

Explanatory Materials for the 25th AGM

Disclaimer

This presentation has been prepared by LG Chem, Ltd. (the “Company”) solely for informational purposes in providing information to its shareholders in connection with the Company’s 25th Annual General Meeting of Shareholders.

The information contained in this presentation has not been reviewed by the independent and external verification. No warranty and/or representation, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information or any opinion contained herein. Certain information in this presentation was obtained from external data sources that have not been independently verified by the Company, and such data involves risks and uncertainties.

The information contained in this presentation is current only as of the date of its provision and should be considered in the context of the circumstances prevailing at the time. Furthermore, this presentation may contain forward-looking statements reflecting the Company’s future projections, which are based on assumptions regarding the future that are beyond the Company’s control, and subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. The information contained herein is subject to change without notice. Even in the event of such changes, this presentation may not be revised or supplemented to reflect any material changes after its provision, and the Company assumes no duty to update or supplement this presentation to reflect material developments occurring after its provision.

Neither the Company nor any of its affiliates, or their respective officers, employees, or advisors, shall bear any civil, criminal, or administrative liability whatsoever, regardless of whether such liability arises from intent or negligence, for any loss arising from the use of this presentation and/or its contents by any shareholder or investor of the Company, or otherwise arising in connection with this presentation. Please be advised that actual future performance may differ from what is expressed or implied herein due to changes in the business environment and long-term strategic plans.

This presentation does not constitute a solicitation for the recruitment, sale, or subscription of securities issued by the Company, and no part of this presentation shall serve as the basis or foundation for any related contracts, arrangements, or investment decisions.

Details of General Meeting of Shareholders

1. Date: Tue, Mar. 31, 2026, 9 AM
2. Venue: Connect Hall, B1, East Tower, LG Twin Tower
(128, Yeoui-daero, Yeongdeungpo-gu, Seoul)

3. Description

① Reporting Items

- Audit report for the 25th fiscal year (Jan. 1, 2025–Dec. 31, 2025)
- Business report for the 25th fiscal year (Jan. 1, 2025–Dec. 31, 2025)
- Report on transactions with major shareholders and other related parties
- Report on the operation of the internal accounting management system

② Agenda Items

- Item 1: Approval of the Financial Statements for the 25th fiscal Year
- Item 2: Approval of Amendments to the Articles of Incorporation
 - Item 2-1 (Board proposal): Deletion of the Provision excluding the cumulative voting
 - Item 2-2 (Board proposal): Introduction of an Electronic General Meeting of Shareholders
 - Item 2-3 (Board proposal): Change of Title for “Outside Director” to “Independent Director”
 - Item 2-4 (Board proposal): Expansion of the Number of Audit Committee Members to be separately elected
 - Item 2-5 (Board proposal): Strengthening Voting Right Restrictions on the Appointment and Dismissal of Audit Committee Members
 - Item 2-6 (Board proposal): General amendments to the Articles of Incorporation
 - Item 2-7 (Shareholder proposal, Palliser Capital): Introduction of an Advisory Shareholder Resolutions
 - Item 2-8 (Shareholder proposal, Palliser Capital): Appointment of a Lead Independent Director
- Item 3: Shareholder Proposals (Palliser Capital)
 - ※ Item 3 shall be submitted only if Item 2-7 is approved; otherwise, it will be automatically withdrawn
 - Item 3-1 : Disclosure of the NAV Discount as a major financial indicator in the Corporate Value-Up Plan
 - Item 3-2 : Review by the Compensation Committee on the Introduction of Stock-Based Compensation to the Existing Executive Compensation Plan and Incorporating NAV Discount and ROE as Additional KPIs
 - Item 3-3 : Reinforcement of the Shareholder Return Policy by Increasing the Monetization of LG Energy Solution Stakes and Utilizing Proceeds for Share buybacks and Cancellations
- Item 4: Appointment of ‘Dongchoon Kim’ as an Executive Director
- Item 5: Appointment of ‘Kyung-Hoon Chun’ as an Outside Director to serve as an Audit Committee Member
 - ※ If Item 2-4 is voted down, Item 5 is automatically withdrawn
- Item 6: Approval of the Ceiling for Directors’ Remuneration

