

SUPPLY CHAIN STRATEGY &
KEY ACTIVITIES

CERTIFICATION
IMPLEMENTATION &
EXTERNAL VERIFICATION

RESPONSIBLE MINERALS REPORT

SUPPLY CHAIN STRATEGY & KEY ACTIVITIES

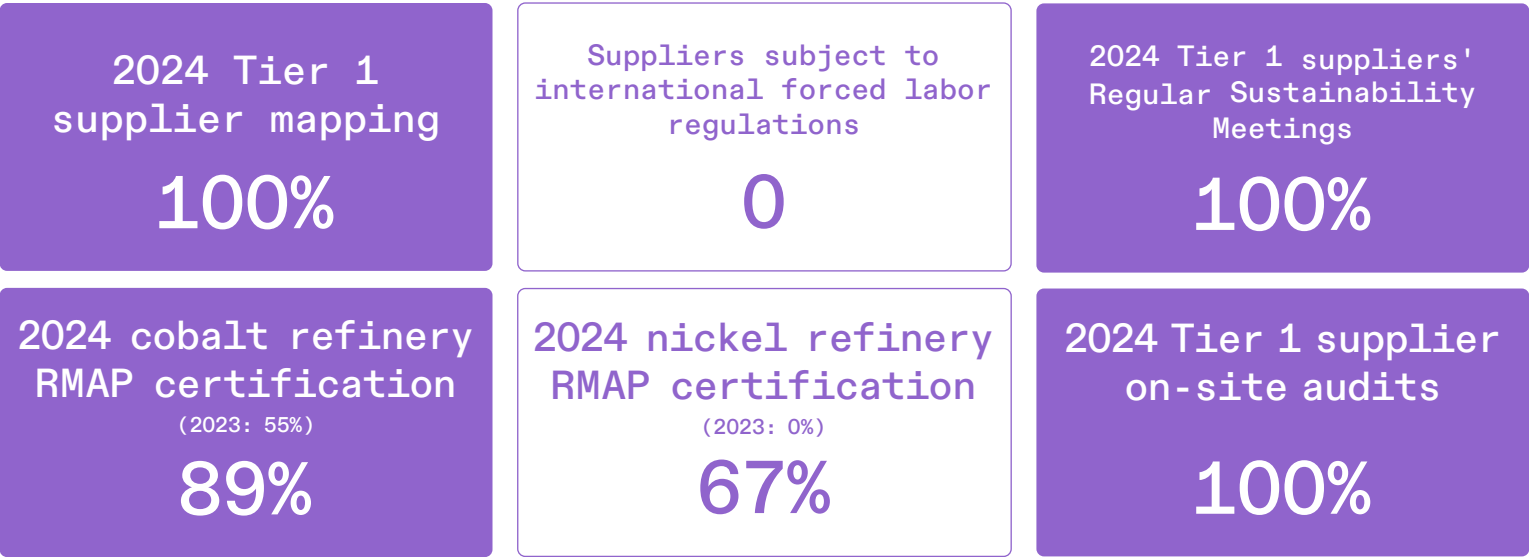
CERTIFICATION IMPLEMENTATION & EXTERNAL VERIFICATION

IMPORTANCE AND NECESSITY OF SUPPLY CHAIN MANAGEMENT

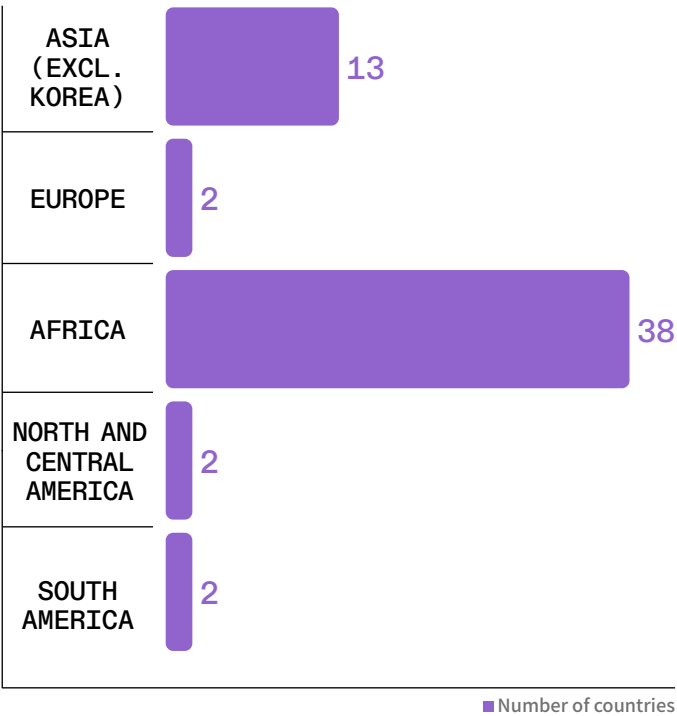
With rapidly strengthening global regulations, including EU battery regulations and European and US forced labor prevention regulations, corporate supply chain due diligence is transforming from an ethical task to a legal obligation. Amid these changes, the level of requirements from the international community, including customers and NGOs, is also rising. LG Chem actively responds to this and aims to lead responsible mineral procurement and systematic supply chain management.

