



Corporate Governance Report for 2020

The Company prepared this report to help investors understand the current status of governance, pursuant to Article 24-2 of the Regulations on the Issuance and Public Disclosure of Securities. This report contains the current status of corporate governance as of December 31, 2020, and any changes found as of the date of its submission have been outlined separately. You are hereby informed that governance-related activities within this report are based on the activities carried out during the target period of corporate disclosure (January 1, 2020 – December 31, 2020) and, if the guidelines proposes a different period of time for disclosure, the Company provided information for that period of time.

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I . Overview

Company name: LG Chem

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Data As-of date: December 31, 2020

Company profile

Largest shareholders ¹⁾	LG Corporation and three others	Share Percentage of largest shareholders ¹⁾	30.09% ³⁾
		Share Percentage of minority shareholders ²⁾	56.97% ³⁾
Type of business (financial/non-financial)	Non-financial	Major products	ABS, lithium-ion battery, etc.
Business Group pursuant to the Fair Trade Act (applicable/not applicable)	Applicable	Act on the Management of Public Institutions (applicable/not applicable)	Not applicable
Business Group name	LG		
Summarized financial status (in KRW billion)			
	2020 ⁴⁾	2019 ⁴⁾	2018 ⁴⁾
Revenue (consolidated)	30,077	27,353	27,007
Operating income (consolidated)	1,798	825	2,289
Profit from continuing operations (consolidated)	576	405	1,566
Net income (consolidated) ⁵⁾	682	376	1,519
Total assets (consolidated)	41,389	34,024	28,944
Total assets (separate)	25,850	27,027	23,731

1) As of the time when this report is written

2) As of the end of the latest business year

3) Rounded to the second decimal place (rounded up from the third decimal place)

4) Presented in the order of most recent business years

5) The Company decided to discontinue its Glass substrate business and dispose of its LCD polarizer business in 2020. Accordingly, The profit and loss from the related operations are presented as discontinued operations and the comparative consolidated statements of profit or loss have been restated.

II. Current Status of Corporate Governance

1. Corporate Governance Policy

1) Governance Principles and Policies

The Company strives to have an effective and active governance framework in place in order to take off as one of the world's top leaders through sustainable growth while ensuring transparency, stability and soundness in governance to enhance shareholders value and protect their rights.

As part of efforts to ensure transparent governance, the Company discloses all its governance-related bylaws in their entirety on its website, including the Articles of Incorporation, Board Regulations, Audit Committee Regulations and Business Management Committee Regulations, while complying with the principles and procedures stated in applicable bylaws for the establishment and enforcement of corporate governance.

Also, in order to realize a stable and healthy governance framework through checks and balances among its members, the Company separates business decision-making rights from business execution rights and delegates the former to the Board of Directors (BoD) and the latter to the Management, pursuant to its Board Regulations and other Company regulations. To help the Board work practically in its capacity as a check against the Management's business execution rights, the Company includes outside directors as Board members, so that they will make up 50% or more of the Board (four out of seven directors). Under the "diversity principle" that does not allow outside directors to share a certain common background or represent certain interests, outside director candidates are nominated transparently and fairly by the Outside Director Candidate Recommendation Committee of which outside directors make up two thirds. The Company's outside directors specializing in the fields of industry and technology, finance and accounting, legal matters, and administration perform substantial reviews on agendas submitted to the BoD as well as effective monitoring on Management's business activities on the strength of their expertise and diversity in human background.

Furthermore, the Company provides reporting on directors, prior to a board meeting, through the Board Secretariat and other related departments as well as sufficient information on details of the agenda in order to help make the best business decisions possible. Besides this, a Management Committee has been set up under the BoD to take over delegated rights to approve agenda items that do not require collective decision-making by all the board members, which ensures the efficient enforcement of the governance framework.

All the members of the Company's Audit Committee are outside directors who do not have any grounds for disqualification under the Commercial Act, which assures independence for the Committee. The Audit Committee audits the Company's accounting and business practices and is entitled to demand directors, at any time, to provide reports on business operations or investigate the business and financial conditions of the Company for audit purposes.

Through the above-mentioned systems and mechanisms, the Company strives to enable mutual checks and balances among the Board, Management Executives and outside directors as well as to have a corporate governance framework in place that ensures optimized business decisions to be made.

2) Governance Characteristics

A) Board of Directors organized with focus on outside directors

The Company has a total of seven members on its Board of Directors. To ensure that outside directors take up the majority, the Company includes four (57% of the total) outside directors in the BoD. The Company aims to improve efficiency by involving external professionals equipped with a diversity of expertise and backgrounds in the Board and strengthen checks against the Management through a number of outside directors whose independence has been validated. As for the Audit Committee in particular, all three members are outside directors as it is responsible for internal control on the execution of business operations. To ensure fairness in the appointment process, the Outside Director Candidate Recommendation Committee, which consists of three members, have two outside directors onboard.

B) Operation centered on Committees within the BOD

The BoD has a total of three committees as of December 31, 2020: Audit Committee, Management Committee, and Outside Director Candidate Recommendation Committee. The Company enhances the expertise, independence and efficiency of these committees by specifying the scope of authorization in their respective committee regulations in addition to their respective roles and rights stipulated in the relevant laws. This allows the Audit Committee not only to carry out their legally-mandated duties as an approver and reporter but also to perform more aggressive roles and functions as an internal controller, including reporting on non-recurring incidents and reporting on audits by external auditors. The Management Committee discusses, and makes decisions on, matters requiring prompt management decision, such as approval for borrowings within the limits delegated by the BoD, payment guarantee below a certain amount, and other matters delegated by the BoD. Furthermore, to prevent the control function of the Board from being weakened by running the Management Committee, the Management Committee is required to notify each director of all the agendas that it has made decisions and report to the BoD once a quarter or more often. Also, to strengthen environmental, social and governance (ESG) management and achieve sustainable growth over the long term, the Company established the ESG Committee on April 28, 2021, and plans to set up an Internal Transaction Committee on July 1, 2021 to increase fairness of transactions and enhance transparency in business management.

C) Strengthening outside directors' expertise

The Company's outside directors consist of experts in the fields of industry and technology, finance and accounting, legal affairs, and administration. To select talent most suitable to the Company, we select a group of candidates against strict criteria through interviews by relevant departments and a pre-validation process. In order to enhance the Board's expertise by maximizing individual outside directors' professional competencies, we respond actively to outside directors' requests for information on management decision-making through the Board Secretariat and related departments as well as provide support to help make the best decisions possible by allowing them to examine critical matters closely through a pre-reporting process before a board meeting is held.

In the meantime, we report the current status of our major businesses to the Board on a quarterly basis in order to improve outside directors' understanding of the Company's business operations. Also, an LG-Group-level seminar for newly-appointed outside directors is held every year. On April 25, 2018, this annual seminar was held under the theme of "Director's Roles and Legal Responsibilities" where LG Chem's Director Mun-soo Kim attended as a new outside director. In 2019, it was held for two days from September 24 to September 25 under the theme of "Increasing Understanding of Business and Strengthening Capabilities", with four LG Chem outside directors attending. This seminar has not been held since 2020 as no new outside directors have been appointed.

2 Shareholders

1) Shareholder Rights

(Key Principle 1) Shareholders should be provided with information sufficient to exercise their rights, in a timely manner, and should be able to exercise their rights following appropriate procedures.

(1) General meetings of shareholders held recently

(Specific Principle 1-①) A corporation should provide its shareholders with sufficient information on the date, venue and agenda of a general meeting of shareholders, with a sufficient period of time before the meeting takes place.

■ General meetings of shareholders held recently

The Company holds an annual general meeting of shareholders (AGM) within three months after a business year is closed, whereas an extraordinary general meeting of shareholders (EGM) is held on an as-needed basis. We have held a total of four general meetings of shareholders since January 1, 2019. We have provided information on these meetings, including date, venue and agenda, in an electronic disclosure system called Data Analysis Retrieval and Transfer (DART), 16 to 24 days before the meetings took place, and a notification on a meeting called has been sent to key shareholders with an ownership of more than 1% of Shares with Voting Rights, pursuant to Articles 363 and 542-4 of the Commercial Act as well as Article 14-2 of the Company's Articles of Incorporation. In addition to this, we have posted a Power of Attorney form and made other information on general meetings of shareholders available on our website, and tried to help key foreign shareholders understand better by sending them an English letter describing key agenda items in detail. Thanks to these efforts, foreign shareholders' attendance reached 69% or higher for the past three years, with foreign shareholders' attendance at the most recent meeting (20th AGM) recording 75.9%. We also disclose meeting results in electronic disclosure systems. The following table lists the general meetings of shareholders held recently by the Company and details thereof.

[General Meetings of Shareholders]

(January 1, 2019 – May 31, 2021)

Classification	20th AGM	EGM in 2020	19th AGM	18th AGM
Date of resolution on convocation	March 4, 2021	September 17, 2020	February 25, 2020	February 20, 2019
Date of convocation notice	March 4, 2021	October 14, 2020	February 25, 2020	February 20, 2019
Date held	Thursday, March 25, 2021 9:00 am	Friday, October 30, 2020 9:00 am	Friday, March 20, 2020 9:00 am	Friday, March 15, 2019 10:30 am
Number of days between convocation notice date and general shareholders meeting date	21 days before the General Meeting of Shareholders	16 days before the General Meeting of Shareholders	24 days before the General Meeting of Shareholders	23 days before the General Meeting of Shareholders
Venue/region	Auditorium on the first basement floor, the East Wing of LG Twin Tower 128, Yeouidaero, Yeongdeungpo-gu, Seoul	Auditorium on the first basement floor, the East Wing of LG Twin Tower 128, Yeouidaero, Yeongdeungpo-gu, Seoul	Auditorium on the first basement floor, the East Wing of LG Twin Tower 128, Yeouidaero, Yeongdeungpo-gu, Seoul	Auditorium on the first basement floor, the East Wing of LG Twin Tower 128, Yeouidaero, Yeongdeungpo-gu, Seoul
How to notify shareholders of matters on the General Meeting of Shareholders	Post a convocation notice via the electronic disclosure systems of the Financial Supervisory Service and the Stock Exchange as well as send a notification to key shareholders	Post a convocation notice via the electronic disclosure systems of the Financial Supervisory Service and the Stock Exchange as well as send a notification to key shareholders	Post a convocation notice via the electronic disclosure systems of the Financial Supervisory Service and the Stock Exchange as well as send a notification to key shareholders	Post a convocation notice via the electronic disclosure systems of the Financial Supervisory Service and the Stock Exchange as well as send a notification to key shareholders
Whether and how to make sure that the notification is understandable to foreign shareholders	Send key foreign shareholders an email written in English to inform them of the General Meeting	Send key foreign shareholders an email written in English to inform them of the General Meeting	Send key foreign shareholders an email written in English to inform them of the General Meeting	Send key foreign shareholders an email written in English to inform them of the General Meeting

Details	Attendance of Board members	Three out of seven attended	Three out of seven attended	Two out of seven attended	Three out of seven attended
	Attendance of Audit members	One out of three attended	One out of three attended	One out of three attended	One out of three attended
	Gist of share holders' comments	1) Shareholders who spoke: One individual shareholder and majority shareholders 2) Gist of comments: - Recent issues and a plan for enhancing shareholder value (one individual shareholder) - Approval of agenda moved and seconded (by majority shareholders)	1) Shareholders who spoke: Eight individual shareholders and majority shareholders 2) Gist of comments: - Feasibility of the agenda, directions of the surviving company, questions about a plan for enhancing shareholder value (eight individual shareholders) - Approval of agenda moved and seconded (by majority shareholders)	1) Shareholders who spoke: Majority shareholders 2) Gist of comments: - Approval of agenda moved and seconded	1) Shareholders who spoke: One individual shareholder and majority shareholders 2) Gist of comments: - Asked questions about the agenda and stated opinion on the Company's business (one individual shareholder) - Approval of agenda moved and seconded (by majority shareholders)

As stated and described above, the Company provided shareholders with sufficient information on the respective general meetings of shareholders a considerable time before the actual date of meeting.

(2) Matters concerning the exercise of voting rights across the board

(Specific Principle 1-②) A corporation should allow its shareholders to participate in the general meeting of shareholders and voice their opinions to the extent possible.

■ Avoiding major AGM days to hold the Company's AGM

AGM Date Dispersion Program initiated by Korea Listed Companies Association and Korea Exchange (KRX) was introduced on February 5, 2018 as part of efforts to invigorate general meetings of shareholders. The Company volunteered to participate in the program in the first year of the program, 2019 and 2021 when it did not hold a general meeting on days when the majority of companies were expected to hold an AGM. In 2020, however, we intended to avoid AGM-concentrated days, but the COVID-19 pandemic made it impossible to do so. Considering the time required to close the year and go through an external auditor's accounting audit as well as pre-planned internal and external schedules, we inevitably had to choose one of the major AGM days to ensure that we could complete all necessary preparations to make our AGM run smoothly. Details are shown in the following table:

[Annual General Meeting of Shareholders held on one of the major AGM days or not]

Classification	20th AGM	19th AGM	18th AGM
Days on which AGMs are concentrated (major AGM days)	March 26, 2021 March 30, 2021 March 31, 2021	March 13, 2020 March 20, 2020 March 26, 2020 March 27, 2020	March 22, 2019 March 27, 2019 March 28, 2019 March 29, 2019

Date of the Company's AGM	March 25, 2020	March 20, 2020	March 15, 2019
AGM held on a different day to avoid concentration	Applicable	Not applicable	Applicable
Written ballots taken	No	No	No
Electronic ballots taken	Yes	No	No
Proxy solicitation conducted	Yes	Yes	Yes

■ Introduction of a written ballot or electronic ballot system

Article 368-3 of the Commercial Act provides for the introduction of a written ballot system, which allows a shareholder to exercise voting rights in writing without having to attend a general meeting of shareholders in accordance with provisions stipulated in the Articles of Incorporation. As you can see from the above table, however, the Company does not have any provisions in its Articles of Incorporation that may serve as grounds for a written ballot system. Instead, the Board of Directors decided at a board meeting on September 17, 2020 to introduce and enforce an electronic ballot system in order to increase convenience for shareholders in the exercise of their voting rights. Consequently, shareholders can exercise their voting rights electronically without having to be physically present, starting with the Extraordinary General Meeting of Shareholders (EGM) in 2020. Also, in order to provide convenience in the exercise of voting rights and help shareholders exercise their voting rights more easily, the Company solicits shareholders to exercise their voting rights by proxy. As a result, more than 76% of voting shares have exercised voting rights for the past three years, which means that the proxy solicitation system enabled us to achieve the very purpose of a written voting system. The Company will look into various ways of facilitating the exercise of shareholder's voting rights further.

■ Voting results at general meetings of shareholders

To secure a quorum for voting on resolutions and provide convenience for shareholders in the exercise of their voting rights, the Company solicits shareholders to exercise voting rights in proxy. For this purpose, we prepare a Power of Attorney form and reference documents and post them in the electronic disclosure systems two days before starting solicitation in accordance with the Capital Markets Act.

At the 20th Annual General Meeting held on March 25, 2021, a total of 56,852,555 shares attended, including attendance by proxy with a power of attorney. This accounts for 81.1% of 70,127,501 voting shares outstanding. Among the agenda items for the 20th AGM, Items No. 1, 3, 4 and 5 were ordinary resolutions, whereas No. 2 was a special resolution. All of them were approved as proposed, as voting results met the resolution requirements.

The total number of shares attending the Extraordinary General Meeting of Shareholders held on October 30, 2020 was 59,710,796, including attendance by proxy with a power of attorney. This accounts for 77.5% of 77,086,297 voting shares outstanding. The agenda for this EGM in 2020 had a single item on it, which was to approve a division plan. With voting results meeting the resolution requirements, it was approved as proposed.

The total number of shares attending the 19th AGM on March 20, 2020 was 52,684,126, including attendance

by proxy with a power of attorney. This accounts for 76.4% of 68,939,926 voting shares outstanding. All the agenda items for the 19th AGM were for ordinary resolution and approved as proposed, with voting results meeting the resolution requirements. The following table provides details on votes for and against individual agenda items.

[Votes for and against each agenda item at the General Meeting of Shareholders]

(January 1, 2020 – May 31, 2021)

Annual	20th Annual General Meeting of Shareholders			March 25, 2021		
A g e n d a	Type of resolution	Agenda item descriptions	Approval status	Total voting shares outstanding (①) ¹⁾	Out of ①, the number of shares that exercised voting rights (A) ²⁾	Shares voted for (B) (percentage, %) ³⁾
						Shares voted against or abstained (C) (percentage, %) ⁴⁾
Agenda Item No. 1	Ordinary	Approval of the Financial Statements for the 20th fiscal year (Expected dividend per share: 10,000 won for common shares, 10,050 won for preferred shares)	Approved	70,127,501	56,852,555	53,001,348 (93.2%)
						3,851,207 (6.8%)
Agenda Item No. 2	Special	Revisions to the Articles of Incorporation	Approved	70,127,501	56,852,555	56,616,087 (99.6%)
						236,468 (0.4%)
Agenda Item No. 3	Ordinary	Appointment of Dong-seok Cha as an inside director	Approved	70,127,501	56,852,555	48,872,367 (86.0%)
						7,980,188 (14.0%)
Agenda Item No. 4	Ordinary	Appointment of outside director Munsoo Kim as an Audit Committee member ⁵⁾	Approved	43,907,370	30,632,424	26,056,019 (85.1%)
						4,576,405 (14.9%)
Agenda Item No. 5	Ordinary	Approval of limits on directors' remuneration	Approved	70,127,501	56,852,555	56,430,186 (99.3%)
						422,369 (0.7%)

Extraordinary	Extraordinary General Meeting of Shareholders in 2020				October 30, 2020	
Agenda	Type of resolution	Agenda item descriptions	Approval status	Total voting shares outstanding (①) ¹⁾	Out of ①, the number of shares that exercised voting rights (A) ²⁾	Shares voted for (B) (percentage, %) ³⁾
						Shares voted against or abstained (C) (percentage, %) ⁴⁾
Agenda Item No. 1	Special	Approval of a division plan	Approved	77,086,297	59,710,796	49,109,574 (82.2%)
						10,601,222 (17.8%)

Annual	19th Annual General Meeting of Shareholders				March 20, 2020	
Agenda	Type of resolution	Agenda item descriptions	Approval status	Total voting shares outstanding (①) ¹⁾	Out of ①, the number of shares that exercised voting rights (A) ²⁾	Shares voted for (B) (percentage, %) ³⁾
						Shares voted against or abstained (C) (percentage, %) ⁴⁾
Agenda Item No. 1	Ordinary	Approval of the Financial Statements for the 19th fiscal year (Expected dividend per share: 2,000 won for common shares, 2,050 won for preferred shares)	Approved	68,939,926	52,684,126	48,477,737 (92.0%)
						4,206,389 (8.0%)

Agenda Item No.2-1	Ordinary	Appointment of Young-soo Kwon as a non-executive director	Approved	68,939,926	52,684,126	42,017,647 (79.8%)
						10,666,479 (20.2%)
Agenda Item No.2-2	Ordinary	Appointment of Dong-seok Cha as an insidedirector	Approved	68,939,926	52,684,126	44,984,591 (85.4%)
						7,699,535 (14.6%)
Agenda Item No.2-3	Ordinary	Appointment of Dongmin Jeong as an outside director	Approved	68,939,926	52,684,126	51,663,907 (98.1%)
						1,020,219 (1.9%)
Agenda Item No.3	Ordinary	Appointment of an Audit Committee member ⁵⁾ (outside director Dong-min Jeong on the Audit Committee)	Approved	42,512,389	26,256,589	25,286,964 (96.3%)
						969,625 (3.7%)
Agenda Item No.4	Ordinary	Approval of limits on directors' remuneration	Approved	68,939,925	52,684,126	52,478,357 (99.6%)
						205,769 (0.4%)

- 1) For the agenda item concerning the appointment of an Audit Committee member, the number of shares with restricted voting rights is excluded from the total shares.
- 2) Number of shares (A) = Number of shares (B)+ number of shares (C)
- 3) Percentage of shares voted for (%) = (B/A) × 100
- 4) Percentage of shares voted against and abstained (%) = (C/A) × 100
- 5) Pursuant to Article 542-2 of the Commercial Act, a shareholder who has shares in excess of three percent of the total number of shares with voting rights may not exercise his/her voting rights with respect to the excess shares when appointing a member of the Audit Committee. Therefore, shares held by shareholders with shareholdings in excess of 3% are not included in the number of attending shares.