Letter from the Chairman of the Board of Directors of LG Chem

Dear Valued Shareholders,

I am Whasun Jho, and I have been appointed to serve as the Chairman of the Board of Directors (the “Board”) of LG Chem, Ltd. (the “Company”, “we,” or “our”), as of February 24, 2026. As Chairman, I am committed to further enhancing the independence and transparency of our Board operations to support sustainable growth and the long-term shareholder value. I will faithfully execute my duties to ensure that the Board can fully perform its fundamental roles.

The Board has progressively established a committee-centered oversight system to advance our corporate governance. Through measures such as the establishment of the ESG Committee and the Internal Transaction Committee in 2021, and the launch of the Compensation Committee in 2025, we currently operate a six committee structure. With the exception of the Management Committee, all committees are composed of a majority of outside directors, and outside directors with relevant expertise serve as committee chairs. Accordingly, major management issues are submitted to the Board only after undergoing rigorous preliminary reviews and independent deliberations led by the outside directors. Through this structure, we have consistently maintained an independent review process separate from management, thereby strengthening the Board’s oversight function and accountability.

Building upon these internal measures for independent review and oversight, we have made continuous efforts to communicate with our shareholders to ensure their voices are appropriately reflected in Board discussions. Such efforts include hosting Korea’s first ESG Investor Day in 2023 and expanding engagement between management and shareholders. Going forward, as Chairman, I will endeavor to expand communication between the Board (including outside directors) and our shareholders, ensuring that our shareholders’ valuable opinions can be meaningfully incorporated into the Board’s deliberations and decision-making processes.

The Board also takes with the utmost seriousness the opinions raised by our shareholders, including the shareholder proposal submitted for consideration at the Annual General Meeting of Shareholders. We fully understand the overall intent of the shareholder proposal, which aims to enhance shareholder value, and have carefully reviewed it. Consequently, for certain agenda items, we have taken proactive board-level measures to ensure that the primary objectives of the proposal are substantially fulfilled. For other agenda items where the potential negative impact is assessed to outweigh the expected benefits, we will continue to review ways to incorporate the suggestions within a scope that does not compromise company’s’ long-term shareholder value or business competitiveness. We will provide our rationale and position as specifically as possible in this explanatory material. **[Reference : p.6]**

The Board will continue to endeavor to meet shareholders’ expectations through responsible decision-making rooted in transparent governance and through constructive communication. Thank you.

February 27, 2026
Chairman of the Board of Directors
LG Chem, Ltd.
Whasun Jho

Message from the Chief Executive Officer of LG Chem



Dear Valued Shareholders,

On behalf of all our executives and employees, I would like to express my sincere appreciation for your unwavering interest in and support for LG Chem, Ltd.

The year 2025 was a challenging one, as the prolonged downturn in the petrochemical industry and delays in the recovery of downstream demand placed significant pressure on our overall performance and investor sentiment. Although we focused on expanding the proportion of high value-added products, reducing costs, and improving operational efficiency, we ultimately did not fully meet your expectations. We take this underperformance and its underlying causes very seriously.

Despite these challenges, we achieved meaningful progress in advancing our business transformation and upgrading our portfolio by actively reorganizing low-margin, commodity petrochemical businesses and successfully divesting the water solutions and aesthetics businesses. Furthermore, through disciplined capital expenditure (CAPEX) execution and the monetization of certain assets, we enhanced our financial soundness by maintaining positive cash flow.

In 2026, we aim to move beyond historically cyclical performance and improve our business fundamentals through portfolio innovation centered on high value-added, high-potential businesses. In response to changes in markets such as semiconductors, robotics, and autonomous driving, we have established the following three strategic goals to transform into a company that delivers sustainable, profitable growth based on technological competitiveness.