LG Chem aims to meet legal requirements while contributing to the creation of an industrial ecosystem for a sustainable future. To this end, LG Chem is actively introducing a 5-step framework based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-risk Areas, and is proactively conducting risk management and due diligence activities. Beyond establishing transparent supply chains, LG Chem continues to implement practices to proactively lead the formation of sustainable industrial ecosystems.

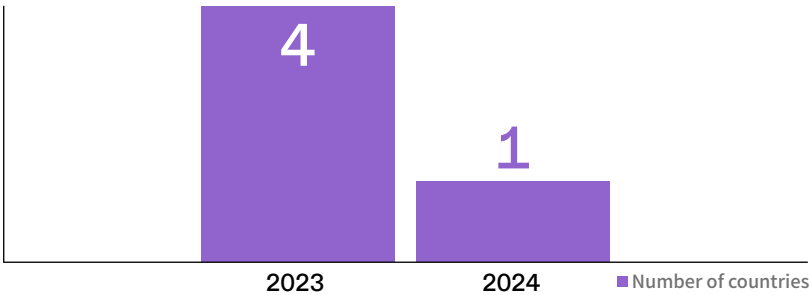
GOALS AND PERFORMANCE



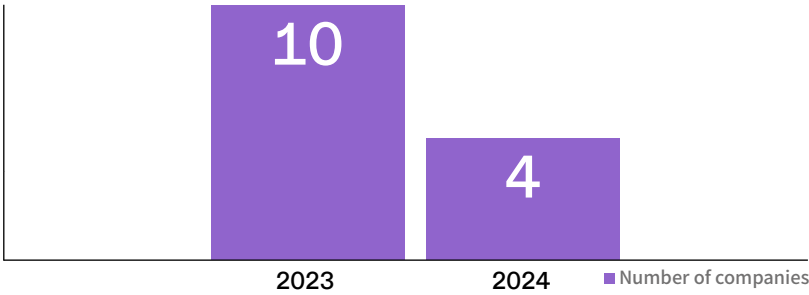
Total 57 countries identified as CAHRA in 2024