As stated and described above, the Company strives to help shareholders attend general meetings and voice their opinions to the extent possible. We will continue to look into various ways of facilitating the exercise of voting rights by shareholders, such as electronic votes.

(3) Matters concerning shareholder proposals

(Specific Principle 1-③) A corporation should allow shareholders to propose an agenda item to the General Meeting of Shareholders, and shareholders should be allowed to freely ask questions on shareholder-proposed items and demand explanations at the general meeting.

■ Providing information on shareholder proposal procedures and internal standards

There has not been any shareholder exercising the right to make a proposal in accordance with Articles 363-2 and 542-6 of the Commercial Act during any of the general meetings held from January 1, 2019 until today. Therefore, no details on the exercise of this right are provided herein. Shareholders' right to propose agenda items is prescribed in the Commercial Act to protect rights of non-controlling shareholders. Shareholders holding a certain percentage or more of the shares outstanding as defined in the law have the right to propose agenda items for a general meeting of shareholders at least six weeks prior to the shareholders' meeting. As this system is described fully in the Commercial Act, the Company does not provide information separately on the website or in other ways, but allows any shareholders to exercise this right to make a proposal by six weeks before a general meeting, unless such a proposal breaches the Commercial Act or the Articles of Incorporation or falls under reasons for refusal defined by Presidential Decree. Also, if a proposal has been made by a shareholder, it is reported immediately to the Board, so that it will be addressed at the board meeting to call a general meeting of shareholders, which is held three to four weeks, on average, prior to the actual meeting. Besides this, shareholders are allowed to ask questions about the shareholder-proposed item and answer freely at the general meetings of shareholders.

As described, we have internal standards and procedures in place to facilitate the exercise of shareholders' right to make proposals, but there has not been a single case of such exercise so far. If this right is exercised in accordance with appropriate procedures in the future, we will run general meetings in compliance with the Commercial Act, the internal Board operating procedures, and the operating procedures for general meetings of shareholders.

(4) Dividend and long-/mid-term shareholder return policy

(Specific Principle 1-④) A corporation should establish a mid- to long-term shareholder return policy as well as future plans, which include dividends, and provide the information to shareholders.

■ Shareholder return policy and future plans

The Company may give profit dividends in cash or stock pursuant to its Articles of Incorporation, and has been developing policy for this purpose. With a view to enhancing shareholder value and increasing shareholder returns, the Company decides on a dividend, considering investments, cashflow, financial structure, and dividend stability comprehensively. Dividend stability indicates adjusting the dividend per share downward, but we can make adjustment flexibly, based on a review of business strategies including future investment plans, in the direction of supporting growth and increasing shareholder value continuously over the long term. In the meantime, the Company physically split off its Battery Division on December 1, 2020 to found LG Energy Solution Ltd. and disclosed a long-/mid-term dividend policy designed to improve dividend stability and shareholder value on October 14, 2020.

- We aim to maintain the dividend payout ratio at 30% or higher of net income on the consolidated financial statements (excluding one-off non-ordinary income) to apply the same standards in terms of financial resources for dividend payout as before the split-off.

- We seek to pay out a cash dividend worth at least 10,000 won per common share for the next three years (2020–2022) in order to remove any uncertainty due to the split-off and firmly enhance shareholder value.

There are no ongoing discussions or decisions made related to shareholder return policy, except for dividends. In its drive to achieve higher growth, the Company aims to ensure sustainable growth for each of its business areas by not only expanding its business in the petrochemical industry where it has differentiated competitiveness but also leading the market through large-scale investments in the secondary battery industry and preoccupying demand in downstream markets by establishing and extending facilities for its advanced materials business as well as strengthening R&D in the biotech industry. In this respect, the Company plans to improve corporate value by increasing profits through continued growth as well as to enhance shareholder value by increasing long-/mid-term dividends, rather than choosing to buy or retire treasury shares right now.

■ Ways of providing information on shareholder return policy

When a decision on dividend payout is taken by the Board before an AGM is held, information on the decision is made available in the DART system and in a pop-up window on the Company website every year. Information on dividends expected to be paid out in the following year is provided once a year or more often through a conference call to present the Company's quarterly business results.

The Company makes its dividend policy and status available on its website, which can also be accessed through the link below, and provides sufficient information on dividends to shareholders.

- ♦ <https://www.lgchem.com/company/investment-information/stock-information/dividends>

Also, the Company disclosed its long-/mid-term dividend policy fairly in the DART system on October 14, 2020 while sending a shareholder letter containing the same information to shareholders.

We will make information available in the same way if we decide to implement a shareholder return policy other than dividends.

(5) Matters concerning the overall aspects of shareholder return

(Specific Principle 1-⑤) Shareholders' right to receive adequate dividends in accordance with shareholder return policy and future plans should be respected.

■ Shareholder return status

In 2020, the Company paid out 10,000 won per common share and 10,050 per preferred share pursuant to its dividend policy, which was disclosed on October 14, 2020. This dividend level, which corresponds to about 152% of net income available for dividends in 2020, was determined, taking into consideration investments to secure competitiveness for future businesses and achieve future growth, based on the improved business results for 2020. The specifics of dividend payouts over the last three years are shown below.

[Details of shareholder returns for the past three business years]

(January 1, 2018 – May 31, 2021, in shares, won,%)

Year	Closing month	Type of shares	Stock dividend	Cash dividend					
				Face value	Dividend per share	Total dividends ¹⁾	Dividend yield ²⁾	Payout ratio ³⁾	
								Consolidated	Separate
2020	12	Common	None	5,000	10,000	701,275,010,000	1.2	151.8	.4)
		Preferred	None	5,000	10,050	77,107,941,600	2.7		
2019	12	Common	None	5,000	2,000	137,879,852,000	0.6	49.0	42.0
		Preferred	None	5,000	2,050	15,728,487,650	1.2		
2018	12	Common	None	5,000	6,000	413,639,556,000	1.7	31.2	29.1
		Preferred	None	5,000	6,050	46,418,219,650	3.1		

1) Total amount of dividends paid out in each business year

2) Percentage of the dividend per share against the average (arithmetic mean) price of the closing prices formed on the Exchange Market over the past week from two transaction days before the closing date of the Shareholder Register

3) Total dividends / consolidated or separate net income

4) The payout ratio cannot be calculated for 2020 on a separate basis as the Company reported a separate net loss of 98,223 million won for the year.

■ Unequal dividends, quarterly dividends and interim dividends

We have continued to pay out cash dividends for the past three years, but has not paid any unequal, quarterly or interim dividends.

As stated and described above, the Company strives to ensure that shareholders' rights to receive adequate dividends will be respected.

2) Equitable Treatment for Shareholders

(Key Principle 2) All shareholders should be provided equitable voting rights in accordance with the type and number of their shares. Corporations should make efforts to build a system that makes corporate information available to all shareholders equitably.

(1) Shares issued and communication with shareholders to provide corporate information

(Specific Principle 2-①) Corporations should make sure that shareholders' voting rights will not be violated and should also provide sufficient corporate information to all shareholders in a timely and

■ Shares issued

The total number of shares authorized in our Articles of Incorporation is 292,000,000 (5,000 won per share). The total number of shares outstanding as of December 31, 2016 was 73,900,021. The merger between LG Chem and LG Life Sciences on January 2, 2017 resulted in the issuance of 4,381,122 shares (4,321,243 commons

shares and 59,879 preferred shares), which means that the Company's total shares outstanding is 78,281,143 now, with the number of registered common shares at 70,592,343 and registered preferred shares at 7,688,800.

[Shares issued]

(As of May 31, 2021)

Classification		Number of authorized shares (in shares) ¹⁾	Number of authorized shares (in shares) ²⁾	Remarks
Common shares		292,000,000	70,592,343	Treasury shares: 373,614
Class shares	Preferred shares		7,688,800	Treasury shares: 16,368 No voting rights

- 1) The number of authorized shares is not divided into stock classes, which are stated in Article 5 of the Articles of Incorporation.
- 2) Total number of shares issued until the as-of date – total number of shares decreased (through reduction or retirement) until the as-of date

■ **Matters concerning class shares**

The Company's shareholders have one voting right per share that they own in accordance with the Articles of Incorporation. However, preferred shares do not carry voting rights and receive an annual cash dividend that is 1% higher (based on the face value) than common shares. Profit dividends for preferred shares are non-cumulative and non-participating. Also, the topic of general meeting of a specific class of shareholders is not covered herein as there has been no general meeting of such a nature.

As written above, the Company grants shareholders equal voting rights depending on the type and number of shares that they hold.

■ **Communication with shareholders**

The Company holds an investor relations conference call via webcast on its website (<https://www.lgchem.com>) to report its business results every quarter, and considers holding an offline performance presentation depending on the circumstances. These presentations are held simultaneously in Korean and English to provide information on business results equally to both Korean and foreign shareholders. Presentation materials are also prepared in both Korean and English and posted on the Korean and English homepages of our website. Also, in order to ensure fairness in the provision of information, we stop our IR activities for a certain period of time between the end of a quarter and the date of presentation for the quarter and disclose (provisional) business results in a fair and timely manner, which are part of our efforts to make corporate information available equitably.

We also conduct IR activities for Korean and foreign institutional investors frequently. You can check out our key IR activities on our Korean and English websites or through reports for public disclosure submitted to the electronic disclosure systems. Information on major IR events since January 1, 2020 is presented below.

[Conference calls for quarterly business performance presentations]

(January 1, 2020 – May 31, 2021)

Date	Target audience	Format	Content	Venue
February 3, 2020	Korean and foreign investors, securities firms, analysts, and press	Conference call and webcasting	4Q 2019 business performance review	Virtual
April 28, 2020	Korean and foreign investors, securities firms, analysts, and press	Conference call and webcasting	1Q 2020 business performance review	Virtual
July 31, 2020	Korean and foreign investors, securities firms, analysts, and press	Conference call and webcasting	2Q 2020 business performance review	Virtual
October 21, 2020	Korean and foreign investors, securities firms, analysts, and press	Conference call and webcasting	3Q 2020 business performance review	Virtual
January 27, 2021	Korean and foreign investors, securities firms, analysts, and press	Conference call and webcasting	4Q 2020 business performance review	Virtual
April 28, 2021	Korean and foreign investors, securities firms, analysts, and press	Conference call and webcasting	1Q 2021 business performance review	Virtual

[Overseas NDRs and conferences]

(January 1, 2020 – May 31, 2021)

Date	Target audience	Format ¹⁾	Content	Venue
January 6-7, 2020	Foreign institutional investors	NDR and conference	Corporate strategies for the battery business and current status of business management	Las Vegas
February 19, 2020	Foreign institutional investors	NDR	Company performance for 4Q 2019, key aspects of business management and strategies	Virtual
March 24, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
May 11-27, 2020	Foreign institutional investors	NDR & Conference	Company performance for 1Q 2020, key aspects of business management and strategies	Virtual

June 3-4, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
June 4-5, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
June 16-17, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
June 23, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
August 26, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
August 28, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
September 3, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
September 9-10, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
September 22, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
September 24- 28, 2020	Foreign institutional investors	NDR	Company performance, key aspects of business management and strategies	Virtual
September 22-23, 2020	Foreign institutional investors	NDR	Company performance for 3Q 2020, key aspects of business management and strategies	Virtual
November 18, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
December 8, 2020	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
February 3–5, 2021	Foreign institutional investors	NDR	Company performance for 4Q 2020, key aspects of business management and strategies	Virtual
February 19, 2021	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual

February 25, 2021	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
February 25, 2021	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
March 9, 2021	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
March 16, 2021	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
March 31, 2021	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
May 6-13, 2021	Foreign institutional investors	NDR	Company performance for 1Q 2021, key aspects of business management and strategies	Virtual
May 14, 2021	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual
May 18, 2021	Foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Virtual

1) NDR: Non-Deal Roadshow

[Korean NDRs and Conferences]

(January 1, 2020 – May 31, 2021)

Date	Target audience	Format ¹⁾	Content	Venue
February 4-6, 2020	Korean institutional investors	NDR	Company performance for 4Q 2019, key aspects of business management and strategies	Yeouido, etc.
May 6-8, 2020	Korean institutional investors	NDR	Company performance for 1Q 2020, key aspects of business management and strategies	Yeouido, etc.
June 11-12, 2020	Korean institutional investors	Conference	Company performance, key aspects of business management and strategies	Yeouido, etc.
August 3-5, 2020	Korean institutional investors	NDR	Company performance for 2Q 2020, key aspects of business management and strategies	Yeouido, etc.
August 11-12, 2020	Korean/foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Yeouido
August 18-19, 2020	Korean/foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Junggu, Seoul
August 24-25, 2020	Korean/foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Junggu, Seoul

September 16, 2020	Korean/foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Yeouido
October 6, 2020	Korean/foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Yeouido
October 26-28, 2020	Korean institutional investors	NDR	Company performance for 3Q 2020, key aspects of business management and strategies	Yeouido, etc.
November 10-11, 2020	Korean/foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Yeouido
November 30, 2020	Korean/foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Yeouido
January 28-February 2, 2021	Korean institutional investors	NDR	Company performance for 4Q 2020, key aspects of business management and strategies	Virtual
February 17, 2021	Korean/foreign institutional investors	Conference	Company performance, key aspects of business management and strategies	Yeouido
April 30–May 4, 2020	Korean institutional investors	NDR	Company performance for 1Q 2021, key aspects of business management and strategies	Virtual

1) NDR: Non-Deal Roadshow

Due to the COVID-19 pandemic, there have been restrictions on face-to-face meetings since 2020. Nevertheless, we have been actively carrying out IR activities – more than 600 meetings as of 2020, including conference calls to present quarterly business results as mentioned above, non-deal roadshows (NDRs) and participation in conferences both at home and abroad. We also held various events, including tours to the factories in and out of Korea and meetings with HQ-level management executives, whenever deemed necessary to ensure smooth communication with shareholders and increase investors' understanding of our businesses. This way, sufficient opportunities for communication with Korean and foreign shareholders have been provided.

In addition to what is provided herein, you can find more information on the Company on our website (<https://www.lgchem.com>) and Electronic Disclosure Systems, such as DART (<http://dart.fss.or.kr>) and KIND (<https://kind.krx.co.kr>). Available on our website are Sustainable Management Reports, Business Reports and Audit Reports that have been published by the Company as well as shareholder status, financial information, and management information such as Board members and the operational status of the Board. Other information required to be disclosed electronically is also available on the website.

■ Availability of contact information of the IR department

The contact information of the Company's IR department and persons in charge is made available via public disclosure through the Financial Supervisory Service (FSS), Stock Exchange, and Fair Trade Commission, and the phone number of the IR department has been available on our website since 2019 to allow shareholders to

ask questions at any time, including a 1:1 chat for inquiry.

■ **Availability of information for foreign shareholders**

The Company does not submit English materials for public disclosure in the DART system, but runs an English website (<https://www.lgchem.com/main/index>) where it posts English versions of Sustainable Management Report, Business Results Report and Audit Report to provide overall financial information and business information regularly for foreign shareholders. Besides this, we try our best to provide foreign shareholders with important information about the Company and other business-related information (which may arise during the year to foreign shareholders) in a timely manner through various means such as foreign press releases and email to key shareholders overseas. Also, as you can see in the above “Overseas NDRs and Conferences” table, we have put in efforts to provide information to foreign shareholders by participating in an annual average of 10 or more NDRs and conferences. However, it is currently not feasible to visit foreign shareholders in person due to the pandemic, but we have been striving to ensure efficient communication by making use of various means of non-contact communication including conference calls, video calls, and sending letters when it comes to critical matters.

■ **Fair disclosure**

When the types of information that are subject to Article 15 of the Regulations on the Issuance and Public Disclosure of Securities are to be provided, the Company carries out timely and fair disclosure.

The following table lists all the information submitted to the DART system for fair disclosure from January 1, 2020 until now, and the Company tries its best to make sufficient corporate information available to shareholders in a timely and equitable manner through diverse IR activities as described above.

[Details of fair disclosure]

(January 1, 2020 – May 31, 2021)

Date of disclosure	Title of disclosure	Contents
February 3, 2020	(Provisional) business results based on consolidated financial statements (fair disclosure)	Provisional results for 4Q 2019, including revenue, operating income, and net income
February 3, 2020	Forecasts on business results based on consolidated financial statements (fair disclosure)	Revenues and investment plan forecasts for 2020
April 28, 2020	(Provisional) business results based on consolidated financial statements (fair disclosure)	Provisional results for 1Q 2020, including revenue, operating income, and net income

July 31, 2020	(Provisional) business results based on consolidated financial statements (fair disclosure)	Provisional results for 2Q 2020, including revenue, operating income, and net income
October 14, 2020	Matters related to the obligation of prompt disclosure (fair disclosure)	Information on the dividend policy designed to enhance shareholder value
October 21, 2020	(Provisional) business results based on consolidated financial statements (fair disclosure)	Provisional results for 3Q 2020, including revenue, operating income, and net income
January 27, 2021	Forecasts on business results based on consolidated financial statements (fair disclosure)	Revenue forecasts for 2021
March 4, 2021	(Provisional) business results based on consolidated financial statements (fair disclosure)	Provisional results for 4Q 2020, including revenue, operating income, and net income
April 28, 2021	(Provisional) business results based on consolidated financial statements (fair disclosure)	Provisional results for 1Q 2021, including revenue, operating income, and net income

■ **Designation as a corporation that has made unfaithful disclosure**

The Company has performed public disclosure tasks faithfully and therefore has never been designated as an “unfaithful disclosure corporation”, so no separate descriptions about this are provided herein. Furthermore, the Company was selected as a corporation of excellence in public disclosure in 2019.

As written above, the Company makes sufficient corporate information available to shareholders in a timely and equitable manner, and will continue to fulfill this task faithfully in the future.