First, we will restore business fundamentals by thoroughly improving our cost structure. We will make financial soundness and positive cash flow our top priorities, while actively driving the structural reorganization of our petrochemical business.

Second, we will further strengthen LG Chem's technological competitions. We will continue to secure high value-added applications, such as SSBR and ABS, and expand our presence in high-functionality sectors, including AI semiconductor materials and e-mobility materials. We will also strengthen our future pipeline by pursuing a range of strategic options, including selective inorganic growth opportunities.

Third, we will redesign our R&D system to ensure a direct linkage to business outcomes. We will concentrate more resources on (i) technology initiatives that can materially improve the competitiveness of key business sectors (such as cathode materials) and (ii) major new business areas. We will ensure these efforts lead to tangible outcomes by clarifying commercialization roadmaps and performance accountability. At the same time, we will continue to identify early-stage projects, but apply rigorous stage-by-stage validation and clear discontinuation criteria to minimize resource dispersion and prepare a foundation for future growth.

Dear valued shareholders, the management team, including myself, is approaching its responsibilities with an even greater sense of urgency and accountability. We will do our utmost to enhance our financial soundness and leap forward through new change and innovation. By turning this crisis into an opportunity, we will secure our next phase of growth.

Thank you again for your unwavering trust and support, and we ask for your continued interest and encouragement.

February 27, 2026
Chief Executive Officer
LG Chem, Ltd.
Dongchoon Kim

Table of Contents



Part 1. Agenda Items for the 25th AGM	05
Agenda Items and Board Recommendations	05
Board's Recommendations on the Shareholder Proposals	06
Item 1: Approval of the Financial Statements for the 25th fiscal Year	10
Item 2: Approval of Amendments to the Articles of Incorporation	11
Item 3: Shareholder proposals	16
Item 4: Appointment of 'Dongchoon Kim' as an Executive Director	17
Item 5: Appointment of 'Kyung-Hoon Chun' as an Outside Director to serve as an Audit Committee Member	18
Item 6: Approval of the Ceiling for Directors' Remuneration	20

Part 2. Board's Opinion on the Background of the Shareholder Proposal

Part 1

Agenda Items for the 25th AGM

Agenda Items and Board Recommendations

Agenda Items	Proponent	Board Recommendation	Reference Page
Item 1 Approval of the Financial Statements for the 25 th fiscal Year	Board of Directors	FOR	10
Item 2 Approval of Amendments to the Articles of Incorporation			11
2-1 Deletion of the Provision excluding the cumulative voting	Board of Directors	FOR	12
2-2 Introduction of an Electronic General Meeting of Shareholders	Board of Directors	FOR	12
2-3 Change of Title for “Outside Director” to “Independent Director”	Board of Directors	FOR	13
2-4 Expansion of the Number of Audit Committee Members to be separately elected	Board of Directors	FOR	13
2-5 Strengthening Voting Right Restrictions on the Appointment and Dismissal of Audit Committee Members	Board of Directors	FOR	14
2-6 General amendments to the Articles of Incorporation	Board of Directors	FOR	14
2-7 Introduction of an advisory Shareholder Resolutions	Shareholder Proposal by Palliser Capital	AGAINST	15
2-8 Appointment of a Lead Independent Director	Shareholder Proposal by Palliser Capital	AGAINST	15
Item 3 Shareholder proposals (Palliser Capital) ※ Item 3 shall be submitted only if Item 2-7 is approved; otherwise, it will be automatically withdrawn.			16
3-1 Disclosure of the NAV(Net Asset Value) Discount as a major financial indicator in the Corporate Value-Up Plan	Shareholder Proposal by Palliser Capital	AGAINST	16
3-2 Review by the Compensation Committee on the Introduction of Stock-Based Compensation to the Existing Executive Compensation Plan and Incorporating NAV Discount and ROE as Additional KPIs	Shareholder Proposal by Palliser Capital	AGAINST	16
3-3 Reinforcement of the Shareholder Return Policy by Increasing the Monetization of LG Energy Solution Stakes and Utilizing Proceeds for Share buybacks and Cancellations	Shareholder Proposal by Palliser Capital	AGAINST	16
Item 4 Appointment of ‘Dongchoon Kim’ as an Executive Director	Board of Directors	FOR	17
Item 5 Appointment of ‘Kyung-Hoon Chun’ as an Outside Director to serve as an Audit Committee Member ※ If Item 2-4 is voted down, Item 5 is automatically withdrawn.	Board of Directors	FOR	18
Item 6 Approval of the Ceiling for Directors’ Remuneration	Board of Directors	FOR	20