Countries with CAHRA in supply chain



Companies identified as high-risk due to CAHRA location in supply chain



SUPPLY CHAIN STRATEGY & KEY ACTIVITIES

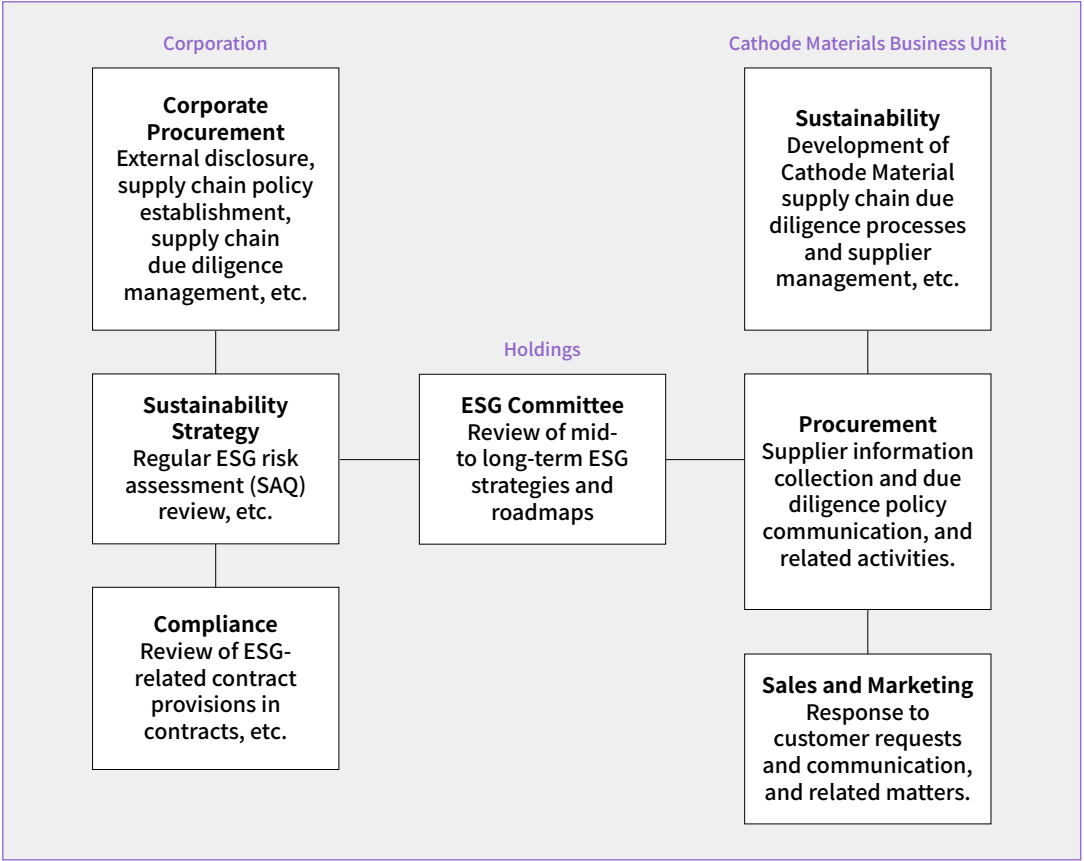
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SUPPLY CHAIN STRATEGY & KEY ACTIVITIES

The main raw materials used in LG Chem’s production of battery materials (Cathode Materials) include cobalt, nickel, and lithium, which are designated and managed as key minerals of concern. With the EU Battery Regulation that took effect in August 2023 calling for the designation of cobalt, nickel, lithium, and natural graphite as minerals subject to mandatory supply chain due diligence, LG Chem is focusing more on building stable supply chains for these minerals and compliance through due diligence.

INTERNAL SYSTEM DEVELOPMENT

Organizational Structure
LG Chem is building systematic governance through inter-departmental cooperation for responsible mineral procurement and supply chain risk management. In particular, to strengthen the sustainability of the Cathode Material supply chain, LG Chem has assigned a key role to the Cathode Materials Business Unit of the Advanced Materials Business Division and is establishing and implementing various due diligence tools and processes. LG Chem is also expanding and deploying supply chain due diligence through communication with suppliers.



Based on the governance system established as above, each department of LG Chem performs clear roles and cooperates organically for sustainable supply chain management.

SUPPLY CHAIN STRATEGY & KEY ACTIVITIES

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Responsible Sourcing Policy

LG Chem strives to prevent and resolve various issues that may arise in the supply chain, including human rights, labor, environment, safety and health, and ethics. The company actively responds to human rights violations and environmental destruction issues that may arise during mineral mining processes. To this end, LG Chem complies with the due diligence guidelines for responsible business conduct and due diligence guidelines for responsible supply chains of minerals from conflict areas presented by the OECD, and applies consistent due diligence policies and frameworks across the entire supply chain.

ESG Training for Internal Employees

LG Chem conducts sustainable management and responsible supply chain training to enhance employees' ESG awareness and understanding of the importance of supply chain ESG risk management. As of 2024, approximately 202 people (81% of procurement organization employees) participated in training on the importance of ESG management and regulatory trends, responsible supply chains, and responsible mineral due diligence.

Dissemination of Supplier Code of Conduct

LG Chem is committed to working collaboratively with its suppliers to address social and environmental challenges while advancing a sustainable supply chain. Accordingly, LG Chem has established [Supplier Code of Conduct](#) based on global standards such as the RBA (Responsible Business Alliance) Code of Conduct, UN Guiding Principles on Business and Human Rights (UNGPR), and OECD Guidelines for Multinational Enterprises. This code, revised in January 2025, reflects the latest requirements from CSDDD and European Battery Regulation (EUBR).