(2) Internal controls over inside dealings and self-dealings

(Specific Principle 2-②) A corporation should have controls and mechanisms in place to protect shareholders from unfair inside transactions and self-dealing transactions by controlling shareholders or

■ **Controls over inside dealings and self-dealing transactions**

In order to prevent an executive director or controlling shareholder to engage in internal transactions or self-dealing practices for their personal interests, Article 14 of the Board Regulations states that “approval for a transaction between a director and the Company” is to be granted by resolution of the Board. Voting rights of a director who has a special interest in an agenda item to be resolved by the Board are restricted in order to strengthen control over internal dealings and self-dealings. Also, pursuant to Article 542-9, Paragraph 3 of the Commercial Act, if transactions with LG Corporation, the largest shareholder, its specially-related persons, and the Company's specially-related persons during the year amount to 5% or more of total assets/revenues or if an individual transaction amounts to 1% or more of total assets/revenues, the Company obtains approval from the Board prior to the transaction. Pursuant to Article 398 of the Commercial Act, the Company also obtains Board approval for transactions with the major shareholder, LG Corporation, any of its subsidiaries of which LG Corporation owns 50% of the shares, any of their subsidiaries, or any of the companies that may have the

possibility of a conflict of interests as the CEO concurrently holds a post there. The Company complies with the controls against internal transactions and self-dealing transactions.

Besides this, LG Chem is a member company of LG designated as a business group. This means that pursuant to the Fair Trade Act, it is subject to the obligation of obtaining approval by Board resolution for a large-scale internal transaction worth 5 billion won or more with an affiliated company and disclosing the information publicly. Therefore, if such a transaction takes place, it goes through the Board approval process to obtain prior approval and discloses the information in the DART system. In addition to this, the Company plans to set up and run an Internal Transaction Committee under the Board of Directors on July 1, 2021 to reinforce its internal control and thus increase fairness in transactions and transparency in business management.

■ **Transactions with parties of interest including the controlling shareholder**

The Company discloses details of its transactions with the controlling shareholder or other related or parties of interest through a periodic report. Transactions with interested parties contained in the Business Report for 2020 are as follows. For more details, please refer to “X. Interested-Party Transactions” in the Business Report for 2020, which was disclosed by the Company in the DART system on March 17, 2021:

[Loans to parties of interest]

(Period: January 1, 2020 – December 31, 2020, in million won)

Name of the counterparty	Relationship	Type	Date of loan	Purpose	Amount	Balance	Description	Terms	Remarks
LG Chem (Nanjing) Information & Electronics Materials Co., Ltd	Subsidiary	Loan	June 3, 2019	Loan granted to help the overseas subsidiary use working capital more smoothly and reduce financial expenses	166,960	166,960	-	Interest rate: 4.6% Due on June 3, 2022	Approved by the Board on April 23, 2019
			June 18, 2019		166,960	166,960			

- 1) The won amounts written above were calculated by applying the won to dollar exchange rate at the end of the period to the USD balances.
- 2) Loans to LG Chem (Nanjing) Information & Electronics Materials Co., Ltd. are expected to improve the local subsidiary's financial structure as they were to be used to repay its loans borrowed at high interest rates. This contributes to the income of consolidated companies, helping optimize the global financial structure. This is why the loans were granted through the Board approval process.
- 3) During this period, the Battery Division was split off and founded into a new subsidiary called LG Energy Solution, Ltd. As a result, the loan grantor to LG Chem (Nanjing) Information & Electronics Materials Co., Ltd. has been changed from LG Chem, Ltd. to LG Energy Solution, Ltd.

[Asset transfer/acquisition to/from parties of interest]

(Period: January 1, 2020 – December 31, 2020, in million won)

Counter party	Relation ship	Transaction type	Trans action date	Transaction object	Transaction purpose	Amount	Remarks
LG Electronics Inc.	Affiliated company	Asset acquisition from a specially-related party	March 31, 2020	Mechanical equipment	To acquire assets for the battery business	3,331	As it did not meet the requirements for submission to the Board, an internal approval request was submitted to the CEO instead. It was approved and executed as CEO's discretionary approval item.

[Business transactions with parties of interest]

(Period: January 1, 2020 – December 31, 2020, in million won)

Company name	Relationship	Transaction type	Transaction period	Transaction description	Transaction amount
LG Chem (Nanjing) Information & Electronics Materials Co., Ltd.	Subsidiary	Sales, purchases, etc.	January 2020 – December 2020	Sales of flat panels and secondary batteries, etc.	2,351,285
LG Chem Wroclaw Energy sp. z o.o.	Subsidiary	Sales, purchases, etc.	January 2020 – December 2020	Sales of secondary batteries, etc.	1,691,645

1) Listed are goods (assets) or services transactions with the largest shareholder worth 5/100 (1,041,500 million won) of the most recent business year's revenues (K-IFRS-based separate revenues for 2020: 20,830,009 million won).

2) As of December 1, 2020, LG Energy Solution, Ltd. was split off from the Company, and transactions between LG Energy Solution and other subsidiaries after the split-off are excluded.

3. Board of Directors

3) Function of the Board of Directors

(Key Principle 3) The Board of Directors should develop business goals and strategies for the interests of its company and shareholders and supervise management effectively.

(1) BoD's function in business operations and relevant systems

(Specific Principle 3-①) The Board of Directors should perform its roles as a decision-maker and a business supervisor effectively.

■ Support for the BoD and matters to be discussed and decided by the BoD prescribed by the Articles of Incorporation and Board Regulations

In order to help the Board work more effectively, the Company holds a presentation separately through the Board Secretariat, prior to a board meeting, to report the agenda submitted to the Board and provide additional explanations. The Company also provides support to ensure that the agenda submitted to the Board can be deliberated more efficiently by incorporating Board members' comments and inputs during this pre-presentation into the agenda. Furthermore, there are institutional systems in place to improve Board members' understanding of the Company's business operations and thus help the Board run more professionally, such as holding seminars or Board workshops that include visits to business sites in and out of Korea once a year.

[Organizations supporting the Board of Directors]

(As of May 31, 2021)

Organization	Members	Key Tasks
Board Secretariat	<ul style="list-style-type: none"> - Personnel: 4 in total - Position and years of service: <ul style="list-style-type: none"> ① 1 vice president (December 2020-) ② 1 team lead (June 2001-) ③ 1 manager (July 2020-) ④ 1 entry-level employee (July 2018 -) - Period of time serving as supporting staff for the Board: <ul style="list-style-type: none"> ① 1 vice president (December 2020-) ② 1 team lead (December 2019-) ③ 1 manager (February 2021-) ④ 1 entry-level employee (July 2018-) 	<ul style="list-style-type: none"> - Collect agenda items for board meetings and analyze laws and regulations related to grounds for submission and resolutions - Provide a prior presentation on the agenda to directors and respond to questions and discussion items - Run board meetings, write minutes, and communicate matters to be disclosed to related departments - Carry out external activities to help directors understand business operations better, such as visiting business sites in and out of Korea and holding seminars

The Board is the highest-level decision-making organization installed pursuant to the Commercial Act. It makes decisions on important matters for which relevant laws and the Articles of Incorporation require Board approval, financial matters worth a certain amount or higher, matters related to the Company's long-/mid-term strategies and business policies, matters related to the appointment and remuneration of executive directors, and key matters related to the committees under the Board of Directors. The specifics of matters to be discussed and resolved by the Company's Board are prescribed in Article 24 of the Articles of Incorporation and Article 14 of the Board Regulations. Key points are listed in the following table:

Classification	Matters subject to Board approval																								
Matters to be resolved by the Board of Directors in accordance with the Commercial Act and the Articles of Incorporation	<ul style="list-style-type: none"> · Convocation of a general meeting of shareholders · Approval of business reports · Approval of financial statements · Appointment or dismissal of CEO · Decision on Co-CEO · Appointment or dismissal of a corporate manager [delegated to the Management Committee] · Installation, transfer or closing of a branch office [delegated to the Management Committee] · Invitation to the subscription of bonds, etc. [delegated to the Management Committee: Issuance of bonds and borrowing of funds within the annual limits approved by the Board] 																								
Matters concerning agenda items to be submitted to a general meeting of shareholders	<ul style="list-style-type: none"> · Transfer of the whole or an important part of the Company's business · Lending the whole business or delegating business management · Conclusion, alteration, or cancellation of contracts on sharing with another party entire profits and losses from the business or any similar contract · Acquisition of the whole or part of another company that has a material impact on the Company's business operations · Stock dividends · Reduction of capital · Exemption of a director's liabilities for the Company 																								
Matters concerning material financial affairs	<ul style="list-style-type: none"> · Asset revaluation · Important and large-scale facility investment or other investments · Acquisition or disposal of an asset worth a certain level in value or higher, borrowing of funds, or provision of a collateral for another party · Large-scale internal or related-party transactions defined in the Fair Trade Act 																								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Classification</th> <th style="width: 33%;">Type</th> <th style="width: 33%;">Criteria for submission</th> </tr> </thead> <tbody> <tr> <td>Facility investment</td> <td>New and increased investments</td> <td>100 billion per transaction or higher</td> </tr> <tr> <td>Investment</td> <td>Investments and acquisition of shares of other companies</td> <td>100 billion per transaction or higher</td> </tr> <tr> <td>Asset acquisition</td> <td>Acquisition of assets, excluding facility investments and other investments</td> <td>100 billion per transaction or higher</td> </tr> <tr> <td rowspan="2">Asset disposal</td> <td>Sale of shares</td> <td>100 billion per transaction or higher</td> </tr> <tr> <td>Transfer of part of assets and business</td> <td>100 billion per transaction or higher</td> </tr> <tr> <td rowspan="2">Borrowing</td> <td>Bonds</td> <td rowspan="2">Setting and increasing annual limits (excluding borrowings secured by accounts receivable)</td> </tr> <tr> <td>Borrowings</td> </tr> <tr> <td>Providing a collateral and guarantee for another party</td> <td>Subsidiaries and other companies</td> <td>100 billion per transaction or higher</td> </tr> </tbody> </table>	Classification	Type	Criteria for submission	Facility investment	New and increased investments	100 billion per transaction or higher	Investment	Investments and acquisition of shares of other companies	100 billion per transaction or higher	Asset acquisition	Acquisition of assets, excluding facility investments and other investments	100 billion per transaction or higher	Asset disposal	Sale of shares	100 billion per transaction or higher	Transfer of part of assets and business	100 billion per transaction or higher	Borrowing	Bonds	Setting and increasing annual limits (excluding borrowings secured by accounts receivable)	Borrowings	Providing a collateral and guarantee for another party	Subsidiaries and other companies	100 billion per transaction or higher
	Classification	Type	Criteria for submission																						
	Facility investment	New and increased investments	100 billion per transaction or higher																						
	Investment	Investments and acquisition of shares of other companies	100 billion per transaction or higher																						
	Asset acquisition	Acquisition of assets, excluding facility investments and other investments	100 billion per transaction or higher																						
	Asset disposal	Sale of shares	100 billion per transaction or higher																						
		Transfer of part of assets and business	100 billion per transaction or higher																						
	Borrowing	Bonds	Setting and increasing annual limits (excluding borrowings secured by accounts receivable)																						
		Borrowings																							
Providing a collateral and guarantee for another party	Subsidiaries and other companies	100 billion per transaction or higher																							
[Delegated to the Management Committee]																									
<ul style="list-style-type: none"> - Issuing bonds and borrowing funds within the annual limits approved by the Board (excluding borrowings secured by accounts receivable) - Providing a collateral and guarantee worth 50 billion won to less than 100 billion won per transaction 																									
Matters concerning long-/mid-term strategies and business policies	<ul style="list-style-type: none"> · Setting strategic business directions · Assessing the current year's business performance, and developing business plans and reaching agreement on goals for the following year 																								

Personnel issues	<ul style="list-style-type: none"> · Matters concerning the personnel and compensations related to executive directors · Appointing the Chief Financial Officer
Matters concerning directors, Board of Directors, and Committees	<ul style="list-style-type: none"> · Approval for transactions between director and the Company · Setting up, running, and abolishing a committee under the Board · Appointment and dismissal of a member of a committee under the Board · Enacting, amending and abolishing regulations of the Board and Board Committees
Other matters	<ul style="list-style-type: none"> · Other matters defined by other relevant laws and the Articles of Incorporation, matters delegated by the General Meeting of Shareholders, and matters deemed by the BOD chairperson to be necessary

■ **Existence of any matters requiring Board deliberation and resolution that are not mandatory under relevant laws (voluntarily added or strengthened, e.g., higher monetary standards) and main contents and effects thereof**

The Company endeavors to enable the Board to fulfill its supervisory and business execution roles faithfully by submitting not only legally-obligated matters but also critical matters in business operations to the Board. They are mainly about the selection of management (executive) officers as well as disciplinary action and remuneration in accordance with the Board Regulations and Executive Officer Personnel Management Regulations (First Board Meeting in 2020 - “approval for the appointment of an advisor and a full-time consultant”, Second Board Meeting in 2020 - “reporting on disciplinary action against executive officers in 2019”, Third Board Meeting in 2020 - “approval for the payment of a special bonus to executive officers”, etc.) We make every effort to help the Board fulfill its supervisory role against the Company’s management (executive) officers faithfully by reporting or submitting such matters to the Board for approval. Moreover, the Company continues to supervise critical matters even after they are already approved. For example, the disposal of an asset above a certain level in value was already approved by the Board (Fifth Board Meeting in 2020 - “approval for the sale of the LCD flat panel business”), but we reported the progress of this matter to the Board even after approval (Ninth Board Meeting in 2020 - “reporting on the progress of the sale of the LCD flat panel business”).

Additionally, Article 24-1, Paragraph 1 of the Articles of Incorporation and Article 13, Paragraph 1 of the Board Regulations provide for the creation of a committee considered necessary to help run the Board, apart from an audit committee and an Outside Director Candidate Recommendation Committee that it is mandatory to set up under the Commercial Law. Article 13, Paragraph 2 of the Board Regulations allows the Board to delegate part of its authority to a committee under the Board within the limits that do not violate relevant laws and the Articles of Incorporation. For this reason, the Company has delegated part of material financial matters, as defined under Article 14, Paragraph 1 and Paragraph 3 of the Board Regulations, to the Management Committee. At the same time, in order to provide the Board control over matters resolved by the Management Committee, it is stipulated under Article 13 of the Management Committee Regulations that the Committee should notify each director of its resolutions and report them to the Board at least once a quarter. If a resolution deliberated and approved by the Management Committee is significantly out of the scope of delegation by the Board or goes against the purpose of delegation, Article 14 of the Management Committee allows the Company to call a board meeting where the Board can pass a new resolution on the matter that has already been resolved by the Management Committee. Please refer to “8) Committees under the Board” below for delegation to each board committee.

As described above, the Company's Board of Directors fulfills its function as a management decision-maker and supervisor effectively by clarifying matters subject to Board deliberation/resolution within the Articles of Incorporation and the Board Regulations, creating and running committees under the Board according to the committee system provided for by applicable laws and regulations, and providing overall support through the Board Secretariat.

(2) CEO succession policy

(Specific Principle 3-②) The Board of Directors should develop and implement a policy on the succession of chief executive officer (including an emergency nomination policy) and continue to update and improve these policies.

■ CEO appointment and succession policy

The Company has an internal process for the succession of chief executive officer (CEO) in place. Every year, a pool of CEO candidates is selected from key executives and outside figures, and we proceed with candidate nomination, with focus on this pool of candidates.

■ Principal responsibility for the development and enforcement of succession policy

Article 23 of the Articles of Incorporation and Article 7 of the Board Regulations state that authority for selecting a CEO rests with the Board, and it is the HR department that builds and runs an internal process for the succession of CEO. Candidates are selected by validating their qualifications, taking into consideration experiences with businesses/duties that they are likely to perform as CEO, experiences and leadership required to execute long-/mid-term business strategies, and the appropriateness of the timing of appointment. The succession policy is developed and enforced through cooperation with the internal organization in charge of nurturing entrepreneurs and other relevant departments.

■ Main contents of the succession policy including the selection, management and training of candidates (pool)

① Selection and management of CEO candidates (pool)

We divide CEO candidates into two pools: those who can be appointed immediately (next-term CEO candidate pool) and those who can be appointed three to five years later (long-term CEO candidate pool), and review and update the pools every year. When it comes to qualifications, the top management and personnel directors check out and select candidate pools through discussions every year.

② Training program for candidates

In order to ensure smooth succession for the CEO, the Company is committed to discovering and nurturing talent equipped with qualities, competencies and potential as entrepreneur, and has a systematic training program designed to help candidates make up for and develop capabilities that they may be lacking in. We also collaborate with LG Group's educational institution to improve the program and nurture entrepreneurship capabilities continuously. In 2020, entrepreneur nurturing programs (Innovate Program and Entrepreneur Development Program (EnDP)) as well as a Company Presidents Workshop were implemented with CEO candidates as well as the Talent Review Session, a consultative body to discuss the nurturing of candidates.

③ CEO succession procedures

The change of the CEO is submitted as an agenda item to the Board, which confirms the final candidate after deliberating the appropriateness of the final CEO candidate recommended to the Board based on qualities and competencies required to manage the Company in the interests of the Company and shareholders and realize the Company's core values and vision. The Board-confirmed candidate is appointed as an inside director at the General Meeting of Shareholders, and then elected by Board resolution at the subsequent board meeting, which completes the CEO succession process.

To secure management continuity and stability, the CEO candidate proceeds with preparations for the succession until he/she is elected as an inside director at the General Meeting of Shareholders and the Board. As an institutional mechanism to help the succession process go smoothly, a new CEO is allowed to appoint his/her predecessor as an advisor.

With regard to CEO succession in an emergency, the Articles of Incorporation and the Board Regulations provide for an Acting CEO system, which takes effect if the CEO becomes unavailable for any reason. According to these provisions, if it should happen that the CEO is unable to carry out his/her duties for any reason, the person holding the highest position among the inside directors, the first in order of other non-executive directors, or a person selected separately by the Board will be designated as an acting CEO.

(3) Internal control policy

(Specific Principle 3-③) The Board of Directors should establish and implement internal control systems (risk management, compliance, internal accounting management, disclosure information management, etc.) and continue to improve and update these policies.

■ Policy and operational status of risk management, including risk recognition and control

The company's risk management and control is performed mostly by the Audit Committee to guarantee objectivity and expertise. The Audit Committee (i) develops, executes and evaluates internal audit plans and presents review opinions to the Management after receiving reports on the Company's financial statements, progress of the external auditor's audit, financial risks discovered by the audit and action taken against the risks. The Audit Committee also (ii) carries out close monitoring on Management activities through evaluation and approval for internal accounting management and internal monitoring systems in accordance with relevant laws including the Act on the External Audit of Stock Companies, and Financial Investment Services and Capital Markets Act. (iii) In the event of a serious extraordinary incident that may adversely affect the Company's image and reputation, an ad-hoc Audit Committee meeting is convened to receive a report on the details of the incident and find various ways of minimizing risks.

