	TC-SC-410a.2	N/A	-
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TC-SC-440a.1	We fully endorse the global initiative to combat adverse effects like human rights violations and environmental harm that often accompany mineral mining in major overseas conflict zones. We actively engage in relevant endeavors to support this. To achieve this, we have implemented a robust management system and process to ensure that funds do not end up in the hands of armed groups in conflict areas, and that we do not use conflict minerals in our supply chain.	42
Intellectual Property Protection & Competitive Behavior	Total monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	TC-SC-520a.1	N/A	-



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# TCFD Index

Recommendations		Page
Governance		
a	Describe the board's oversight of climate-related risks and opportunities	14, 19
b	Describe management's role in assessing and managing climate-related risks and opportunities	14, 19
Strategy		
a	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	19-20
b	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	19-20
c	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios	19-20
Risk Management		
a	Describe the organization's processes for identifying and assessing climate-related risks	19, 21
b	Describe the organization's processes for managing climate-related risks	19, 21
c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	19, 21
Metrics and Targets		
a	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	21-22
b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	21-22
c	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	21-22

# ISSB Index

## IFRS S1 General Requirements

Category	Key Content		Page
Governance	The governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities	Name of the responsible decision-making body	19, 23, 27, 33, 35, 39, 42, 44, 46, 49, 51, 54
		Delegation of decision-making authority	
		Method of capability acquisition	
		Reporting frequency	
		Inclusion of target setting and performance indicator compensation policy	
Strategy	The approach the entity uses to manage sustainability-related risks and opportunities	Role of management	19-20, 23-24, 25, 27-28, 33-34, 35, 38, 39-40, 42, 44, 46, 50, 51-52, 54, 57
		Significant sustainability-related risks and opportunities	
		Impact on the company's business and entire value chain	
		Impact on the company's strategy and decision-making	
		Process for identifying sustainability risks and opportunities	
Risk Management	The processes the entity uses to identify, assess, prioritize and monitor sustainability-related risks and opportunities	Process for assessing sustainability risks and opportunities	21, 24, 25, 36-37, 40-41, 43, 45, 46-47, 50, 52, 55
		System for managing sustainability risks and opportunities	
		Integration of sustainability risk identification, assessment, and management activities with the enterprise risk management system	
		Sustainability-related objectives	
Metrics and Targets	The processes the entity uses to measure, oversee, and manage sustainability-related risks and opportunities	Sustainability-related performance metrics	21-22, 24, 25, 29-32, 34, 37, 38, 41, 43, 45, 47, 50, 53, 55, 56

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# The Ten Principles of the UNGC

Category	Number	Principles	Page
Human Rights	Principle 1	Support and respect the protection of internationally proclaimed human rights.	35
	Principle 2	Make sure that they are not complicit in human rights abuses.	36-37
Labor	Principle 3	Uphold the freedom of association and the effective recognition of the right to collective bargaining.	28, 42-43
	Principle 4	Uphold the elimination of all forms of forced and compulsory labor.	35-36, 42-43
	Principle 5	Uphold the effective abolition of child labor.	35-36, 42-43
	Principle 6	Uphold the elimination of discrimination in respect of employment and occupation.	27, 30, 35-36
Environment	Principle 7	Support a precautionary approach to environmental challenges.	19-25
	Principle 8	Undertake initiatives to promote greater environmental responsibility.	19-25
	Principle 9	Encourage the development of and diffusion of environmentally friendly technologies.	19-25
Anti-corruption	Principle 10	Work against corruption in all its forms, including extortion and bribery.	51-52, 54-55

# Certifications and Membership Associations

## Domestic and International Certifications

Environment	Energy	Safety and Health	Quality	Information Security
ISO 14001 (Environmental Management System)	ISO 50001 (Energy Management System)	ISO 45001 (Health and Safety Management System)	ISO 9001 (Quality Management System)	ISO 27001 (Information Security Management System)

## Membership Associations

Organization			
Korea Semiconductor Industry Association	The Institute of Electronics and Information Engineers	UN Global Compact	Korea Listed Companies Association



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# Human Rights Management Policy

## Purpose

LX Semicon is committed to implementing human rights management actively to ensure that the rights and values of all stakeholders, including employees, customers, and suppliers, who are directly impacted by or impact business activities, are equally respected. At the same time, we strive to prevent human rights violations and mitigate related risks. In particular, we recognize stakeholders who are more vulnerable to human rights-related risks, such as children, women, people with disabilities, and foreign workers, and make proactive efforts to protect their human rights.