Preparation of Human Rights and Labor Law Compliance Confirmation

For transparent and ethical supply chain management, LG Chem joined the UNGC (UN Global Compact) in 2014 and conducts business activities according to the UNGC's 10 principles, including human rights and labor standards. The company also requires suppliers to comply with human rights and labor laws to extend the principles of international standards and domestic and foreign legal compliance throughout the entire supply chain. Accordingly, suppliers pledge to uphold the human rights and dignity of all workers and not to be directly or indirectly involved in human rights violations such as forced labor and child labor.

Operation of Supplier Grievance Management System

Based on the UN Guiding Principles on Business and Human Rights (UNGPR), LG Chem has been operating a grievance management system since October 2023 where issues such as human rights violations, working environment, safety and health, environment, and ethics and compliance within the supply chain can be reported. Through this system, all supplier employees within the supply chain can report various issues through the supplier grievance window on the official website. Reported cases are investigated by the assigned responsible department. When the investigation is completed, the final results are communicated to the whistleblower. Throughout all processes, LG Chem thoroughly guarantees the anonymity and confidentiality of whistleblowers and maintains strict oversight to prevent any form of retaliation or disadvantage.

Establishment of Cathode Material Supply Chain Due Diligence Process

LG Chem's Cathode Materials Business Unit has established a due diligence process to proactively identify, prevent, and mitigate risks inherent in responsible mineral supply chains such as cobalt, nickel, and lithium. The due diligence process is managed based on the risk list defined in OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas Annex II and EU Battery Regulation Annex X.

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RISK IDENTIFICATION AND ASSESSMENT

Regular Supply Chain Mapping

Supply chain mapping for responsible minerals, which are the main raw materials of Cathode Materials, is a fundamental step in securing supply chain transparency. LG Chem regularly updates supply chain information for Ni (nickel), Co (cobalt), and Li (lithium) using its own format and collects baseline data to identify potential risks.

- Mapping response rate: 100%

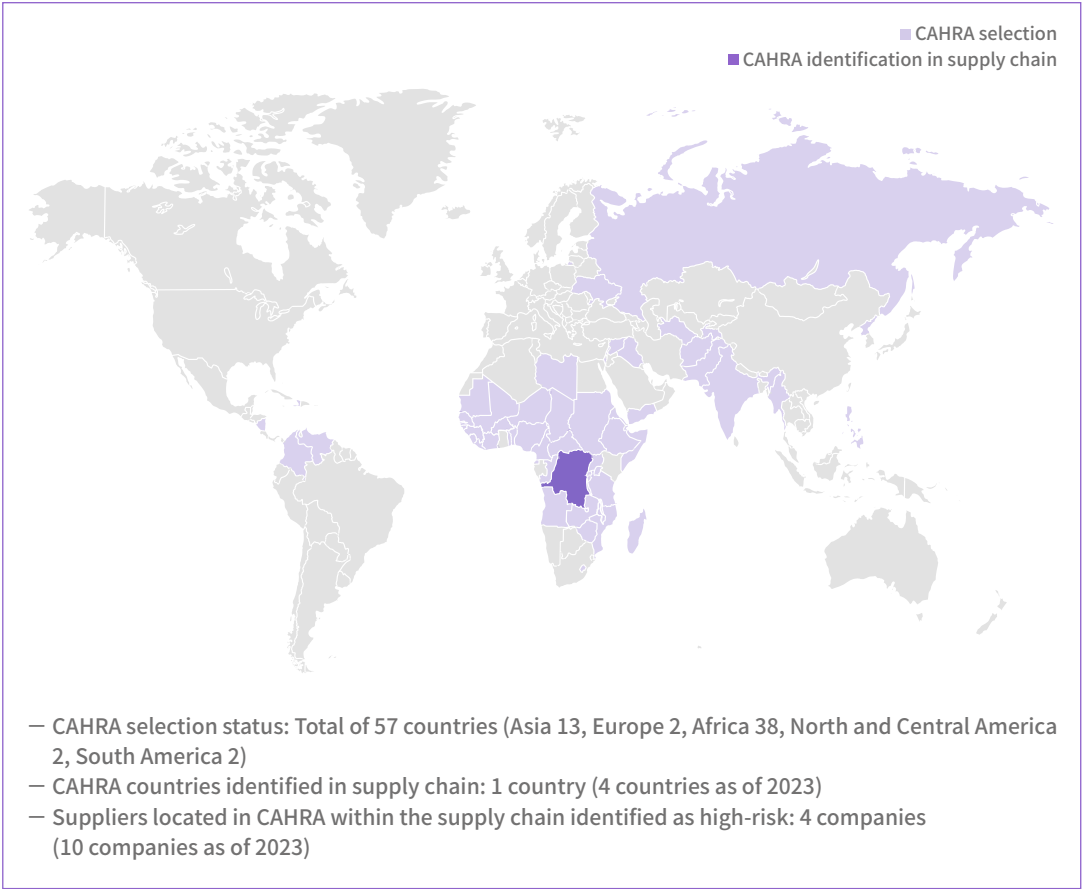
— Suppliers subject to international forced labor regulations: None