■ Compliance management policy and its operational status

The Company introduced a compliance officer system by appointing a Compliance Officer and enacting compliance control standards at the board meeting held in April 2012. The appointed Compliance Officer oversees the compliance control process across the board in accordance with the compliance control standards and carries out activities to check business activities as well as directors and employees for compliance and improve internal standards and behaviors deemed likely to violate compliance requirements. Taking one more step, the Company encourages all directors and employees to abide by the LG Code of Ethics that lays out a set of standards of conduct and criteria for value judgment. The Compliance Guide and LG Code of Ethics are available in detail on the LG Chem website.

- ♦ LG Chem's Compliance Guide: <https://www.lgchem.com/sustainability/compliance-management>
- ♦ LG Code of Ethics: <https://www.lgchem.com/company/company-information/lgway/degreemanagement>

■ Internal accounting management policy and its operational status

In 2019, the Company amended its Internal Accounting Management Regulations in accordance with the Act on the External Audit of Stock Companies and the Good Practices of Internal Accounting Management Systems. The Internal Accounting Management Regulations includes descriptions and provisions on the design of the internal accounting management system and the overall aspects of running the system in order to give assurance concerning the preparation and disclosure of financial statements as well as the roles and responsibilities of CEO, Audit Committee and External Auditor. The Company has an organization dedicated to enforcing the internal accounting management system, which designs control at corporate, process, and general IT levels and updates and improves the system to respond to the changing business environment and business processes as well as validates effectiveness of the system through evaluations every year. The CEO reports the operational status of the internal accounting management system to the General Meeting of Shareholders, the Board and the Audit Committee. The Audit Committee evaluates the operating status of the system and reports to the Board as part of its thorough monitoring on management activities. Also, an Internal Accounting Management Operations Report is attached to the Business Report for disclosure every year.

The following table shows the Company's responsible members of the organizations related to managing and running the internal accounting management system. More details are available in the Internal Accounting Management Operations Report attached to the Business Report for 2020, which was disclosed on March 17, 2021.

[Responsible persons on organizations managing and running the internal accounting management system]

(As of: December 31, 2020)

Department/ organization	Name of the responsible person	Position	Tasks related to the internal accounting management system
Audit (Committee)	Young-ho Ahn	Audit Committee Chairman	- Evaluate the operational status of the internal accounting management system and report to the Board
Board of Directors	Dong-seok Cha	Internal accounting controller	- Oversee the division of roles within the internal accounting management organization and report the operational status of the internal accounting management system to the Board and the Audit Committee
Accounting	Jae-su Lee	In charge of accounting	- Process, check and store accounting information and data in accordance with the Generally Accepted Accounting Principles and the Internal Accounting Management Regulations
IT System Operations	Min-ki Han	Business process innovation	- Maintain computerized accounting data processing systems suitable for the internal accounting management standards.
Funds Operations	Dong-yeol Lee	In charge of finance	- Raise and execute funds
Other related departments	Do-kyun Kim	In charge of personnel management	- Take disciplinary action against persons who violate the Internal Accounting Management Regulations

1) Director Dong-seok Cha was appointed as an inside director at the Annual General Meeting of Shareholdres on March 20, 2020.

■ Policy for managing information subject to public disclosure and its operational status

The Company belongs to a business group that has stock listed in the securities exchange and is subject to limitations on cross shareholding. This means that the Company has the responsibility to disclose corporate information on its management activities through disclosure quickly within a specified period of time, in an equitable manner, pursuant to applicable laws and regulations of the Korea Exchange, Financial Supervisory Service, and Fair Trade Commission. Therefore, the Company designated one disclosure officer and two disclosure persons, in accordance with Article 88 of the Marketable Securities Market Disclosure Regulations, who register such information with the Exchange. They also faithfully attend regular training and education on disclosure and relevant institutional systems required under the Detailed Enforcement Rules of the Marketable Securities Market Disclosure Regulations as well as training programs organized by the Financial Supervisory Service, Fair Trade Commission and Korea Listed Companies Association in order to carry out their disclosure duties properly. Disclosure activities are supervised by the IR Team under the IR Officer, with a disclosure system and standards well in place to ensure that relevant information will be communicated to the IR Team early at the stage of reviewing key management issues.

4) Board Composition

(Key Principle 4) The Board of Directors should be organized in a way that enables efficient decision-making and oversight of the Management. Directors should be appointed through transparent procedures that allow diverse opinions of shareholders to be reflected broadly.

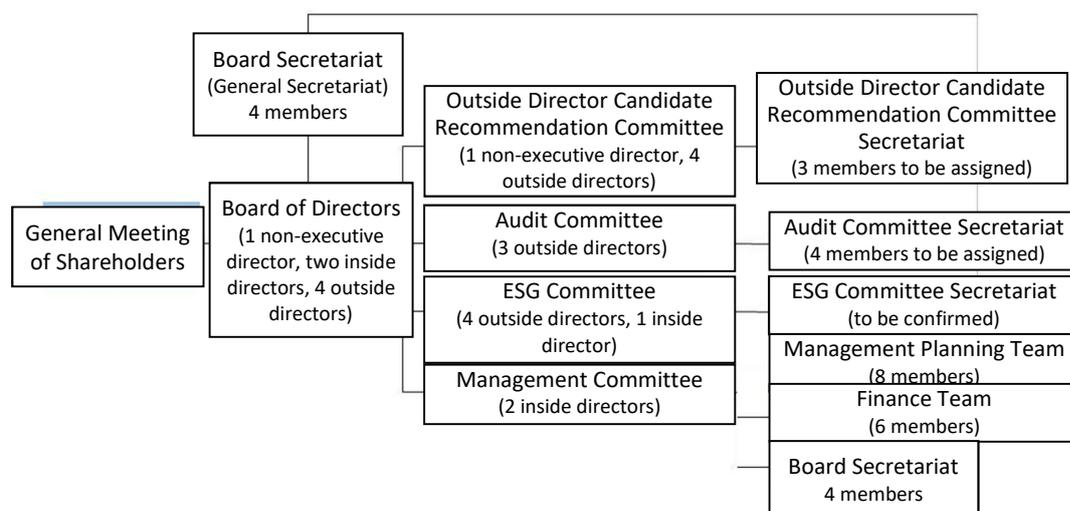
(1) Compositions of the Board and its committees

(Specific Principle 4-①) The Board of Directors should be organized in a way that enables effective and thorough discussions and decision-making, and should have a sufficient number of Outside directors to be able to work independently from executives and controlling shareholders.

■ Details and status of the Board of Directors and Board Committees

The Company's Board of Directors shall have three to 11 directors. The minimum number is set at three to comply with the minimum requirement of directors (Article 383, Paragraph 1 of the Commercial Act), whereas the maximum is set to 11 because, if there are 12 or more directors, such issues as delay in gathering and sharing inputs and feedback among the directors may arise, undermining efficiency in Board operations. Moreover, Article 542-8 of the Commercial Act states that a listed company with 2 trillion won or more in total assets shall appoint three or more outside directors and the number of outside directors shall account for more than half of the total number of directors. Accordingly, the Board of Directors of LG Chem is made up of a total of seven directors three of whom are outside (independent) directors and four are inside directors as of the end of 2020. This means that outside directors represents the majority at 57% of the entire Board according to the provisions of the Commercial Act. As of May 31, 2021 when this report is submitted, the Board of Directors has a total of seven directors two of whom are inside directors, one is a non-executive director, and four are outside directors taking up the majority of the Board. There are a total of four outside directors including one who was re-appointed on March 25, 2021.

[Board of Directors – Organizational Chart]



- 1) The numbers of members of the Board, Committees and supporting organizations are as of May 31, 2021.
- 2) The Outside Director Candidate Recommendation Committee is a standing organization, made up of one non-executive director and two outside directors.
- 3) The ESG Committee was established on April 28, 2021, with four outside directors and one inside director.
- 4) As supporting organizations for each committee are going through restructuring, the respective number of members of the Secretariat for the Outside Director Candidate Recommendation Committee, Secretariat for the Audit Committee, and Secretariat for the ESG Committee will be confirmed in the near future.
- 5) On April 28, 2021, it was decided by Board resolution to create the Internal Transactions Committee under the Board, and the new committee is scheduled to be established on July 1.

[Composition of the Board of Directors]

As of May 31, 2021 when this report is submitted, the members of the Board are Young-soo Kwon, Hak-cheol Shin, Dong-seok Cha, Young-ho Ahn, Kook-heon Char, Dong-min Jeong and Mun-su Kim as described below:

(As of: May 31, 2021)

	Name	Gender	Title	Date appointed ¹⁾	Expected expiration of the term	Area of expertise	Key experiences
Non-executive director	Young-soo Kwon	Male	Chairman of the Board of Directors, Chairman of the Outside Director Candidate Recommendation Committee	March 20, 2020	Until the AGM in March 2023	Business administration in general	Former CEO of LG Uplus Co., Ltd.
CEO	Hak-cheol Shin	Male	Chair of the Management Committee, member of the ESG Committee	March 15, 2019	Until the AGM in March 2022	Business administration in general	Former Vice Chairman and Executive Vice President of 3M

Inside director	Dong-seok Cha	Male	Member of the Management Committee	March 20, 2020	Until the AGM in March 2024	Business administration in general	Former CFO of Servevone
Outside director	Young-ho Ahn	Male	Chair of the Audit Committee, member of the ESG Committee	2016.3.18	Until the AGM in March 2022	Administration expert	Former (Standing) Commissioner, Fair Trade Commission
Outside director	Kook-heon Char	Male	Member of the ESG Committee	March 18, 2016	Until the AGM in March 2022	Industrial technology expert (professor)	Professor, School of Chemical and Biological Engineering, Seoul National University
Outside director	Dong-min Jeong	Male	Member of the Audit Committee, member of the Outside Director Candidate Recommendation Committee, member of the ESG Committee	March 17, 2017	Until the AGM in March 2023	Legal affairs (lawyer)	Former Chief Prosecutor, Seoul Western District Prosecutors' Office
Outside director	Mun-su Kim	Male	Member of the Audit Committee, member of the Outside Director Candidate Recommendation Committee, member of the ESG Committee	March 23, 2018	Until the AGM in March 2024	Accounting and tax expert	Former Vice Commissioner of National Tax Service

1) This indicates the date of first appointment for reappointed directors.

2) Inside director Dong-seok Cha and outside director Mun-su Kim were reappointed at the General Meeting of Shareholders on March 25, 2021. Non-executive director Young-soo Kwon was elected as Chairman of the Board, effective on March 20, 2020, and as of the date of this reporting, the posts of the Chairman of the Board and the CEO are separated.

[Compositions of Committees under the Board of Directors]

(As of: May 31, 2021)

Committee	Composition					Major roles of the Committee	Remarks
	Position	Type	Name	Gender	Concurrent position		
Outside Director Candidate Recommendation Committee (three in total) A	Chair	Non-executive director	Young-soo Kwon	Male	-	1. Develop, check and improve principles for appointing outside directors 2. Recommend outside directors to be elected by the General Meeting of Shareholders 3. Manage and validate a pool of outside director candidates	-
	Member	Outside director	Dong-min Jeong	Male	B, D		
	Member	Outside director	Mun-su Kim	Male	B, D		

Audit Committee (three in total) B	Chair	Outside director	Young-ho Ahn	Male	D	1. Supervise directors and the Management's business activities 2. Approve the selection of an external auditor 3. Other matters defined in the Articles of Incorporation and bylaws related to audit activities	-
	Member	Outside director	Dong-min Jeong	Male	A,D		
	Member	Outside director	Mun-su Kim	Male	A,D		
Management Committee (two in total) C	Chair	Inside director	Hak-cheol Shin	Male	D	1. Deliberate matters concerning efficient operations of the Board and matters of ordinary business management 2. Deliberate and resolve matters delegated by the Board to the Management Committee as well as other matters of ordinary business management	-
	Member	Inside director	Dong-seok Cha	Male	-		
ESG Committee (five in total) D	Member	Outside director	Young-ho Ahn	Male	B	1. Develop basic policies and strategies for ESG management 2. Set long-/mid-term ESG goals 3. Other matters delegated by the Board or matters recognized by the Committee as necessary	-
	Member	Outside director	Kook-heon Char	Male	-		
	Member	Outside director	Dong-min Jeong	Male	A,B		
	Member	Outside director	Mun-su Kim	Male	A,B		
	Member	Inside director	Hak-cheol Shin	Male	C		

■ Separation of the Company's Representative Director from the Chairman of the Board

The Company's Representative Director (CEO) was segregated from the Chairman of the Board as of the end of 2020, and they continue to be segregated as of the date of submitting this report.

As described above, the Company organizes the Board of Directors in a way that allows effective and prudent discussions and decision-making, and makes sure that outside directors have the majority of the entire Board, so that they can fulfill their function independently from the Management and controlling shareholder.

(2) Expertise and accountabilities of the Board of Directors

(Specific Principle 4-②) The BoD of a corporation should be composed of competent persons equipped with expertise and accountabilities in various areas in terms of knowledge and career accomplishments who can effectively contribute to the management of the company.

■ Current status of the Board of Directors

The Company's Board of Directors is composed of inside directors, who are business management professionals, and outside directors equipped with expertise in the fields of industry, administration, legal affairs, accounting and tax. We have a system in place to select a pool of candidates for outside directors with a great wealth of experience and knowledge through the Outside Director Candidate Recommendation Committee, which helps run the Board professionally from a diversity of perspectives. There have been no female director elected into the Board of Directors, but we plan to have a female outside director appointed next time, increasing diversity in the composition of the Board of Directors. When it comes to the composition of the Board, we take expertise, accountability and diversity into consideration, as a result of which our Board consists of professionals from similar industries with expertise in a wide variety of fields including management, industrial technology, finance and accounting, legal affairs, and administration, which contributes greatly to the Company's critical decisions. The Company also runs an educational program for new appointees on their roles and responsibilities as a director, emphasizing the importance of the function of the Board of Directors.

The following tables describe career experiences of the Company's directors and the history of appointment and change. They demonstrate that the Company's Board is composed of directors equipped with a great diversity of background, expertise and accountability.

[Key experiences of directors]

(As of: May 31, 2021)

Name	Career experiences	Name	Key career experiences
Young-soo Kwon (Non-executive director)	MSc, Industrial Engineering, KAIST Graduate School Former President of the Energy Solutions Division of LG Chem Former CEO of LG Uplus Representative Director of LG Corporation (COO) Chairman of the Board of LG Chem	Hak-cheol Shin (Inside director)	Mechanical Engineering, Seoul National University Former 3M Philippines CEO/President Former Executive Vice President, 3M International Operations LG Chem CEO/Vice Chairman
Dong-seok Cha (Inside director)	Accounting, Kyungpook National University Former CFO of Serveone Former CFO of S&I Corporation CFO of LG Chem	Young-ho Ahn (Outside director)	Economics, Korea University International Economic Law (Master), Yokohama National University, Japan Former Director General for Planning and Coordination of the Fair Trade Commission Former Commissioner of the Fair Trade Commission (Grade 1) Advisor to KIm & Chang Law Firm
Kook-heon Char (Outside director)	Chemical Engineering, Seoul National University Chemical Engineering (Master), KAIST Chemical Engineering (Ph.D), Stanford University, USA Gutenberg Research College Fellow American Physical Society (APS) Fellow Professor, School of Chemical and Biological Engineering, Seoul National University	Dong-min Jeong (Outside director)	Law, Korea University Former Chief Prosecutor, Daejeon District Prosecutors' Office Former Chief Prosecutor, Seoul Western District Prosecutors' Office Partner lawyer for Barun Law LLC
Mun-su Kim (Outside director)	Economics, Korea University Economics (Master), American University, USA Taxation (Ph.D), University of Seoul Former Vice Commissioner of National Tax Service Non-Standing Judge, Tax Tribunal		

[Director appointments and changes]

(January 1, 2019 – May 31, 2021)

Classification	Name	Date of first appointment	Expected date of expiration of the term	Date of change	Reason for change	Incumbent
Inside director	Jin-soo Park	March 16, 2012	March 20, 2020	March 20, 2020	Retired	Retired
	Ho-young Jeong	March 18, 2016	March 20, 2020	March 20, 2020	Term expired	Retired
	Hak-cheol Shin	March 15, 2019	Until the AGM in March 2022	March 15, 2019	Newly appointed	Incumbent
	Dong-seok Cha	March 20, 2020	Until the AGM in March 2024	March 25, 2021	Reappointed	Incumbent
Outside director	Young-ho Ahn	March 18, 2016	Until the AGM on March 2022	March 15, 2019	Reappointed	Incumbent
	Kook-heon Char	March 18, 2016	Until the AGM on March 2022	March 15, 2019	Reappointed	Incumbent
	Dong-min Jeong	March 17, 2017	Until the AGM on March 2023	March 20, 2020	Reappointed	Incumbent
	Mun-su Kim	March 23, 2018	Until the AGM on March 2024	March 25, 2021	Reappointed	Incumbent
Non-executive director	Bon-jun Koo	March 18, 2016	March 15, 2019	March 15, 2019	Term expired	Retired
	Young-soo Kwon	March 20, 2020	Until the AGM on March 2023	March 20, 2020	Newly appointed	Incumbent

(3) Fairness and independence in director nomination

(Specific Principle 4-③) Fairness and independence should be ensured in the processes of nominating and appointing directors.

■ Nomination of director candidates

From a broad pool of candidates representing a wide range of fields, we appoint the most suitable person for the Company by validating if they have any disqualifications as an outside director pursuant to Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act and other applicable laws and evaluating them based on their work experiences and expertise to check if they can make substantial contributions as the Company's director. These checks, validations and evaluations are carried out through interviews with relevant departments and thorough validation of documents. As for outside directors, candidates are submitted for election to the General Meeting of Shareholders after going through the recommendation resolution procedures by the Outside Director Candidate Recommendation Committee.

As of May 31, 2021 when this report is submitted, the Outside Director Candidate Recommendation Committee consists of one non-executive director and two outside directors, maintaining the percentage of outside directors at 66.7%. For more details on their activities, please refer to “8)-(2)-[Board Committee meetings held]-(A) Outside Director Candidate Recommendation Committee”.

The Company currently does not have a nomination committee for inside directors, but the Board where outside directors have the majority nominates inside director candidates by comprehensively validating their experiences and competencies as well as potential to make substantial contributions to the growth of the Company as a director.

■ **Providing shareholders with information on candidates for directorship**

The Company provides shareholders with detailed information about candidates for directorship through official announcements about three weeks before the general shareholders meeting so as to secure a sufficient amount of time for review and consideration. Directors are elected in the ordinary method where one shareholder exercise one voting right according to Article 20, Paragraph 4 of the Articles of Incorporation. With regard to candidates up for reappointment, information on their past BoD activities is documented and disclosed in the general meeting convocation notice as well as the quarterly business report. This is how the Company makes relevant information available as reference documents for a decision on the election of a candidate.