To implement human rights management, LX Semicon has developed a policy that adheres to various international standards and guidelines on human rights and labor, including the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the International Labor Organization's (ILO) Declaration on Fundamental Rights and Principles at Work, the 10 Principles of the United Nations Global Compact, the United Nations Convention on the Rights of the Child, the United Nations Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Business Conduct.

## Scope of Application

This policy applies to LX Semicon's employees, customers, communities, and other stakeholders, including all business associates, suppliers, joint ventures, and members of LX Semicon. All LX Semicon employees are expected to comply with this policy, and all stakeholders with whom LX Semicon does business, including suppliers, are also expected to abide by this policy.

LX Semicon complies with this policy and the labor laws of the local countries and regions in which it operates. In the event of a conflict between local laws and international standards, LX Semicon abides by local laws and regulations but will strive to follow the higher standard.

## Basic Principles

LX Semicon manages human rights risks arising from the following areas at an enterprise-wide level and fulfills its responsibility to respect human rights.

### 1. Ensuring Occupational Safety and Health

We prioritize the safety and health of our employees and ensure strict compliance with relevant laws and internal policies. We have created a safe and clean work environment by establishing a system to prevent safety accidents, providing an optimal work environment, and conducting related training regularly.

### 2. Prohibition of Forced Labor

We do not unreasonably restrain a worker's mental or physical freedom by means such as by assault, intimidation, or confinement, or force a worker to work against their free will. We do not require workers to surrender personal documents such as identification, passports or work permits, as a condition of employment.

### 3. Prohibition of Child Labor and Protection of Minors

We comply with the minimum age of employment standards set by the laws and regulations of the countries and territories in which we operate, and do not tolerate any form of child labor. Under no circumstances is anyone under the age of 18 (including students, interns, trainees, and apprentices) employed to work in hazardous or dangerous jobs, including night shifts and overtime. In unavoidable circumstances where we have to employ minors, we take steps to ensure that their work does not limit their educational opportunities.

### 4. Freedom of Association and Collective Bargaining

We guarantee all employees the right to form and join trade unions, freedom of peaceful assembly and association, and collective bargaining in accordance with the labor relations laws of each country or region. We do not subject employees to any adverse treatment or discrimination on the basis of their membership in a labor union. The labor and management communicate on an equal footing to maintain, and we strive to improve working conditions and provide sufficient communication opportunities for employees to express their views and concerns without fear of reprisal.

### 5. Compliance with Working Hours

LX Semicon recognizes workers' rights to rest and leisure, and complies with national laws and regulations regarding regular and overtime working hours and holidays, adhering to ILO conventions on working hours. All overtime work is voluntary, and overtime pay is provided in accordance with national or local labor relations laws and regulations. We ensure that workers have access to adequate rest and vacation and at least one day off every seven days.

### 6. No Discrimination

LX Semicon does not tolerate discrimination in recruitment, hiring, promotion, training, wages and compensation, benefits, work progress, retirement, or termination on any grounds, including gender, age, race, ethnicity, nationality, religion, disability, family status, marriage, pregnancy, childbirth, social status, political opinion, or gender identity. In addition, we strive to respect and expand diversity and inclusion, providing fair opportunities for personal development based on employees' abilities and qualities, and evaluating and rewarding employees based on fair standards.