Identification of CAHRA and High-Risk Groups in Supply Chain

CAHRA (Conflict Affected and High-risk Areas) refers to regions where high-risk factors such as armed conflict, violence, political instability, and human rights violations exist. LG Chem precisely filters suppliers in CAHRA regions based on credible indicators such as the EU CAHRA list, countries subject to Dodd-Frank Act regulations, and HDI (Human Development Index). Using the supply chain mapping data collected this way, LG Chem identifies companies located in CAHRA regions found in the origin of raw materials or trade routes as high-risk groups.

For companies identified as high-risk groups, LG Chem carefully verifies their risk management level and whether they have official certifications such as RMI (Responsible Minerals Initiative). If management levels are deemed insufficient during this process, the company minimizes risks through continuous improvement requests and evidence-based verification. This operates as an essential procedure in responsible mineral procurement and management and contributes to strengthening management systems to meet global standards.

CAHRA Identification Status



LG Chem continuously requires suppliers to comply with responsible mineral procurement policies and use globally certified refineries and smelters. High-risk companies numbered 10 as of 2023, but decreased to 4 in 2024, and all of them were confirmed to be companies that have obtained official certifications. Even for certified companies, LG Chem requires assurance of certification validity and continuous risk management. Supply chain due diligence information is collected through various channels such as supplier websites, due diligence reports, press releases, and reports from NGOs and academic institutions.

Request for Supplier ESG Self-Assessment

To identify risks in advance and build an effective response system, LG Chem annually requests ESG self-assessments (Self-Assessment Questionnaire, SAQ) from all company-wide Tier 1 suppliers. Through this, suppliers can self-check their compliance level with LG Chem's Supplier Code of Conduct, and the company can identify high-risk suppliers through result analysis.

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RISK RESPONSE AND MITIGATION

Stipulation of Supply Chain ESG Risk Compliance Obligations in Contracts

Starting in 2024, LG Chem has added clauses to purchase contract forms with suppliers that mandate compliance with ESG-related laws, cooperation with LG Chem's ESG due diligence, and supply chain ESG management, which will be utilized when concluding new or renewed contracts. Based on these clauses, LG Chem aims to encourage suppliers' responsible supply chain management and ESG risk management.

Key Contents

- Compliance with domestic and international supply chain ESG laws
- Compliance with LG Chem Supplier Code of Conduct
- Cooperation with due diligence such as ESG audits
- ESG management including human rights and environmental due diligence by Tier 1 suppliers for sub-tier

Establishment of Risk Response Process

Global due diligence guidelines recommend establishing appropriate improvement plans when risks are identified within the supply chain and taking measures such as continuing, temporarily suspending, or terminating transactions based on improvement progress. LG Chem is also striving to establish a process that immediately requests fact confirmation and improvement plans from Tier 1 suppliers when risks occur, and determines whether to continue transactions through improvement verification.

Regular Sustainability Meetings with Suppliers

Close communication and cooperation with suppliers is essential for preventing and mitigating supply chain risks. LG Chem conducts regular meetings once every six months with Cathode Material Tier 1 suppliers handling responsible minerals, focusing on sustainability topics such as supply chain due diligence and carbon reduction. Additionally, LG Chem promotes continuous communication through various communication channels such as email and messaging. The company also conducts meetings with suppliers scheduled for mass production to check ESG response status in advance.