[Information about director candidates provided for General Shareholders Meetings]

(January 1, 2019 – May 31, 2021)

Date of information provided	Date of general shareholders meeting	Director candidate		Information provided	Remarks
		Type	Name		
February 25, 2020 (24 days before the general shareholders meeting)	March 20, 2020	Non-executive director	Young-soo Kwon	1. Name, date of birth, person who recommended the candidate, relationship with the largest shareholder, and whether he/she is an outside director candidate or not 2. Main job, career summary, and transactions with the corporation concerned in the past three years 3. Whether there exists any record of delinquencies, experience of managing an insolvent company, and legal reasons for disqualification.	-
		Inside director	Dong-seok Cha		-

		Outside director	Dong-min Jeong	4. Candidate's job performance plan (only for outside directors) 5. BoD's reason for recommending the candidate	-
March 4, 2021 (21 days before the general shareholders meeting)	March 25, 2021	Inside director	Dong-seok Cha	1. Name, date of birth, person who recommended the candidate, relationship with the largest shareholder, and whether he/she is an outside director candidate or not 2. Main job, career summary, and transactions with the corporation concerned in the past three years	
		Outside director	Mun-su Kim	3. Whether there exists any record of delinquencies, experience of managing an insolvent company, and legal reasons for disqualification. 4. Candidate's job performance plan (only for outside directors) 5. BoD's reason for recommending the candidate	

■ Cumulative voting system

Although the Company has not adopted a cumulative voting system in accordance with Article 20 of the Articles of Incorporation, we make active use of the proxy solicitation system to ensure that minority shareholders' opinions will be reflected to the extent possible. We also guarantee the exercise of shareholders' right to make proposals as prescribed in the Commercial Act. However, we currently have no plans to introduce the cumulative voting system as we prefer to look ahead into the long-term future and allow the Board of Directors to run more efficiently for continuous growth.

As mentioned above, we have the Outside Director Candidate Recommendation Committee in place and provide sufficient information on candidates to shareholders a sufficient period of time before the general meeting in accordance with applicable laws and regulations. This assures fairness and independence in the process of nominating and appointing a director.

(4) Director appointment status and policy

(Specific Principle 4-④) Anyone who is responsible for damaging company value or violating shareholder rights should not be appointed as a director.

■ Status of directors

As of the date of this report, our company's total number of directors (including the unregistered directors) is as follows:

Name	Gender	Position	Registered/unregistered	Executive/non-executive	Responsibilities
Young-soo Kwon	Male	Vice Chairman	Registered	Non-executive	Chairman of the Board
Hak-cheol Shin	Male	Vice Chairman	Registered	Executive	Representative Director, CEO
Dong-seok Cha	Male	Vice President	Registered	Executive	Inside director, CFO
Young-ho Ahn	Male	Outside director	Registered	Non-executive	Audit Committee member
Kook-heon Char	Male	Outside director	Registered	Non-executive	Outside director
Dong-min Jeong	Male	Outside director	Registered	Non-executive	Audit Committee member
Mun-su Kim	Male	Outside director	Registered	Non-executive	Audit Committee member
Jee-woong Son	Male	President	Unregistered	Executive	Head of Life Sciences Business
Sung-min Kim	Male	Executive Vice President	Unregistered	Executive	CHO
Jeong-dae Kim	Male	Executive Vice President	Unregistered	Executive	Jeong-Do (right-path) management
Kook-rae Noh	Male	Executive Vice President	Unregistered	Executive	Head of Petrochemicals Business
Ji-young Yoo	Male	Executive Vice President	Unregistered	Executive	CTO
Sung-woo Hur	Male	Executive Vice President	Unregistered	Executive	Head of Global Business Development/in charge of global business implementation (Petrochemicals)
Sang-min Kim	Male	Senior Vice President	Unregistered	Executive	Head of Acrylates/SAP Division
Steven Kim	Male	Senior Vice President	Unregistered	Executive	Head of Engineering Materials Division and Head of Phoenix TDR
Young-hwan Kim	Male	Senior Vice President	Unregistered	Executive	Head of M-Project
Chul Nam	Male	Senior Vice President	Unregistered	Executive	Head of Advanced Materials Business
Kyung-hwa Min	Male	Senior Vice President	Unregistered	Executive	Head of the IP Center
Jun-sung Park	Male	Senior Vice President	Unregistered	Executive	Head of Public Affairs
Jung-sik Seo	Male	Senior Vice President	Unregistered	Executive	Head of PO Division
Kyu-seok Shim	Male	Senior Vice President	Unregistered	Executive	Head of ABS Division
Myeong-hun Yoon	Male	Senior Vice President	Unregistered	Executive	Executive in Residence at Yeosu Plant
Su-hee Yoon	Female	Senior Vice President	Unregistered	Executive	Head of Specialty Care Division

Dong-soo Lee	Male	Senior Vice President	Unregistered	Executive	Life Sciences Business Group Lead
Seong-woon Lee	Male	Senior Vice President	Unregistered	Executive	Head of HPM Division
Jong-koo Lee	Male	Senior Vice President	Unregistered	Executive	Head of Petrochemicals R&D Center
Hyeon Lee	Male	Senior Vice President	Unregistered	Executive	Head of Purchasing/in charge of Purchasing 2 (Petrochemicals)
Hyang-mok Lee	Male	Senior Vice President	Unregistered	Executive	Head of Battery Materials Division
Seong-hun Jang	Male	Senior Vice President	Unregistered	Executive	Head of Management Innovation
Jun-hyeong Cho	Male	Senior Vice President	Unregistered	Executive	Business development as well as development of advanced materials and new businesses
Kevin Cho	Male	Senior Vice President	Unregistered	Executive	General management of investments
Young-jun Hong	Male	Senior Vice President	Unregistered	Executive	Head of Future Technology Research Center and Head of Commercialization Taskforce Team
Seong-hun Kang	Male	Vice President	Unregistered	Executive	Battery materials development and process development
Myeong-hwan Ko	Male	Vice President	Unregistered	Executive	LG CYX Subsidiary President
Young-shin Kwak	Male	Senior Research Fellow	Unregistered	Executive	Senior Research Fellow for New Drug Research Center (Life Sciences)
Hye-jin Kwon	Female	Vice President	Unregistered	Executive	Talent nurturing
Noma Kim	Male	Senior Research Fellow	Unregistered	Executive	Acrylates/SAP development
Do-kyun Kim	Male	Vice President	Unregistered	Executive	HR
Dong-on Kim	Male	Vice President	Unregistered	Executive	Executive in Residence at Daesan Plant and Executive in Residence at Cheongju/Ochang Plants
Dong-chun Kim	Male	Vice President	Unregistered	Executive	Semiconductor materials business
Mu-yong Kim	Male	Vice President	Unregistered	Executive	Head of Primary Care Division
Seong-hyeon Kim	Male	Vice President	Unregistered	Executive	Head of S-TFT (New Business Development, Advanced Materials)
Yang-han Kim	Male	Vice President	Unregistered	Executive	Environment and safety
Woo-han Kim	Male	Vice President	Unregistered	Executive	Head of Organic Materials Development Center (IT Materials)
Chang-suk Kim	Female	Vice President	Unregistered	Executive	Business development (Life Sciences)
Tae-gyu Kim	Male	Vice President	Unregistered	Executive	LGCGI Subsidiary President
Tae-hun Kim	Male	Vice President	Unregistered	Executive	Head of Equipment Reliability Management Task (Petrochemicals)
Jin Xiangming	Male	Vice President	Unregistered	Executive	In charge of government affairs for LG CYX
Hye-ja Kim	Female	Vice President	Unregistered	Executive	Head of Aesthetics Division
Ho-keun Kim	Male	Vice President	Unregistered	Executive	Purchasing strategies
Jun-sik Moon	Male	Vice President	Unregistered	Executive	Head of Clinical Development Center (Life Sciences)
Ki-soon Park	Male	Vice President	Unregistered	Executive	Head of Production Center (Engineering Materials)

Byeong-cheol Park	Male	Vice President	Unregistered	Executive	Head of Tech Center
Saeng-geun Park	Male	Vice President	Unregistered	Executive	Yeosu ABS Plant Manager (Global Production, Petrochemicals)
Jin-yong Park	Male	Vice President	Unregistered	Executive	DX (digital transformation)
Hong-gyu Park	Male	Vice President	Unregistered	Executive	LGWU Subsidiary President
Hee-sul Park	Male	Vice President	Unregistered	Executive	Management strategies (Life Sciences)
Sang-deok Baek	Male	Vice President	Unregistered	Executive	Purchasing 1 (Petrochemicals)
Ji-hong Sunwoo	Male	Vice President	Unregistered	Executive	Head of the Global Production Center (Petrochemicals) and Yeosu Production General Manager (Global Production, Petrochemicals)
Dong-ryeol Seung	Male	Senior Research Fellow	Unregistered	Executive	Senior Research Fellow for Future Technology Research Center
Byeong-geun Song	Male	Vice President	Unregistered	Executive	LGCHZ Subsidiary President
In-ho Shin	Male	Vice President	Unregistered	Executive	Acrylates/SAP sales
Jeong-heon Ahn	Female	Senior Research Fellow	Unregistered	Executive	Head of New Materials R&D Center under Petrochemicals R&D Center
Sun-min Yang	Male	Vice President	Unregistered	Executive	Head of NCC Division
Se-woo Yang	Male	Vice President	Unregistered	Executive	Head of Platform Technology Research Center
Sang-hyun Oh	Male	Vice President	Unregistered	Executive	Head of Production Center (Life Sciences)
Su-jin Oh	Male	Vice President	Unregistered	Executive	Head of Purchasing Center (Advanced Materials)
Ki-won Yoo	Male	Vice President	Unregistered	Executive	General management of government affairs (Petrochemicals)
Seong-cheol Yoo	Male	Vice President	Unregistered	Executive	Head of Process Risk Evaluation Task (Petrochemicals)
Hyun-seok Yoon	Male	Vice President	Unregistered	Executive	Investor relations
Keon-ju Lee	Male	Vice President	Unregistered	Executive	Daesan Production General Manager (Global Production, Petrochemicals)
Kyeong-ryeol Lee	Male	Vice President	Unregistered	Executive	LGCCI, in charge of Shanghai sales (Petrochemicals)
Kyu-ho Lee	Male	Vice President	Unregistered	Executive	Head of Legal Affairs Office
Dong-ryeol Lee	Male	Vice President	Unregistered	Executive	Finance
Dong-cheol Lee	Male	Vice President	Unregistered	Executive	LGCPN Subsidiary President
Dong-hun Lee	Male	Senior Research Fellow	Unregistered	Executive	Senior Research Fellow for Organic Materials Development Center (IT Materials)
Myeong-seok Lee	Male	Vice President	Unregistered	Executive	Management planning
Sang-ok Lee	Male	Vice President	Unregistered	Executive	Customer value innovation
Sang-hyeob Lee	Male	Vice President	Unregistered	Executive	Management strategies

Si-eon Lee	Male	Vice President	Unregistered	Executive	LGCAI Subsidiary President
Jae-myung Lee	Male	Vice President	Unregistered	Executive	NCC, in charge of sales
Jun-ho Lee	Male	Vice President	Unregistered	Executive	Advanced materials and business management
Ji-woong Lee	Male	Vice President	Unregistered	Executive	M&A
Ji-eun Lee	Female	Senior Research Fellow	Unregistered	Executive	Senior Research Fellow for Clinical Development Center (Life Sciences)
Hyung-gyu Lee	Male	Vice President	Unregistered	Executive	Yeosu and Naju Plant Manager (Global Production, Petrochemicals)
Hyung-cheol Lee	Male	Vice President	Unregistered	Executive	T/Sales 1 (Engineering Materials)
Ho-kyung Lee	Male	Vice President	Unregistered	Executive	Technology planning
Ho-woo Lee	Male	Vice President	Unregistered	Executive	Management strategies (Petrochemicals)
Hwa-young Lee	Male	Vice President	Unregistered	Executive	LGCEG Subsidiary President
Hee-bong Lee	Male	Vice President	Unregistered	Executive	Head of CMC Center (Life Sciences)
Ye-hun Lim	Male	Senior Research Fellow	Unregistered	Executive	Senior Research Fellow for Platform Technology Research Center
Do-gi Jang	Male	Vice President	Unregistered	Executive	Head of IT Materials Division
Young-rae Jang	Female	Vice President	Unregistered	Executive	Head of Analytical Sciences Center
Jeong-hun Jang	Male	Vice President	Unregistered	Executive	Quality and innovation (Global Production, Petrochemicals)
Cheol-ho Jeong	Male	Vice President	Unregistered	Executive	Head of Product Research Center (Life Sciences)
Dong-hyun Cho	Male	Vice President	Unregistered	Executive	Catalyst business
Young-do Cho	Male	Vice President	Unregistered	Executive	General Manager of Production Technology (Petrochemicals)

Eun-jeong Ju	Female	Vice President	Unregistered	Executive	Yeosu and Gimcheon SAP Plant Manager (Global Production, Petrochemicals)
Jae-gu Ju	Male	Vice President	Unregistered	Executive	Yeosu Chemical Products Plant Manager (Global Production, Petrochemicals)
Kwang-wook Choi	Male	Senior Research Fellow	Unregistered	Executive	Senior Research Fellow for Future Technology Research Center
Seong-ryeol Choi	Male	Vice President	Unregistered	Executive	General Manager of the China Region
Seung-woo Choi	Male	Vice President	Unregistered	Executive	HPM, in charge of sales
Young-min Choi	Male	Vice President	Unregistered	Executive	Head of R&D Center and Head of Gen3 + Cathode Materials TDR (R&D Center, Battery Materials)
Jong-wan Choi	Male	Vice President	Unregistered	Executive	Labor and management relations
Ho-yeol Choi	Male	Vice President	Unregistered	Executive	Daesan Synthetic Rubber Plant Manager (Global Production, Petrochemicals)
Dong-yeob Han	Male	Vice President	Unregistered	Executive	Yeosu PVC Plant Manager (Global Production, Petrochemicals)
Min-ki Han	Male	Vice President	Unregistered	Executive	General Manager of Process Innovation and in charge of process standards under Management Innovation
Seok-hee Han	Male	Vice President	Unregistered	Executive	PO and Sales 1
Kyoung-eob Ho	Male	Vice President	Unregistered	Executive	Public relations
Kyoung-gi Hong	Male	Vice President	Unregistered	Executive	Film process technology (IT Materials)
Sung-won Hong	Male	Vice President	Unregistered	Executive	Head of the New Drug Research Center (Life Sciences Company)
Sun-beom Hong	Male	Vice President	Unregistered	Executive	Business management (Petrochemicals)
Young-shin Hwang	Male	Vice President	Unregistered	Executive	Head of PVC/Plasticizer Division

This following table summarizes the status of directors.

Classification		Number of persons
Registered	Non-executive director	1
	Inside director	2
	Outside director	4
		7
Unregistered		106
Total		113

1) More details on the status of directors as of every quarter end are available in the Quarterly Report, Semi-Annual Report, and Business Report disclosed in the DART system.

■ Policy of preventing appointment of those responsible for damaging company value or violating shareholders' rights

To appoint outside directors, the Company builds a broad pool of candidates representing a wide range of fields. We validate the candidates to check if they have any disqualifications as an outside director pursuant to Article 382, Paragraph 3 and Article 542-8, Paragraph 2 of the Commercial Act and other applicable laws and evaluate them based on their work experiences and expertise to check if they can make substantial contributions as the Company's director. These checks, validations and evaluations are carried out through interviews with relevant departments and thorough validation of documents. Candidates are submitted for election to the General Meeting of Shareholders after going through the recommendation resolution procedures by the Outside Director Candidate Recommendation Committee.

In addition to the requirements prescribed by applicable laws and regulations, we make a close and thorough review to make sure that anyone who is responsible for undermining corporate value or infringing upon shareholder rights, such as receiving any administrative or judicial sanctions for a violation of laws, will not be appointed as a director of the Company. We submit candidates to general shareholder meetings after validating the expertise and personal competences of all candidates that are required to make substantial contributions to business management.

As for an unregistered director candidate, their achievements, expertise and growth potential are taken into consideration comprehensively, and Board approval is obtained before he/she is appointed as a director. In order to prevent anyone who is responsible for undermining corporate value or infringing upon shareholder rights from being appointed as a director, we exclude from the selection process any candidates who have issues in terms of *Jeong-Do* ("right path") Management or LG's Code of Ethics, or candidates who have caused a problem in terms of quality, environment or safety. Furthermore, those who have been penalized with a suspension or a more severe form of punishment in accordance with the Company's disciplinary policies are banned from promotion or appointment into any position for a certain period of time.

■ History of appointing anyone with a criminal record or currently facing charges of embezzlement, breach of trust, or unfair trade practices under the Capital Market Act

As the Company enforces the director appointment policy described above, there have been no cases where a person convicted for, or currently facing charges of, embezzlement, breach of trust or unfair trade practices under the Capital Market Act was appointed as a director.

■ Adoption of the Executive Officer System

Although we have not adopted the Executive Officer System as outlined in Article 408-2 of the Commercial Act, we strive for efficiency through the collective exercise of prudent decision-making, supervisory and executive authority through the BoD and the Representative Director. Therefore, we currently have no plans to implement the Executive Officer System in the future.

5) Responsibilities of Outside directors

(Key Principle 5) Outside directors should be able to independently participate in decision-making regarding the company's important business management policies, and supervise and support the Management as a member of the BoD.

(1) Outside director appointment procedures and existence of relationship of interests

(Specific Principle 5-①) An outside director of a corporation should not have any important relations of interest with that corporation, and the corporation should identify the existence of any such relationship during the selection process.

■ Interest between outside director and the Company

To ensure fairness and transparency in the appointment process, we check if outside director candidates have any disqualifications through close reviews of publicly-available information and data about them. We also validate the candidates thoroughly against qualifications required in the Commercial Act, Public Service Ethics Act and other applicable laws as well as such key qualifications as expertise, occupational fairness, ethical accountability, and faithfulness by conducting interviews with the candidates by relevant departments (Legal Affairs, HR, etc.) and reference checks. As mentioned above regarding director qualifications, all the outside director of the Company meet the qualifications defined by relevant laws and the Company bylaws.

The Company selects candidates who have no relations of interest with the Company through meticulous interviews and validation process. We also check with incumbent outside directors individually about the existence of any such important relationship on a continuous basis. Also, there is no outside director who has been in service longer than six years (nine years if time of service for an affiliate is included) as of the end of 2020. The following table summarizes the relationships between our currently active outside directors and our Company or affiliates as of the date of this report.

[Relationships between incumbent outside directors and the Company or affiliates]

(As of: May 31, 2021)

Name	Previous positions held at LG Chem or its affiliates by outside director		Transactions between LG Chem or its affiliates and outside director (or company of which the outside director is the largest shareholder)		Transactions between LG Chem or its affiliates and outside director (or company ²⁾ of which the outside director is serving as an executive/employee)	
	LG Chem	LG Chem's affiliates	LG Chem	LG Chem's affiliates	LG Chem	LG Chem's affiliates
Young-ho Ahn	None	None	None	None	None	None
Kook-heon Char	None	None	None	None	None	None
Dong-min Jeong	None	None	None	None	None	None
Mun-su Kim	None	None	None	None	None	None

1) Information on serving the Company or any of its affiliates previously is based on the period from the foundation date of LG Chem (April 4, 2001) until the date of writing this report. For your information, Outside director Kook-heon Char worked as a researcher for the Research Institute of (former) LG Chemical (January 1983 – February 1991).