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**7. No Workplace Bullying**

LX Semicon strictly prohibits all forms of harassment in the workplace, including sexual harassment and sexual violence, mental and physical coercion, harassment, public shaming, and verbal abuse. We strive to prevent the occurrence of sexual harassment and sexual violence in the workplace, especially by providing education to prevent harassment and violence using the advantage of superior position or relationship. Furthermore, we operate a grievance handling channel where anyone can report incidents of an undesirable nature. We will conduct a neutral investigation and provide appropriate remedies to protect victims. All reporters are guaranteed anonymity, and any unfair treatment or retaliation against reporters is strictly prohibited.

**8. Wages and Benefits**

Workers' wages are set to exceed the legal minimum wage in accordance with the labor relations laws of each country or region, contributing to the improvement of workers' livelihoods and working conditions. We ensure that workers' wages are not deducted unfairly without reasonable cause. We also provide benefits such as social insurance and paid vacations as stipulated by the labor relations laws of each country or region.

**9. Responsible Sourcing of Minerals**

LX Semicon recognizes the negative social and environmental impacts of the mining industry, such as human rights abuses, exploitation of child labor, sexual violence, and environmental degradation, as serious problems. Therefore, we do not use minerals such as 3TG and cobalt that have been mined directly or indirectly in dangerous or conflict-affected areas including the Democratic Republic of the Congo and its neighboring countries. We also verify the origin of minerals in advance and disclose relevant information to customers upon request.

**10. Responsible Supply Chain Management**

LX Semicon recognizes that many risks related to human rights occur at lower levels of the supply chain. To manage these risks, we have established a Supplier Code of Conduct and require our suppliers to comply with it in fulfilling their obligations to protect human rights. We communicate with suppliers and support them in introducing and practicing human rights management. We do not use our superior position to engage in unfair or corrupt transactions; instead, we strive for mutual growth through fair and transparent dealings.

**11. Information Security**

All members of LX Semicon shall protect the company's proprietary information and introduce continuous improvements to various technical and physical measures to safeguard all confidential information, such as that of customers and business partners, collected in the course of business. In addition, members shall manage all personal information, including that of suppliers, job applicants, and online site visitors, acquired in the course of company business in compliance with relevant laws and regulations, both domestically and internationally. We shall not provide this information to third parties without legitimate authority or reason.

**12. Ensuring Environmental Rights**

LX Semicon recognizes the right to enjoy a clean and healthy environment as a human right. To this end, we operate an environmental management system and do our best in preventive activities to minimize the environmental impact of our business operations. We also promote environmental management initiatives to achieve carbon neutrality and create eco-friendly workplaces, and strive to conserve natural capital and biodiversity.

**Operation Framework**

**1. Human Rights Management Governance**

The Human Rights Management Department is responsible for establishing overall policies and directions related to human rights management and for monitoring its implementation. This department conducts human rights education, discloses relevant information, performs human rights due diligence, and leads victim relief efforts. The Board of Directors is responsible for the highest level of decision-making regarding human rights, and the Human Rights Management Department reports to the BOD on the status of human rights management and potential risks, which the BOD reviews and manages.

**2. Human Rights Risk Management**

LX Semicon operates a human rights impact assessment process that incorporates the requirements of external stakeholders and major global guidelines on human rights, and develops assessment indicators for the examination of human rights risks and due diligence. Through this process, we identify actual and potential impacts on human rights. For any identified negative impacts, we determine areas requiring improvement and take necessary measures to prevent or mitigate them.

**3. Grievance Handling Process**

LX Semicon operates various grievance handling channels to report cases of human rights violations. These channels are open not only to employees but also to internal and external stakeholders, such as workers in the supply chain and local communities. When cases of human rights violations are reported, we strive to promptly address the issues raised and provide remedy. We prohibit any form of retaliation, including adverse employment actions, against complainants, victims, and informants who seek counseling or investigations and cooperate with the investigations. LX Semicon is committed to respecting and not interfering with the right of any worker or stakeholder to participate in judicial and non-judicial remedial proceedings, and provides full cooperation when necessary.