Regular Sustainability Meetings

- Sharing LG Chem's supply chain risk management strategies and ESG goals
- Information exchange on regulatory and industry trends, regulatory response training
- Requests for due diligence-related data or activities
- Risk identification and improvement assessment through ESG response status checks
- 2024 Tier 1 supplier coverage: 100%

ESG Training Support for Suppliers

LG Chem continuously provides educational support to suppliers for transparent and sustainable growth. The company requests suppliers to conduct ESG self-assessments (SAQ) and provide training on the importance and trends of ESG management and assessment items to help improve ESG awareness so that assessments can be conducted smoothly. In 2024, a total of 178 companies participated, and 234 people completed the training.

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THIRD-PARTY GLOBAL CERTIFICATION RECOMMENDATION

LG Chem continuously tracks the status and validity of internationally recognized third-party certifications obtained by refineries, smelters, and mines identified through supply chain mapping. The company continuously recommends certification acquisition for uncertified suppliers and renewal for suppliers whose validity periods have expired. LG Chem aims to strengthen management standards for high-risk regions and minerals through global certification and continue responsible governance.

Metal Supply Chain Supplier Official Recommendations

- RMAP (Responsible Minerals Assurance Process): For minerals with high child labor and conflict risks such as cobalt, LG Chem requests continuous improvement in refinery and smelter RMAP certification coverage
- Expansion of RMAP certification requests and certification rate management for Indonesian nickel supply chain management, where industry concerns have grown due to recent human rights and environmental risks

Certification Types

Certification	Organization	Target	Contents
RMAP (Responsible Minerals Assurance Process)	RMI (Responsible Minerals Initiative)	Refineries Smelters	Prevent issues such as human rights violations, conflict involvement, and illegal financial flows linked to processed minerals by ensuring that internal systems are in place to manage these risks.
IRMA Assessment	IRMA (Initiative for Responsible Mining Assurance)	Mines	Assess risks of human rights violations, environmental destruction, and impacts on local communities throughout the entire lifecycle from mine development to closure.

* The scope of recommended certifications may be expanded by reviewing the effectiveness and industry recognition of global certifications.

Certification Rates

- 2024 cobalt refinery RMAP certification coverage: 89% (2023: 55%)
- 2024 nickel refinery RMAP certification coverage: 67% (2023: 0%)

LG Chem conducts ESG on-site audits through third-party organizations with qualified auditing personnel based on recognized standards to identify, assess, and improve potential risks within the Cathode Material supply chain. The audit standards are internationally recognized RBA standards that assess the management status and risks in labor, safety and health, environment, and ethics fields for each production site. LG Chem also checks RMAP key items to determine whether supply chain due diligence is being conducted.

Company-Specific On-Site Audits

- First audit: Identify areas for improvement and high-risk areas based on audit standards.
- Suppliers submit improvement plans for any identified issues. Implementation is carried out once the plan is reviewed and approved as appropriate by a third-party organization.
- Second audit: Evidence verification of improvements after the improvement period agreed upon with suppliers has elapsed.

In 2024, LG Chem completed third-party ESG on-site audits for Tier 1 suppliers in mass production transactions, and plans to gradually expand the scope of audits in the future. Audits calculated scores according to the severity of identified risks. As a result, the average score per supplier improved by 32.5% in the second audit compared to the first. This is evaluated as a positive outcome considering that companies with already high ESG management levels had relatively little room for improvement and the actual improvement period was short. LG Chem will continue to closely manage the overall improvement status of suppliers and continuously strengthen risk response capabilities.

- Tier 1 supplier on-site audit coverage: 100%

LG Chem values input from all stakeholders. Please feel free to send questions, opinions, or suggestions about LG Chem’s sustainability report and performance at any time. LG Chem strives to provide better value through feedback from all stakeholders.

Sustainability Report Contact

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References

- Business Report** [↗](#)
- Corporate Governance Report** [↗](#)
- LG Code of Ethics** [↗](#)
- LG Chem Compliance Policy** [↗](#)
- LG Chem Compliance Guidelines** [↗](#)
- Responsible Sourcing Policy** [↗](#)
- Supplier Code of Conduct** [↗](#)
- Global Human Rights and Labor Policy** [↗](#)
- Win-Win Growth Report** [↗](#)
- 2024 LG Chem Social Contribution Introduction Material** [↗](#)
- LETZero Product Book** [↗](#)