2) The definition of “company” mentioned above is based on companies established in accordance with the Commercial Act.

[Years of service of incumbent outside directors and reasons for holding office longer than six years (nine years if affiliates included)]

(As of: May 31, 2021)

Name	LG Chem		Affiliates included	
	Years of service	Reason for holding the office for more than six years	Years of service	Reason for holding the office for more than nine years
Young-ho Ahn	Five years and three months	-	Five years and three months	-
Kook-heon Char	Five years and three months	-	Five years and three months	-
Dong-min Jeong	Four years and three months	-	Four years and three months	-
Mun-su Kim	Three years and three months	-	Three years and three months	-

As described above, the Company tries its best to verify that there is no significant interest between an outside director and the Company and to appoint a person who has no relationship of interest.

(2) Matters concerning the performance of duties by outside directors

(Specific Principle 5-②) Outside directors should put in sufficient time and effort to fulfill their duties faithfully.

■ **Positions held concurrently by outside directors**

LG Chem is a listed company. As such, an outside director of the Company may serve as an outside director for another company in accordance with Article 34 of the Commercial Act, and we continue to check with outside directors individually about their concurrent jobs and conduct a legal review on disqualification as an outside director due to any matter concerning concurrent services. Among incumbent outside directors, Young-ho Ahn served as an outside director and an Audit Committee member for Shinsegae Corporation (term expiring on March 24, 2021), while Mun-su Kim is serving as an outside director and Audit Committee member for Hanjin Express, but the disqualification provisions of the Commercial Act do not apply to these cases. Outside director Kook-heon Char is also serving as the Dean of the College of Engineering, Seoul National University (director of Seoul Techno Holdings, Inc.), but has no business relationship with the Company that may violate Article 34 of the Commercial Act. Therefore, the disqualification provisions do not apply to him, either.

[Positions held concurrently by incumbent outside directors]

(As of: May 31, 2021)

Name (Audit Committee member)	Date of first appointment	Expected date of expiration of the term	Current job	Information on concurrent jobs			
				Organization concurrently serving ¹⁾	Concurrent job	Years of service for concurrent organization	Concurrent organization listed/not listed
Young-ho Ahn (Audit Committee member)	March 18, 2016	Until the AGM in March 2022	Advisor to Kim & Chang Law Firm	Shinsegae Corporation	Outside director Audit Committee member	March 10, 2017 – March 24, 2021	Listed (on KOSPI)
Kook-heon Char	March 18, 2016	Until the AGM in March 2022	Professor, School of Chemical and Biological Engineering, Seoul National University	Director of Seoul Techno Holdings, Inc.),	Director	June 19, 2018 – Present	N/A
Mun-su Kim (Audit Committee member)	March 23, 2018	Until the AGM in March 2024	Non-Standing Judge, Tax Tribunal	Hanjin Transportation Co., Ltd,	Outside director Audit Committee member	March 27, 2018 – Present	Listed (on KOSPI)
Dong-min Jeong (Audit Committee member)	March 17, 2017	Until the AGM in March 2023	Partner lawyer for Barun Law LLC	N/A	N/A	N/A	N/A

1) Organizations outside directors are serving concurrently include non-profit organizations and foundations.

The Company's outside directors put in sufficient time and efforts to fulfill their duties. Outside directors record high attendances not only in board meetings but also in separate meetings (only for outside directors, excluding inside directors) where they are briefed on the agenda from executives or working-level staff and discuss the items among themselves prior to a board meeting. For more details on their activities, please see "5)-(3)-[Meetings held exclusively for outside directors]" and "7)-(2) Activities of individual directors".

As described above, the concurrent jobs that the Company's outside directors hold do not go against the provisions of the Commercial Act, and they are putting in sufficient time and efforts to fulfill their duties.

(3) Company's support for outside directors to fulfill their duties

(Specific Principle 5-③) A corporation should provide outside directors with sufficient information and resources necessary for them to fulfill their duties.

■ **Support for outside directors to fulfill their job duties**

In accordance with Article 17 of the Board Regulations, we set up the Board Secretariat to support the smooth operation of the BoD and its committees. The Company's Board Secretariat is composed of one executive, one team-lead, and two working-level persons. The two working-level members perform specific tasks under the supervision of their higher-ups, such as providing outside directors with introduction to the Company, presenting reports on BoD agenda items prior to board meetings, providing support to obtain and send management information deemed necessary, and any other support requested by the outside directors that are necessary for them to fulfill their duties.

To help outside directors adapt to performing their job duties, we hold a seminar, immediately after their appointment, to inform them of the Company's business structure, business performance and other information related to the BoD and the Audit Committee that are deemed necessary. We also hold a BoD workshop once a year to provide the directors opportunities to visit key business sites in and out of Korea and get hands-on experiences through on-site reports and factory line tours. In 2020, however, this workshop was not held due to the pandemic. Also, to increase outside directors' understanding of the Company's businesses, we report the current status and issues of key businesses to the Board of Directors every quarter.

■ **Meetings held exclusively for outside directors**

The Company holds meetings where only outside directors participate, without inside directors, to be pre-briefed on the agenda items from executives or working-level staff and discuss them among themselves. The following table shows the meetings held to report to outside directors prior to board meetings, from the starting business year of the target disclosure period until the day of filing disclosure documents.

[Independent-director-only meetings]

(As of: May 31, 2021)

	Regular /ad-hoc	Meeting date	Attending outside directors/total outside directors	Discussion items	Remarks
1st	Regular	January 23, 2020	4/4	Agenda items of the January Board meeting	-
2nd	Regular	February 21, 2020	4/4	Agenda items of the February Board meeting	-
3rd	Regular	March 17, 2020	4/4	Agenda items of the March Board meeting	-
4th	Regular	April 23, 2020	3/4	Agenda items of the April Board meeting	-
5th	Ad-hoc	June 12, 2020	4/4	Agenda items of the June Board meeting	-
6th	Regular	July 24, 2020	4/4	Agenda items of the July Board meeting	-
7th	Ad-hoc	September 14, 2020	4/4	Agenda items of the September Board meeting	-
8th	Regular	October 16, 2020	4/4	Agenda items of the October Board meeting	-
9th	Regular	November 23, 2020	4/4	Agenda items of the November Board meeting	-
10th	Ad-hoc	November 30, 2020	4/4	Agenda items of the December Board meeting	-
1st	Regular	January 21, 2021	4/4	Agenda items of the January Board meeting	-
2nd	Regular	February 19, 2021	4/4	Agenda items of the February Board meeting	-
3rd	Regular	March 17, 2021	4/4	Agenda items of the March Board meeting	-
4th	Ad-hoc	March 29, 2021	4/4	Agenda items of the March ad-hoc Board meeting	-
5th	Regular	April 23, 2021	4/4	Agenda items of the April Board meeting	-

As described above, the Company provides outside directors with sufficient information and resources required to fulfill their duties, including support to help newly-appointed outside directors understand the status of business management as early as possible, visits to Korean and overseas business sites in person, and briefing on Board agendas through the Board Secretariat (dedicated organization).

6) Assessment of Outside directors' Activities

(Key Principle 6) In order to motivate outside directors to carry out their duties more aggressively, their activities should be fairly assessed, and their compensations and reappointment should be determined based on the assessment results.

(1) Assessment of outside directors

(Specific Principle 6-①) Outside directors should be assessed based on their individual performance, and assessment results should be reflected into the decision of their reappointment.

■ **Assessment of outside directors' activities**

For an outside director whose term is approaching expiration, the Board Secretariat and HR department conduct a comprehensive assessment based on the director's record of attendance in board meetings, whether the director has made close reviews and practical suggestions on agenda items presented at such meetings and whether he/she has provided appropriate advice on major business decisions as an expert in the industry as well as his/her ability to internally control important financial risks of the Company as an Audit Committee member and contributions to the operation of the supervisory monitoring system. All these factors are considered comprehensively to make a decision on reappointment.

An overall assessment of activities carried out by outside directors is conducted against internal criteria regularly every year. We assure fairness in assessment by having the Outside Director Candidate Recommendation Committee recommend outside director candidates to the General Meeting of Shareholders pursuant to Article 542-8 of the Commercial Act.

(2) Compensation for outside directors

(Specific Principle 6-②) Compensation for outside directors should be determined at an appropriate level by taking into account the assessment results as well as responsibilities and risks faced by outside directors in carrying out their duties.

■ **Compensation for outside directors**

Compensation is paid in equal amounts (78 million won as of 2020) to all outside directors within the total limits for director compensation approved by the General Meeting of Shareholders, pursuant to Article 388 of the Commercial Act. The compensation does not include any merit-based pay that reflects the assessment of an outside director's activities or any expense items that are by nature reimbursements of expenses on an actual-cost basis, such as job activity expenses, travel expenses or meeting allowances. The Company's compensation for outside directors does not include stock options, either.

■ **Appropriateness of compensation for outside directors**

The Company maintains a policy of paying compensation for outside directors at the industry average level. Outside director assessment results are used as reference data for making reappointment decisions. However, as a way of ensuring independence for outside directors, we do not differentiate compensation based on assessment results, and have no plans to determine compensation according to assessment results in the future.

7) Operation of the Board of Directors

(Key Principle 7) The Board of Directors should be run in a reasonable and efficient manner to make the best management decisions possible in the interests of the Company and shareholders.

(1) Overall status of the operation of Board of Directors

(Specific Principle 7-①) In principle, Board meetings should be held regularly, and BoD operating regulations should be established, stipulating the roles and responsibilities as well as operating procedures of the BoD in detail.

■ Regulations on regular Board meetings and current status

In accordance with Article 8 of the Company's Board Regulations, the BoD should hold a meeting once a quarter. From January through March, however, Board meetings are held every month in consideration of the duty to submit financial statements to the Audit Committee six weeks before the general shareholders meeting and receive Board approval for the statements, as stipulated in Article 447-3 of the Commercial Act, the duty to obtain prior Board approval for agenda items to be approved at the general shareholders meeting, and the duty to convene an annual general shareholders meeting in March. In addition, whenever necessary, such as when something comes up for Board approval irregularly but timing does not allow it to be included in the agenda for a regular Board meeting, an ad-hoc Board meeting may be held.

■ Board meetings held during the reporting period and Board meeting convocation notice

The chairperson convenes each Board meeting in accordance with Article 9, Paragraph 1 of the Board Regulations. According to Article 10, Paragraph 1 of the Board Regulations, the chairperson should announce the convocation of a meeting to each director at least 12 hours before the meeting. If agreed upon by the entire Board, this convocation procedure may be omitted.

[Board meetings held]

(January 1, 2002 - May 31, 2021)

Meeting	Agenda		Approval status	Regular/a d-hoc	Meeting date	Agenda notification date	Attendees /quorum
	Category	Descriptions					
1st	Items to report	Report on the business performance of the 4th quarter of 2019	Reported	Regular	January 31, 2020	January 30, 2020	6/7
		Report on the operational status of the internal accounting management policy in 2019	Reported				
		Report on disciplinary action against executive officers in 2019	Reported				
	Items to be approved	Approval for 19th financial statements	Approved				
		Approval for 19th business report	Approved				
		Approval for exit of the glass substrate business (draft)	Approved				
		Approval for 53th public placement bond (draft)	Approved				
		Approval for changes to the role-based pay for the Representative Director (draft)	Approved				
		Approval for appointment of an advisor and a full-time consultant (draft)	Approved				
		Approval for continuation of contract for the consultant (draft)	Approved				
		Approval for appointment of an executive officer	Approved				
		Approving amendments to Board Regulations and Management Committee Regulations (drafts)	Approved				
Approval for the retirement of shares (draft)	Approved						
2nd	Items to report	Report on results of assessing the operational status of the internal accounting management system	Reported	Regular	February 25, 2020	February 24, 2020	5/7
		Report on the operational status of the compliance control system	Reported				
	Items to be approved	Approval for the convocation of a general shareholders meeting	Approved				
		Approval for the agenda items of the general shareholders meeting	Approved				
		Approval for amendments to the Personal Management Regulations for executive officers	Approved				
3rd	Items to be approved	Approval for the execution of director compensation	Approved	Regular	March 20, 2020	March 19, 2020	7/7
		Approval for the payment of a special bonus to executive officers	Approved				
		Appointment of an Outside Director Candidate Recommendation Committee member	Approved				
		Appointment of a Board Chair	Approved				
4th	Items to report	Report on the appointment of a specific-service director (draft)	Reported	Regular	April 27, 2020	April 24, 2020	7/7
		Report on the business performance of the 1st quarter of 2020	Reported				

	Items to be approved	Approval for capital increase and payment guarantee due to the construction of CWA electrode/cell lines and facility investment in automobile electrodes (draft)	Approved				
		Approval for investment in Building 2 of CMI Subsidiary's automobile electrode business (draft)	Approved				
		Approval for investment and payment guarantee due to the establishment of a joint venture in Malaysia (draft)	Approved				
		Approval for the appointment of an executive officer (draft)	Approved				
5th	Items to be approved	Approval for the sale of the LCD flat panel business (draft)	Approved	Ad-hoc	June 15, 2020	June 12, 2020	7/7

6th	Items to report	Report on the business performance of the 2nd quarter of 2020	Reported	Regular	July 30, 2020	July 29, 2020	7/7
		Report on investment in Ugimak Korea Co., Ltd.	Reported				
	Items to be approved	Approval for goods and services transactions with affiliates	Approved				
7th	Items to be approved	Approval for the split-off plan	Approved	Ad-hoc	September 17, 2020	September 16, 2020	7/7
		Approval for the convocation of an EGM, its agenda and the introduction of an electronic voting system	Approved				
		Approval for setting the baseline date and a period of time for closing the Shareholder Register	Approved				
		Approval for investment in Ugimak Korea Co., Ltd.	Approved				
8th	Items to report	Report on the business performance of the 3rd quarter of 2020	Reported	Regular	October 21, 2020	October 20, 2020	7/7
	Items to be approved	Approval for investment in the extension of cylindrical cell lines for the CNJ subsidiary	Approved				
		Approval for obtaining shares of a subsidiary other CMI Battery	Approved				
9th	Items to report	Annual report on treatment for retired executives	Reported	Regular	November 26, 2020	November 25, 2020	6/7
		Report on the progress of the sale of the LCD flat panel business	Reported				
	Items to be approved	Approval for the Business Plan for 2021	Approved				
		Approval for limits on the total amount of transactions with specially-related parties	Approved				
		Approval for self-dealing transactions with affiliates	Approved				
		Approval for goods and services transactions with affiliates	Approved				
		Approval for real estate lease contracts	Approved				
		Approval for changing the LG trademark license agreement	Approved				
		Approval for setting an annual limit on borrowings	Approved				
		Approval for an asset acquisition from LG Hausys	Approved				
		Approval for investments in extending the Cheongju Cathode Materials production lines	Approved				
Approval for the reshuffle of executive officers	Approved						
10th	Items to be approved	Approval for a public notice to replace a general meeting reporting the split-off	Approved	Ad-hoc	December 1, 2020	November 30, 2020	7/7
1st	Items to report	Report on the business performance of the 4th quarter of 2020	Reported	Regular	January 27, 2021	January 26, 2021	7/7
		Report on results of assessing the operational status of the internal accounting management system in 2020	Reported				
	Items to be approved	Approval for the 20th Financial Statements	Approved				
		Approval for the 20th Business Report	Approved				
		Approval for the appointment of an advisor	Approved				
		Approval for the appointment of Compliance Officer	Approved				
		Approval for asset transactions with affiliates	Approved				
Approval for the Industrial Safety and Health Plan	Approved						
2nd	Items to report	Report on results of assessing the operational status of the internal accounting management system	Reported	Regular	March 4, 2021	March 3, 2021	7/7
		Report on the operational status of the compliance control system	Reported				
	Items to be approved	Approval for the revised 20th Financial Statements	Approved				
		Approval for the revised 20th Business Report	Approved				

	approved	Approval for the convocation of a general shareholders meeting	Approved				
		Approval for the agenda items of the general shareholders meeting	Approved				

3th	Items to be approved	Approval for the payment of director compensation	Approved	Regular	March 25, 2021	March 24, 2021	7/7
		Approval for amendments to the Executive Officer Personnel Management Regulations	Approved				
		Approval for the payment of performance-based incentives for executive officers	Approved				
		Appointment of Outside Director Candidate Recommendation Committee members	Approved				
		Approval for changes to goods and services transactions with affiliates	Approved				
4th	Items to report	Progress report on LG Energy Solution's battery lawsuit	Reported	Ad-hoc	March 30, 2021	March 29, 2021	7/7
5th	Items to report	Report on the business performance of the 1st quarter of 2021	Reported	Regular	April 28, 2021	April 26, 2021	7/7
	Items to be approved	Approval for investment and payment guarantee for a joint venture in Korea	Approved				
		Approval for the investment in KBE Fund	Approved				
		Approval for amendments to the Board Regulations and Audit Committee Regulations	Approved				
		Approval for the establishment of the Internal Transactions Committee	Approved				
		Approval for the establishment of the ESG Committee	Approved				
		Approval for changes to compensation for outside directors	Approved				
Approval for changes to the Business Plan for 2021	Approved						

In order to enable directors to make the best decisions possible in deliberation and approval for proposed agenda items, we provide face-to-face briefings and Q&A sessions on each agenda item seven to one day before the day of the Board meeting. We also respond diligently to the directors' requests for additional data up until before the meeting date, which helps substantialize the Board's deliberation of agenda items and raising efficiency in Board operations.

The Company holds Board meetings regularly as described above, and enforces well-structured Board Operational Regulations.

(2) Recordkeeping of Board meeting minutes and activities of individual directors

(Specific Principle 7-②) The BoD should write detailed minutes for each meeting and disclose activity details including the attendance of individual directors and their votes for/against each item.

■ Recordkeeping of minutes for Board meetings

Regarding the proceedings of Board meetings, the Board Secretariat writes minutes for each meeting, in

accordance with Article 391-3, Paragraph 1 of the Commercial Act, where the agenda, gist of the progress, deliberation results, and dissenters and their reasons for dissention are entered. As for transcripts, it is our judgment that the current business process ensures Board discussions and resolutions to be recorded and preserved in detail. Hence, we do not prepare transcripts separately, and we currently have no plans to start preparing transcripts.

■ **Details of activities by director**

The Company held a total of 10 Board meetings in 2020 and a total of five Board meetings in 2021 up until the date of submitting this report. The Board of Directors has addressed a total of 80 agenda items (62 approved, 18 reported) between 2020 and date of this report. The average attendance of directors during this period is 96% in 2020 and 100% in 2021 until the date of this reporting.