LX Semicon CEO  
**Yun-tae Lee**




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# GHG Emissions Assurance Statement

## Scope

- The annual GHG emissions for 2023 calendar year
- Direct GHG emissions (Scope 1) and indirect emissions (Scope 2) of domestic business sites
- Other indirect GHG emissions (Scope 3) from employee commuting

## Data Verified

- Annual direct (Scope 1) and indirect (Scope 2) GHG emissions in 2023

[Unit: tCO<sub>2</sub>e]

Business Sites	Scope1 emissions	Scope2 emissions	Emissions in 2023
Daejeon Campus	62.369	656.047	718.416
Yangjae Campus	630.944	2,931.557	3,562.501
Gangnam Campus	345.177	1,236.185	1,581.362
Yangjae Gun Building	-	60.644	60.644
Ochang Site	-	276.076	276.076
Siheung Campus	28.624	902.554	931.178
Total amount	1,067.114	6,063.063	7,130.177

- Annual other indirect (Scope 3) GHG emissions in 2023

[Unit: tCO<sub>2</sub>e]

Category	details	Emissions in 2023
Employee commuting	Excluding the use of personal vehicles and public transportation, the calculation was limited to commuter buses for which activity data can be collected.	205.332

\* Scope 3 GHG Emissions were accounted according to <sup>1</sup>The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard of WRI/WBCSD, and assumptions are described in the assurance report.

## GHG Criteria & Protocols used for Verification

The verification was carried out at the request of the LX Semicon Co., Ltd. using:

- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
- The GHG Protocol of the WRI/WBCSD
- ISO14064:2018 & ISO 14064-3:2019
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea is applied to the all verification activities.

## Verification Opinion

BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.

- This scope 1&2 verification for domestic business sites of LX Semicon was conducted to provide reasonable assurance level verification in accordance with the 'Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme' and Scope 3 other indirect emissions were verified under the limited assurance level.
- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.
- No material misstatement during the verification process for emissions was found, it was confirmed that relevant activity data and evidences were properly managed. Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

For and on behalf of BSI:  
Issue: 09/04/2024

Managing Director Korea, SeongHwan Lim



# Third-Party Assurance Statement

**To: The Stakeholders of LX Semicon.**

## Overview

The British Standards Institution (hereinafter referred to as the “Assurer”) was requested to verify the ESG Report (hereinafter referred to as the “Report”). The Assurer is independent to and has no major operational financial interest other than the assurance of the Report. This assurance opinion statement is intended to provide information related to the assurance of the LX Semicon's report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any other purpose. This assurance opinion statement is prepared based on the information presented by the LX Semicon. The verification does not extend beyond such information and is solely based on it. In performing such verification, the Assurer has assumed that all such information is complete and accurate.

LX Semicon is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the Report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to LX Semicon only.

The Assurer is responsible for providing LX Semicon's management team with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of LX Semicon. The Assurer will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person or party by whom the independent assurance opinion statement may be read.

## Scope

The scope of engagement agreed upon with LX Semicon includes the following:

- Report contents during the period from January 1st to December 31st 2023 included in the Report, some data of 2024 are included.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- Confirmation of the Report's compliance with the AA1000 Accountability Four Principles and, where applicable, the reliability of the sustainability performance information contained within the Report, based on the type of sustainability assurance performed in accordance with AA1000 AS v3.

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

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

## Assurance Level and Type

The assurance level and type are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

## Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the Assurer reviewed the following disclosures based on the sampling of information and data provided by LX Semicon.

### [Universal Standards]

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

### [Topic Standards]

205-2&3, 206-1, 207-4, 302-1,3&4,303-3, 305-1~4, 306-3, 308-2, 401-1&3, 403-1~4&6~10, 404-1~3, 405-1&2, 406-1, 414-2, 418-1

## Methodology

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

- Validation of the materiality assessment and internal analytical process for determining assurance priorities, and a top-level review of issues that may be raised by external stakeholders in the context of sustainability.
- Discussion with managers and representatives on stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of the materiality issue analysis process and prioritization and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures.
- An assessment of LX Semicon's reporting and management processes against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles Standard (2018).
- Visit of the Gangnam Campus of LX Semicon to confirm the data collection processes, record management practices.

## Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by LX Semicon. It implies that the Assurer is therefore subject to limitations relating to inherent risks that may exist without the identification of material errors. The Assurer does not provide assurance on possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

## Competency and Independence

British Standards Institution (BSI) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with over 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with LX Semicon. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

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Opinion Statement

The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain LX Semicon's approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards. On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or mis-statement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). A detailed review against the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Stan-dards is set out as below.

Inclusivity: Stakeholder Engagement and Opinion

LX Semicon has selected shareholders and investors, employees, customers, partner companies, local community, government agencies/associations, NGOs, etc. as key stakeholders. LX Semicon operate communication channels for each stakeholder and gather various opinions and expectations of key stakeholder groups through the stakeholder participation process. The main issues derived are reflected in decisions related to sustainability, and this process is disclosed through reports.

Materiality: Identification and reporting of material sustainability topics

LX Semicon has built a process to establish strategies related to sustainable management and derive reporting issues. Based on the results of global initiatives (UNGC, UN SDGs, WEF-IBC, etc.) and ESG evaluation indicators (GRI Standards 2021, ESRS, TCFD, SASB, DJSI, MSCI, KCGS), media research analysis, LX Semicon conducted an environmental-social impact assessment (Impact materiality assessment) and financial impact assessment (Financial materiality assessment) evaluation. Through a dual materiality assessment, LX Semicon has disclosed 19 issues and 4 materiality issues in 4 areas in its report.

Responsiveness: Responding to material sustainability topics and related impacts

LX Semicon has selected the top 4 issues according to the results of the double materiality assessment as materiality issues. LX Semicon understand the significant business impact of these issues in the context of sustainability and disclose our re-sponse results, including policy, task performance status, activity results, and improvement plans, through reports.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stake-holders

LX Semicon has established a process to understand and evaluate the impact on organizations and stakeholders related to core issues. The results of the analysis of the impact, risks, and opportunities of core issues are used in decision-making for the establishment of response strategies for each issue, and this disclose this process through reports.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, an assurance Type 2 were conducted against the following discloursers based on the infor-mation and data provided by LX Semicon. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, and management were verified through interviews with the responsible depart-ment, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the Report were not found through assurance processes. The LX Semicon manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance.

Errors and unclear expressions found during the assurance process were corrected and the Assurer confirmed the final version of the Report prior to its final publication.

- GRI Topic standards: 302-1, 305-1, 305-2, 306-3, 403-1, 403-9

Recommendations and Opportunity for improvement

The Assurer provides the following observations to the extent that they do not affect the assurance opinion;

- As global sustainability disclosure standards get established and expanded, they clearly define the responsibilities, controls, and procedures needed for companies to oversee and manage risks and opportunities related to sustainable management. They also recommend strengthening the competence and roles of board members.
- LX Semiconductor is taking initiatives through supplier risk management and ESG evaluation, by establishing supply chain ESG policies and partner behavior norms for supply chain ESG risk management. If you report the results of the supply chain ESG risk assessment, major issues, and activities to solve them, you can improve the ESG response of the supply chain.

GRI-reporting

LX Semicon has self-declared compliance with GRI Standards. Based on the data and information provided by LX Semicon, the Assurer confirmed that the Report is prepared in accordance with the GRI Standards, and confirmed there are no errors in the disclosures related to the Universal Standards and Topic Standards Indicators. No sector standard is applied.

Issue Date: 24/05/2024

For and on behalf of British Standards Institution (BSI):

BSI representative



Sangwoo Nam, Lead Assurer



Seonghwan Lim, Managing Director of BSI Korea

BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea  
Hold Statement Number: SRA 790950





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