[Attendance by directors]

(January 1, 2020 – December 31, 2020)

Classification	Meeting	1st	2nd	3rd	4th	5th	6th	Remarks
	Meeting date	January 31, 2020	February 25, 2020	March 20, 2020	April 27, 2020	June 15, 2020	July 30, 2020	
Non-executive	Young-soo Kwon	N/A	N/A	Present	Present	Present	Present	Appointed from the 3rd meeting onwards
Inside director	Jin-soo Park	Present	Present	N/A	N/A	N/A	N/A	Resigned before the 3rd meeting
	Hak-cheol Shin	Present	Present	Present	Present	Present	Present	
	Ho-young Jeong	Absent	Absent	N/A	N/A	N/A	N/A	Retired before the 3rd meeting
	Dong-seok Cha	N/A	N/A	Present	Present	Present	Present	Appointed from the 3rd meeting onwards
Outside director	Young-ho Ahn	Present	Present	Present	Present	Present	Present	
	Kook-heon Char	Present	Present	Present	Present	Present	Present	
	Dong-min Jeong	Present	Present	Present	Present	Present	Present	
	Mun-su Kim	Present	Absent	Present	Present	Present	Present	

Classification	Meeting	7th	8th	9th	10th	Remarks
	Meeting date	September 17, 2020	October 21, 2020	November 26, 2020	December 1, 2020	
Non-executive	Young-soo Kwon	Present	Present	Present	Present	Appointed from the 3rd meeting onwards
Inside director	Jin-soo Park	N/A	N/A	N/A	N/A	Resigned before the 3rd meeting
	Hak-cheol Shin	Present	Present	Present	Present	
	Ho-young Jeong	N/A	N/A	N/A	N/A	Retired before the 3rd meeting
	Dong-seok Cha	Present	Present	Present	Present	Appointed from the 3rd meeting onwards
Outside director	Young-ho Ahn	Present	Present	Present	Present	
	Kook-heon Char	Present	Present	Present	Present	
	Dong-min Jeong	Present	Present	Present	Present	
	Mun-su Kim	Present	Present	Absent	Present	

(January 1, 2021 – Present)

Classification	Meeting	1st	2nd	3rd	4th	5th	Remarks
	Meeting date	January 27, 2021	March 4, 2021	March 25, 2021	March 30, 2021	April 28, 2021	
Non-executive	Young-soo Kwon	Present	Present	Present	Present	Present	
Inside director	Hak-cheol Shin	Present	Present	Present	Present	Present	
	Dong-seok Cha	Present	Present	Present	Present	Present	
Outside director	Young-ho Ahn	Present	Present	Present	Present	Present	
	Kook-heon Char	Present	Present	Present	Present	Present	
	Dong-min Jeong	Present	Present	Present	Present	Present	
	Mun-su Kim	Present	Present	Present	Present	Present	

[Attendances and percentages of “for” votes of individual directors for the past three business years]

Name	Type of directors	Term of service	Attendance (%)				“For” votes (%)				
			Average of the past three years	Past three years ¹⁾			Average of past three years	Past three years			
				2020	2019	2018		2020	2019	2018	
Jin-soo Park	Inside	March 16, 2012 – March 20, 2020	100	100	100	100	100	100	100	100	100
Hak-cheol Shin	Inside	March 15, 2019.3.15 – Present	100	100	100	-	100	100	100	100	-
Ho-young Jeong	Inside	March 18, 2016 – March 20, 2020	55	0	67	100	100	-	100	100	100
Bon-jun Koo	Non-executive	March 18, 2016 – March 15, 2019	45	-	0	56	100	-	-	100	100
Se-jin Kim	Independent	March 18, 2011 – March 16, 2018	67	-	-	67	100	-	-	100	100
Young-ho Ahn	Independent	March 18, 2016 – Present	100	100	100	100	100	100	100	100	100
Kook-heon Char	Independent	March 18, 2016 – Present	93	100	89	89	100	100	100	100	100
Dong-min Jeong	Independent	March 17, 2017 – Present	100	100	100	100	100	100	100	100	100
Mun-su Kim	Independent	March 23, 2018 – Present	93	80	100	100	100	100	100	100	100

1) Among the past three years, years not included in a director’s term of office are indicated with “-”.

■ Recording minutes at an individual-director level

As part of the taking of minutes of meetings, The Company prepares minutes by documenting what has been discussed and resolved at Board meetings, but has not recorded them on a director-specific basis for the past three years. However, when directors have objections, we plan to record their objections separately for individual directors, in accordance with Article 391-3, Paragraph 2 of the Commercial Act.

8) Committees under the Board of Directors

(Key Principle 8) In order to facilitate its efficient operation, the BoD should establish committees under it and have them perform specific functions and roles.

(1) Establishment and composition of Board committees

(Specific Principle 8-①) Each committee under the BOD should have outside directors comprise the majority, whereas the Audit Committee and the Compensation (Remuneration) Committee should each be entirely composed of outside directors.

■ Status of committees under the Board

The Company has a total of three committees under its Board of Directors as of December 31, 2020: Outside Director Candidate Recommendation Committee, Audit Committee and Management Committee. On April 28, 2021, the Environmental, Social and Governance (ESG) Committee was also established, while an Internal Transaction Committee is scheduled to be set up on July 1, 2021. For more details on the status, composition and roles of each Board committee, please refer to “4)-(1)-[Details and status of the Board of Directors and Board Committees]”.

■ Percentage of outside directors in Board committees

The Company’s Outside Director Candidate Recommendation Committee has a total of three members two of whom are outside directors. The entire Audit Committee consists of outside directors. Articles 542-11 and 415-2 of the Commercial Act and our Audit Committee Regulations require outside directors to account for two thirds of the members or more, but we make up the entire Audit Committee with outside directors in order to secure independence for the members, which is stricter than required by relevant regulations.

(2) Board committee operational regulations and meetings held

(Specific Principle 8-②) All matters concerning the organization, operation and authorizations of each committee should be expressly stipulated in writing, and each committee should report its resolutions to the BoD.

■ Board committee regulations

Information on the Company's committees under the Board (Board committees), that is, Audit Committee, Outside Director Candidate Recommendation Committee and Management Committee is available under "VI. Matters concerning the Board of Directors and Other Organizations of the Company" of its Business Report. This information includes the purposes of establishing the respective committees, their respective rights and responsibilities, activities and performance evaluations during the disclosure period, and their appointment and dismissal. You can also check out the respective committee regulations in writing (Audit Committee Regulations, Outside Director Candidate Recommendation Committee Regulations and Management Committee Regulations) on our website, and they are also attached to this report under 5. Other Important Matters.

- ◆ LG Chem Management Committee Regulations:
<https://www.lgchem.com/company/investment-information/management-information/board-of-directors>
- ◆ LG Chem Audit Committee Regulations and Outside Director Candidate Recommendation Committee Regulations: <https://www.lgchem.com/company/investment-information/management-information/committee>

■ Reporting Committee resolutions to the BoD

In accordance with Article 393-2, Paragraph 4 of the Commercial Act, Article 12 of the Audit Committee Regulations, and Article 13 of the Management Committee Regulations, all committee resolutions are reported to the directors.

■ Meetings held by each committee and attendances of individual directors

The following tables show meetings held by each committee from January 1, 2020 until the present. For details on Audit Committee meetings, please refer to "9)-(2)- [Audit Committee meetings, attendance details and attendance rates]".

[Board committee meetings]

(A) Outside Director Candidate Recommendation Committee

(i) Meetings held during the period

(January 1, 2020 - May 31, 2021)

Meeting	Meeting date	Attendees /quorum	Agenda		Approved/rejected
			Category	Description	
1st	February 25, 2020	3/3	Items to be approved	Nomination of an outside director candidate (draft)	Approved
1st	March 4, 2021	3/3	Items to be approved	Nomination of an outside director candidate (draft)	Approved

[Attendances of individual directors for the past three business years]

Type of director	Name	Attendance (%)			
		Average of past three years	Past three years ¹⁾		
			2020	2019	2018
Independent	Young-ho Ahn	100	100	-	100
Independent	Kook-heon Char	100	100	-	100
Independent	Dong-min Jeong	100	-	100	-
Independent	Mun-su Kim	100	-	100	-
Independent	Bon-jun Koo	100	-	-	100
Independent	Jin-soo Park	100	100	100	-

1) In the category "the past three years," years not included in a director's term of office are indicated with "-".

2) The Outside Director Candidate Recommendation Committee had been an ad-hoc organization up until February 2019. As such, it was organized with members selected whenever necessary, and was established as a standing organization in March 2019. As of the date of this report, it is made up with Chairman Young-soo Kwon and two members, Dong-min Jeong and Mun-su Kim.

(B) Management Committee**(i) Meetings held**

(January 1, 2020 - May 31, 2021)

Meeting	Date held	Attendees /quorum	Agenda		Approved/rejected
			Category	Description	
1st	January 25, 2021	2/2	To be approved	Issuance of LG Chem Ltd.'s non-secured bonds (No. 54-1, No. 54-2, No. 54-3, No. 54-4, and No. 54-5)	Approved
2nd	May 6, 2021	2/2	To be approved	Issuance of LG Chem Ltd.'s non-secured bonds (No. 55-1 and No. 55-2)	Approved

(ii) Attendances of individual directors for the past three business years

Type of directors	Name	Attendance (%)			
		Average of past three years	Past three years ¹⁾		
			2020	2019	2018
Inside	Jin-soo Park	100	-	100	100
Inside	Hak-cheol Shin	100	(Not held)	100	-
Inside	Dong-seok Cha		(Not held)	-	-
Inside	Ho-young Jeong	100	-	100	100

1) In the category “the past three years,” years not included in a director’s term of office are indicated with “-”.

2) The Management Committee was established on July 18, 2017; there were no activities performed by the Management Committee in 2020. As of the date of this report, it is made up with insider directors Hak-cheol Shin and Dong-seok Cha.

3) In the case of inside director Dong-seok Cha, he was appointed as a member of the Management Committee in 2020 when there were no Management Committee activities. He attended both the Management Committee meetings held in 2021.

4. Audit Bodies

9) Internal Audit Bodies

(Key Principle 9) Internal audit bodies, such as the Audit Committee and auditors, should perform audit activities faithfully from a position independent from the management and controlling shareholder. The main activities of internal audit bodies should be publicly disclosed.

(1) Composition and operation of internal audit bodies

(Specific Principle 9-①) Internal audit bodies, such as the Audit Committee and auditors, should have independence and expertise.

■ Composition and appointment status of internal audit bodies, such as Audit Committee and auditors

Pursuant to 415-2 and 542-11 of the Commercial Act and Article 4 of the Audit Committee Regulations, the Audit Committee should be composed of three directors or more two thirds of whom should be outside directors and at least one should be an expert in accounting or finance. As of the submission of this report, the Company’s Audit Committee consists entirely of outside directors and includes accounting and legal experts, who present independent opinions regarding the Management’s reasonable business judgments.

[Composition of the internal audit body]

(As of: May 31, 2021)

Composition			Auditing career experiences and qualifications	Remarks
Position	Type	Name		
Chair	Outside director	Young-ho Ahn	<ul style="list-style-type: none"> - Graduated from Korea University, major in economics - International Economic Law (Master's Degree), Yokohama National University, Japan - Former Director General for Planning and Coordination of the Fair Trade Commission - Former Commissioner of the Fair Trade Commission (Grade 1) (2012 – January 2014) - Former outside director/Audit Committee member, Shinsegae (March 2017 – March 2021) - Advisor to Kim & Chang Law Firm (February 2016 – Present) 	-
Member	Outside director	Dong-min Jeong	<ul style="list-style-type: none"> - Graduated from Korea University, major in law - Former Chief Prosecutor, Daejeon District Prosecutors' Office - Former Chief Prosecutor, Seoul Western District Prosecutors' Office (July 2012 – April 2013) - Former Commissioner of Korea Immigration Service under the Ministry of Justice (April 2013 – December 2013) - Partner lawyer for Barun Law LLC (February 2014 - Present) 	-
Member	Outside director	Mun-su Kim	<ul style="list-style-type: none"> - Graduated from Korea University, major in economics - Economics (Master's Degree), American University, USA - Taxation (Ph.D.), University of Seoul - Former Vice Commissioner of National Tax Service (November 2010 – June 2012) - Former Auditor of HanExpress Co., Ltd. (March 2015 – March 2018) - Former outside director/Audit Committee Chairman of Shinsegae International Inc. (March 2015 – March 2019) - Currently, outside director/Audit Committee Chairman Hanjin Transportation Co., Ltd. (March 2019 – Present) - Former adjunct professor, Graduate School of Science in Taxation - Non-Standing Judge, Tax Tribunal 	Accounting and finance expert

■ **Policy for ensuring independence and expertise of internal audit bodies**

In order to ensure independence and expertise for the Audit Committee, the Company nominates outside directors from a pool of candidates validated by the Outside director Candidate Recommendation Committee. Furthermore, to prevent the Outside Director Candidate Recommendation Committee from getting involved directly in management or to prevent an outside director whose term is approaching expiration from having him/herself nominated, we have institutional mechanisms in place that virtually exclude such directors from the composition of the Outside Director Candidate Recommendation Committee. We implement the appointment process by applying these institutional systems to have Audit Committee members selected from outside directors equipped with independence and expertise. This enables Audit Committee member to perform their natural roles as auditors for the Company’s business processes and accounting practices. Also, the Company validates eligibility requirements rigorously taking into consideration the composition of the Audit Committee and the roles of its individual members at the time of the appointment process, so that the most optimal in terms of independence and expertise can be selected.

■ **Operation of the Audit Committee**

The Audit Committee audits accounting and other major business management activities, assesses the operational status of the internal accounting management system, and supervises directors and the Management for the performance of their duties to ensure that they make reasonable management decisions. The Company strives to secure independence for the Audit Committee through communication with external auditors every quarter, without the Management present. To help the Audit Committee maintain objectivity from an independent position from the BoD, Management and other business execution bodies when performing their duties as auditors, the Company enforces the Audit Committee Regulations, which are available on its website.

- ♦ LG Chem Audit Committee Regulations:

<https://www.lgchem.com/company/investment-information/management-information/committee>

The specific roles of Audit Committee members are defined as follows, under Article 11 of the Audit Committee Regulations.

Classification	Items submitted
Matters concerning general shareholders meetings	<ul style="list-style-type: none"> · Call to convene an extraordinary general meeting of shareholders · Statements on proposed agenda items for a general shareholders meeting and related documents

Matters concerning the BoD and directors	<ul style="list-style-type: none"> · Obligation of reporting to the Board of Directors · Prepare and submit an Audit Report · Injunction against an unlawful act committed by a director · Request a director to provide a business report · Matters delegated by the Board of Directors · Call to convene a Board meeting
Matters concerning audits	<ul style="list-style-type: none"> · Investigate business assets · Investigate subsidiaries · Receive reports from directors · Represent the Company in a lawsuit between a director and the Company · Decision on the filing of a lawsuit upon receiving a request by minority shareholders against a director · Reviews for the purpose of selecting an auditor · Request to select, change or dismiss an auditor · Receive reports from auditors on any misconduct or material facts that violate relevant laws and regulations or the Articles of Incorporation · Receive reports from auditors on any violations of accounting treatment standards and rules by the Company · Evaluate audit plans and results as well as auditors' audit activities and check corrective action taken based on audit results · Review justification of changes in material accounting treatment standards or accounting estimates · Enact or amend internal accounting management regulations · Assess the operational status of the internal accounting management system · Assess the operational status of the internal monitoring system · Consent to the appointment/dismissal and evaluation of the head of a supporting department for the Audit Committee
Others	<ul style="list-style-type: none"> · Other matters prescribed in the laws or the Articles of Incorporation or matters delegated by the BoD as well as matters required to address these matters · Other important matters that the CEO or Representative Director considers necessary to report to the Audit Committee

■ **Availability of education required for the Audit Committee to perform its duties**

The Company holds an Audit Committee workshop, once a year, to brief the members on the contents of applicable laws and their amendments, including the Act on External Audit of Stock Companies as well as to train them in such matters as ways of strengthening internal control, external auditors' activities, and plans for running the Audit Committee. Through these educational programs, the Company emphasizes the roles and responsibilities of Audit Committee members and supports the members to fulfill them.

Date/duration	Education provided by	Audit Committee member who attended	Key contents
January 25, 2019 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Progress of the year-end audit for 2018 and requirements for communication with governing bodies in the Auditing Standards Guide

February 20, 2019 / 1 hour	Persons in charge of financial accounting, person in charge of Jeong-Do Management	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Report on internal accounting management processes and best operational practices Report on a support plan to back up strengthening roles of the Audit Committee
April 18, 2019 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Explanation of the financial statements for the first quarter of 2019
July 19, 2019 / 4 hours	Samil PwC, LG Chem's finance-related departments including Accounting Management Team and Consolidated Accounting Team	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Explanation of the financial statements for the second quarter of 2019 as well as presenting and discussions on the roles of the Audit Committee to improve transparency in accounting and the status of the operation of the Company's internal control system, external auditing and supervision
October 17, 2019 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Explanation of the financial statements for the third quarter of 2019 as well as reporting requirements for communication with governing bodies in the Auditing Standards Guide
January 23, 2020 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Progress of the year-end audit for 2019 and requirements for communication with governing bodies in the Auditing Standards Guide
February 21, 2020 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Progress of the year-end audit for 2019 and requirements for communication with governing bodies in the Auditing Standards Guide
April 27, 2020 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Explanation of the financial statements for the first quarter of 2020
Jun3 25, 2020 / 4 hours	Samil PwC, LG Chem's finance-related departments including Accounting Management Team and Consolidated Accounting Team	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Understanding of internal control activities, trends of Audit Committee operations and changes in related systems, operations of the internal accounting management system, and auditors' and investors' feedback
July 24, 2020 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Explanation of the financial statements for the second quarter of 2020
October 14, 2020 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Explanation of the financial statements for the third quarter of 2020
January 22, 2021 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Progress of the year-end audit for 2020 and requirements for communication with governing bodies in the Auditing Standards Guide

April 28, 2021 / 1 hour	Samil PwC	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Explanation of the financial statements for the first quarter of 2021
May 14, 2021/4 hours	Samil PwC, LG Chem's finance-related departments including Accounting Management Team	Chair Young-ho Ahn, Member Dong-min Jeong, Member Mun-su Kim	Key considerations for the Audit Committee for 2021, ESG trends, and progress of LG Chem's sustainability activities

As for future plans, we expect to hold workshops, before the end of this year, for external auditor training and risk improvement activities, internal control activities and Audit Committee supporting organizations' activities in keeping with the changing external environment.

■ Matters concerning investigation into fraudulent acts of Management

Pursuant to Article 19-2 of the Audit Committee Regulations, if the Audit Committee gets notified by an external auditor of a violation of the Company's accounting treatment standards, it can appoint external auditors to investigate the issue at the Company's expense. It receives reports on investigation results and requests the CEO for corrective actions. In order to audit our company's accounts and business, the Audit Committee can, at any time, make a request to the board directors for a business report, or can investigate the status of our company's business and assets. Moreover, the Audit Committee has the right to request relevant executives, employees and external auditors to attend its meetings and make statements or provide necessary information. The Audit Committee can also seek advice from experts at the Company's expense according to Article 13 of the Audit Committee Regulations, if deemed necessary to fulfill its duties.

■ Establishment of organizations to support internal audit bodies

As of December 31, 2020, the Company runs a support organization for internal audit bodies called Accounting Audit Part under the *Jeong-do* Management Officer (a total of two members equipped with hands-on career experience in accounting and audit) to support the Audit Committee in their efforts to fulfill its roles and responsibilities assigned by relevant laws and regulations, including the evaluation of the operational status of the internal accounting management system and the internal supervisory monitoring system. Although this support organization is assured of independence as it reports directly to the Audit Committee, it is under the CEO in terms of organizational structure, and the Audit Committee does not have control over personnel and budgetary matters. Hence, the Board amended the Audit Committee Regulations by a resolution at its 5th Board Meeting on April 28, 2021 to reinforce independence of the Audit Committee as part of internal efforts to improve the governance structure. The amendments to the Audit Committee Regulations award the Audit Committee the right to consent to the appointment and evaluation of the heads of Audit Committee support organizations. To strengthen the Audit Committee's rights and independence further, a proposal to create another support organization (to be staffed by four persons including the team lead) for the Audit Committee was approved at the 4th Audit Committee Meeting on May 11, 2021. Hence, it has been decided to run the organization starting in the first half of 2021, as follows. Also, the evaluation of the operations of the internal accounting management system will be commissioned to external experts and reported directly to the Audit Committee.

Department (Team)	Number of persons	Major tasks
Audit Support Team	4 (planned)	<ol style="list-style-type: none"> 1. Support the assessment of the operational status of the internal accounting management system 2. Support the assessment of the operational status of the internal supervisory monitoring system 3. Support reviews of the Audit Report 4. Support the selection and evaluation of auditors 5. Send a convocation notice of an Audit Committee meeting, document agenda items submitted to the Audit Committee, write minutes, and take follow-up action on the agenda items submitted 6. Other tasks assigned by the Committee

■ **Audit Committee’s access to management information**

In accordance with Article 3 of the Audit Committee Regulations, the Audit Committee can request directors, at any time, if deemed necessary to carry out its duties, to provide a report about the Company's business operations, or can investigate the status of the Company's business or assets.

■ **Compensation policy for Audit Committee members**

The Audit Committee of the Company consists entirely of outside directors, and we pay the same amount of compensation to outside directors. Therefore, there is no difference in compensation between outside directors who are Audit Committee members and who are not. As a way of securing independence in fulfilling roles and responsibilities as Audit Committee members and ensuring their faithful performance of duties, the Company created a support organization and institutional mechanisms, rather than differentiating compensation levels, which allow Audit Committee members to perform their duties professionally in ways that fit their roles and responsibilities.

As stated above, the Company has secured independence and expertise in its internal audit organizations to a sufficient level, and meets all the requirements prescribed in applicable laws and regulations.

(2) Audit Committee activities

(Specific Principle 9-②) Internal audit bodies, such as the Audit Committee and auditors, should perform auditing tasks faithfully by holding regular meetings, etc. and should disclose their activities transparently.

■ **Audit Committee’s audit activities**

The Audit Committee held a total of five committee meetings in 2020, while holding a total of four meetings in 2021 up until the day of this reporting. The Audit Committee has handled a total of 30 agenda items (seven approved, 23 reported) between 2020 and 2021.

Audit Committee Chairman Young-ho Ahn (from April 2018 until the day of submitting disclosure documents), whose career experience includes serving as Director General for Planning and Coordination and Standing

Commissioner of the Fair Trade Commission, has reviewed Audit Committee's roles, Compliance Officer's activities and details of reports on extraordinary incidents and provided diverse feedback and opinions based on his extensive experience and knowledge across the whole spectrum of the Fair Trade Act.

Audit Committee member Dong-min Jeong has made diverse contributions to the operation of the Audit Committee as a legal expert who served as a prosecutor for 26 years and is currently a lawyer for Barun Law LLC. He has reviewed the Company's major internal regulations, including the Board Regulations and Audit Committee Regulations, for completeness, presented opinions on how they could be improved, and expressed his legal views on extraordinary incidents.

Audit Committee member Mun-su Kim has reviewed quarterly financial statements and external auditors' audit status reports for appropriateness. He is a former Vice Commissioner of National Tax Service, and as such, he has contributed to enabling the Audit Committee to play its role as an internal audit body appropriately, capitalizing his rich experience and expertise in financial management and accounting practices.

More details of the internal audit bodies' audit activities are provided in the following tables below, under [Audit Committee meetings, attendance details and attendance rates].

■ **History of appointing external auditors and assessment of the operational status of internal accounting management system**

Pursuant to Article 10 (Appointment of an Auditor) of the Act on the External Audit of Stock Companies, which was amended in November 2018, we enacted Audit Committee bylaws to allow the Audit Committee to select external auditors. These revised provisions have been applied to the process of appointing external auditors for three business years since 2020.

The Audit Committee approved Samil PwC as an external auditor for three consecutive business years from 2020 at the 6th Audit Committee Meeting on October 29, 2019.

Based on operational status reports on the internal accounting management system submitted to the Audit Committee by the Company's Representative Director and the Internal Accounting Manager, the Audit Committee assessed the effectiveness of the design and operation of the Company's internal accounting management system in terms of its roles in preventing and identifying errors or fraudulent acts that may distort financial statements, in order to ensure the preparation and disclosure of reliable financial statements. The Audit Committee concluded that, as of December 31, 2020, the Company's internal accounting management system is designed and operating effectively, from the perspective of materiality, judging from the "conceptual framework for the design and operation of internal accounting management system".

You can find more details about evaluation reports and resolutions regarding the operational status of the internal accounting management system in the tables below under [Audit Committee meetings, attendance details and attendance rates].

[Audit Committee meetings, attendance details and attendance rates]

(January 1, 2020 - May 31, 2021)

(i) Audit Committee meetings held during the period

Year	Meeting	Date held	Attendees /quorum	Agenda		Approved /rejected
				Category	Description	
2020	1st	January 31	3/3	Items to report	Report on the 19th Financial Statements	Reported
					Report on the 19th Business Report	Reported
					Progress report on audit by the external auditor	Reported
					Reporting the operational status of the internal accounting management system in 2019	Reported
					Report on management diagnosis for the second half of 2019	Reported
	2nd	February 25	2/3	Items to be approved	Approval of the Auditor's Report on the 19th Financial Statements and Business Report	Approved
					Approval of the Assessment Report on the Operational Status of the Internal Accounting Management System	Approved
					Approval of the Audit Committee's Review Opinions on the Internal Monitoring System	Approved
					Items to report	Progress report on the external auditor's year-end audit for 2019
	3th	April 27	3/3	Items to report	Progress report on the external auditor review	Reported
					Report on the Financial Statements for 1Q 2020	Reported
	4th	July 30	3/3	Items to report	Progress report on the external auditor review	Reported
					Report on the Financial Statements for the first half of 2020	Reported
					Report on management diagnosis for the first half of 2020	Reported
	5th	October 21	3/3	Items to report	Progress report on the external auditor review	Reported
Report on the Financial Statements for 3Q 2020					Reported	
2021	1st	January 27	3/3	Items to report	Progress report on the external auditor review	Reported
					Report on the 20th Financial Statements	Reported
					Report on the 20th Business Report	Reported
					Report on the operational status of the internal accounting management system in 2020	Reported
					Report on management diagnosis for the second half of 2020	Reported
	2nd	March 4	3/3	Items to be approved	Approval of the Assessment Report on the Operational Status of the Internal Accounting Management System	Approved
					Approval of the Audit Committee's Review Opinions on the Internal Monitoring System	Approved
					Approval of the Auditor's Report on the 20th Financial Statements and Business Report	Approved

				Items to report	Report on changes to the 20th Financial Statements	Reported
					Report on changes to the 19th Business Report	Reported
					Progress report on the external auditor's year-end audit for 2020	Reported
	3th	April 28	3/3	Items to report	Progress report on the review by the external auditor	Reported
					Report on the Financial Statements for the first quarter of 2021	Reported
	4th	May 11	3/3	Items to be approved	Approval of the appointment of the Head of the Audit Committee Support Department	Approved

(ii) Details of attendance in Audit Committee meetings by director

Classification	Year	2020					2021				Remarks
	Meeting	1st	2nd	3rd	4th	5th	1st	2nd	3rd	4th	
	Date held	January 31	February 25	April 27	July 30	October 21	January 27	March 4	April 28	May 11	
Independent	Young-ho Ahn	Present	Present	Present	Present	Present	Present	Present	Present	Present	
	Dong-min Jeong	Present	Present	Present	Present	Present	Present	Present	Present	Present	
	Mun-su Kim	Present	Absent	Present	Present	Present	Present	Present	Present	Present	

(iii) Attendance in Audit Committee meetings for the past three years, by director

Classification	Name	Attendance (%)			
		Average of past three years	Past three years ¹⁾		
			2020	2019	2018
Independent	Se-jin Kim	100	-	-	100
Independent	Young-ho Ahn	100	100	100	100
Independent	Dong-min Jeong	100	100	100	100
Independent	Mun-su Kim	93	80	100	100

1) Among the past three years, years not included in a director's term of office are indicated with "-".

■ Audit Committee Regulations, meeting minutes, and reporting procedures for General Shareholders Meeting

The Audit Committee Regulations are in place as an institutional basis for the Audit Committee to discuss matters concerning the Company's business and audit whenever necessary. Pursuant to Article 14, the Company not only prepares, preserves and manages meeting minutes but also institutionalized its internal process and procedures to report matters concerning results of assessing the operational status of the internal accounting management system to the Board prior to the Annual General Meeting of Shareholders, so that the matters can be reported appropriately to the AGM. We also attend general shareholders meetings to report accounting and audit results.

As written above, the Company's internal audit body (Audit Committee) performs its audit duties faithfully.

10) External Auditors

(Key Principle 10) An external auditor should perform audits fairly from a position that is independent of the company being audited, its management, and controlling shareholder to ensure that the company's accounting information is regarded as trustworthy by shareholders and other users.

(1) Appointment and operation of external auditors

(Specific Principle 10-①) The internal audit body of a corporation should establish and enforce policies for securing independence and expertise when appointing an external auditor.

■ External auditor appointment standards and procedures that assure independence and expertise

The Audit Committee enacted Audit Committee bylaws on auditor selection criteria and procedures to ensure that an external auditor equipped with independence and expertise can be selected, in consideration of the capabilities of external auditors, the capabilities of their audit teams, the appropriateness of audit execution procedures, and audit service fees.

For the purpose of maintaining independence as an external auditor, non-auditing tasks that an external auditor may perform for the Company are restricted to those that have received prior consent or consultation from the Audit Committee as they are considered not to undermine the independence of the external auditor. The Audit Committee looks comprehensively into compliance of such tasks with Article 21 (Duty Restrictions) of the Certified Public Accountant Act and Article 14 (Duty Restrictions) of the Enforcement Decree of the same Act and potential damage to independence as well as the need for a contract and the appropriateness of the contract amount.

■ Meetings for appointing an external auditor

The Audit Committee approved Samil PwC as an external auditor for three consecutive business years from 2020 at the 6th Audit Committee Meeting on October 29, 2019.

■ Evaluation of an external auditor on the faithful implementation of an audit plan

The external auditor pre-discussed its audit schedules and requested data and documents with the Company to ensure that the audit process would go appropriately and performed an audit faithfully according to the discussed plan. There was

no request for unnecessary information in the course of the audit, and the Company's director in charge of external audit participated actively to make sure that the audit process would go smoothly. When the external auditor submits an Audit Report, we check if all the items agreed in writing (audit service fee, duration, and resources required for the audit) have been complied with.

■ **Non-audit services provided by any of the external auditor's subsidiaries**

As of the date of submitting this report, the Company has not received any non-audit services, including management consulting, through any of the external auditor's subsidiaries. However, the Company has an agreement with the current external auditor on certain non-audit services such as the filing of corporate tax returns on its behalf. Particulars of such services are stated in detail under "V. Auditor's Opinions, etc." in our Quarterly Business Reports, which are disclosed in the DART system.

As written above, we enforce policies designed to secure independence and expertise when selecting an external auditor.

(2) Communication between internal audit bodies and external auditors

(Specific Principle 10-②) Internal audit bodies of a corporation should communicate periodically with its external auditors at every step of the external audit and audit reporting process.

■ **Meetings and discussions between Audit Committee and External Auditor without Management present**

The Audit Committee receives results of reviewing the Company's important accounting standards as well as results of the audit and review of financial statements for every quarter, half-year and year-end from the external auditor, in order to identify any critical violations by the Management in the course of executing their duties or any other violations of relevant laws or the Articles of Incorporation. They also exchange opinions on key points of the report. The external auditor reported results of accounting audits and reviews on the financial statements for the two consecutive business years from 2019 and for the first quart of 2021 at the Audit Committee meetings held for two consecutive business years from 2020. Main contents of the reports at each meeting are as follows:

<2020>

Date	Audit Committee Meeting	Reported to	Agenda	Reported by
January 31, 2020	1st	Audit Committee	1. Progress report on the audit by the external auditor (results of the accounting audit for the 2019 Financial Statements)	Samil PwC
April 27, 2020	3rd	Audit Committee	1. Progress report on the review by the external auditor (results of the accounting review for the 1Q 2020 Financial Statements)	Samil PwC
July 30, 2020	4th	Audit Committee	1. Progress report on the review by the external auditor (results of the accounting review for the Financial Statements for the first half of 2020)	Samil PwC
October 21, 2020	5th	Audit Committee	1. Progress report on the review by the external auditor (results of the accounting review for the 3Q 2020 Financial Statements)	Samil PwC

<2021>

Date	Audit Committee Meeting	Reported to	Agenda	Reported by
January 27, 2021	1st	Audit Committee	1. Progress report on the audit by the external auditor (results of the accounting audit for the 2020 Financial Statements)	Samil PwC
April 28, 2021	3rd	Audit Committee	1. Progress report on the review by the external auditor (results of the accounting review for the 1Q 2021 Financial Statements)	Samil PwC

■ Procedures for notifying internal audit bodies of key findings by the external auditor

If notified of violations of the Company's accounting treatment standards, which were found by the external auditor in the course of an external audit, the Audit Committee should appoint external experts to investigate the facts of violation at the Company's expense and, depending on results, should demand the CEO (Representative Director) for corrective action. Results of investigation and corrective action should be submitted immediately to the Securities and Futures Commission and external auditor. The Audit Committee should also notify the external auditor of fraudulent acts committed by a director in the course of performing his/her duties or any material facts that violate relevant laws or the Articles of Incorporation.

■ Submitting pre-audit financial statements and pre-audit consolidated financial statements to the external auditor six weeks and four weeks, respectively, before the AGM

The Company submitted pre-audit separate financial statements and pre-audit consolidated financial statements to the external auditor, Samil PwC, on January 25, 2021, six weeks before the AGM and February 10, 2021, four weeks before the AGM, respectively. The Annual General Meeting of Shareholders (AGM) was held on January 25, 2021.

As written above, there is periodic communication between Audit Committee and external auditor.

5. Other Matters of Importance

The Company makes every effort to fulfill its corporate social responsibilities by responding actively to the demands of internal and external stakeholders including shareholders, customers and the community. To this end, we publish a Sustainability Report every year, which covers such topics as corporate governance, corporate ethics, and safety and environment. This report is available on our website.

- ◆ LG Chem's Sustainability Reports: <https://www.lgchem.com/sustainability/sustainability-reports>

In addition to this, we share our business philosophies of "creating value for customers" and "respecting human dignity" in accordance with the LG Code of Ethics and promotes self-regulated management based on autonomy and responsibility according to the spirit of its Management Charter. We also aim to continue

our development into a world-class company on a permanent basis by respecting the free market system that pursues free and fair competition as well as by seeking growth for all stakeholders based on mutual trust and cooperation. The LG Code of Ethics in particular stipulates our responsibilities toward the country and society-at-large. As such, we seek to protect the interests of shareholders and contribute to the nation's prosperity and the growth of society by growing into a more robust company through reasonable business development and expansion.

- ♦ LG Code of Ethics: <https://www.lgchem.com/company/company-information/lgway/degreemanagement>

It should be noted that the Company has not been subjected to official restrictions or involved in a lawsuit concerning corporate governance for the past three years. The Company's regulations relevant to this report are attached as follows:

Classification	Key Index	Compliance		Explanations about the tick marks under Compliance
		O	X	
Shareholders	① Publish a convocation notice four weeks before the General Meeting of Shareholders.*		√	The convocation notice was made on March 4, 2021 (21 days before the AGM) due to the COVID-19 pandemic and changes in the financial statements - See Specific Principle 1-① (p. 6) for more details.
	② Electronic voting system*	√		Electronic voting has been used since the EGM of 2020. - See Specific Principle 1-② (p. 9) for more details.
	③ Hold a general shareholders meeting on a date other than major AGM dates when the majority of companies hold their general shareholders meetings*	√		20th AGM held on March 25, 2021 (major AGM dates in 2021 were March 26, 30 and 31) - See Specific Principle 1-② (p. 9) for more details.
	④ Notify shareholders of dividend policy and dividend payout plan at least once a year **	√		Information provided in various ways, including the website, performance presentations, and public disclosure - Complying with the requirements, as described under Specific Principle 1-④ (pp. 13-14)
Board of Directors	⑤ CEO succession policy (including a policy of acting CEO in an emergency)	√		The Company has a CEO succession policy and a dedicated department. - See Specific Principle 3-② (pp. 29-30) for more details.
	⑥ Internal control policy	√		Enforcing internal control policy regulations and systems in the field of risk management, compliance and internal accounting management - Complying with the requirements, as described under Specific Principle 3-③ (pp. 30-31)
	⑦ Segregation of Board Chairman and CEO (Representative Director)	√		Board Chairman and Representative Director are two different persons - Complying with the requirements, as described under Specific Principle 4-① (p. 36)
	⑧ Adoption of the cumulative voting system		√	Excluded according to the Articles of Incorporation - See Specific Principle 4-③ (p. 40) for more details.
	⑨ Availability of policy to prevent persons responsible for undermining corporate value or infringing upon shareholder rights from being appointed as executives	√		Multiple internal validation process and regulations are in place. - Complying with the requirements, as described under Specific Principle 4-④ (p. 46)
	⑩ There is no outside director who has been in service exceeding six years	√		No outside director exceeding six years in service - Complying with the requirements, as described under Specific Principle 5-① (p. 48)
Audit bodies	⑪ Training for internal audit bodies at least once a year **	√		Provided five times in 2019, six in 2020, three in 2021 - Complying with the requirements, as described under Specific Principle 9-① (pp. 67-69)
	⑫ Creation of an independent internal audit department (internal audit support organization)	√		An independent internal audit department was set up and running now. - See Specific Principle 9-① (pp. 69-70) for more details.
	⑬ Existence of an accounting or finance expert in internal audit bodies	√		1 person (outside director Mun-su Kim) - Complying with the requirements, as described under Specific Principle 9-① (p. 65)

	⑭	Holding a meeting between internal audit body and external auditor without the Management present at least once a year**	√	Held once a quarter or more often - Complying with the requirements, as described under Specific Principle 10-② (pp. 75-76)
	⑮	Availability of procedures that provide internal audit bodies access to critical management information	√	Provisions (Articles 3 and 13) were added to the Audit Committee Regulations - Complying with the requirements, as described under Specific Principle 9-① (p. 70)

○ The Data As-of date for this table is the date of submitting this report.

However, items indicated with the * mark are as of the date of the Annual General Meeting of Shareholders immediately before the date of submission of this report.

Items marked with ** indicate whether or not the requirements were complied with within the public disclosure period or not.