The Board's Recommendation Regarding the Shareholder Proposal

At the 25th Annual General Meeting of Shareholders, Palliser Capital (UK) Ltd, Palliser Capital Master Fund Ltd and Palliser Capital Centenary Fund I (collectively, "Palliser Capital") submitted two (2) proposals to amend the Articles of Incorporation of LG Chem, Ltd. (the "Company", "we" or "our") - one to introduce advisory shareholder resolutions and another to enable the appointment of a lead independent director—along with three (3) advisory resolutions.

The Board of Directors (the "Board") recognizes the diverse opinions of our shareholders as vital contributions toward enhancing corporate value. Furthermore, we fully understand the overall intent of these shareholder proposals, which aims to enhance shareholder value.

Following extensive and in-depth deliberations on Palliser Capital's shareholder proposal, the Board has taken proactive measures on certain agenda items to ensure that their primary objectives are substantially fulfilled. For the remaining items, however, we have determined that the potential negative impacts outweigh the expected benefits. Accordingly, the Board has concluded that opposing these shareholder proposals is in the best interests of shareholders and the Company. Nevertheless, in light of the underlying intent of the proposal, we will continue to make efforts to gradually incorporate the suggestions over time, provided they do not compromise our long-term shareholder value or business competitiveness.

Specifically, on February 24, 2026 the Board resolved the following measures to further enhance its effectiveness:

1. We have appointed an outside director, Whasun Jho, as Chair of the Board

The Board has appointed an outside director as Chair to strengthen its oversight of the overall management activities of the Chief Executive Officer and executive directors. This outside director Chair structure, a first in the Company's history, is part of our commitment to improving corporate governance by reinforcing the Board's independence and its checks-and-balances function.

The Chairman, who is an outside director, will regularly convene and preside over meetings composed solely of outside directors, in addition to Board meetings, to conduct preliminary reviews of major decision-making matters from an independent perspective and communicate the results to the Board. Additionally, the Chairman will play a key role in enhancing the thoroughness of the Board's decision-making process by requesting further reviews when necessary.

Furthermore, in communicating with key stakeholders, including shareholders, the Chairman (as an outside director) will serve as the primary channel for conveying the Board's perspectives in a consistent manner. This will strengthen both the independence and accountability of the Board's operations.

2. We will further enhance communication between the Board and our shareholders.

While our previous shareholder engagement was led primarily by management, we now plan to expand engagement between the Board (including outside directors) and our shareholders. As the responsibilities and roles of the Board continue to expand, there is a growing necessity for the Board itself to communicate directly on key corporate matters. Accordingly, we intend to establish specific measures, such as "governance meetings between outside directors and shareholders", by the end of this year.

The Board will regularly monitor and evaluate the operational performance of these initiatives to ensure that the outside director Chair structure and Board-level shareholder communications are functioning effectively and substantively.

For the Board's detailed review and opinions on each shareholder proposal of Palliser Capital, please refer to the following pages.

The Board's Recommendation Regarding the Shareholder Proposal

Agenda Item No. 2-7: Amendment to the Articles of Incorporation for the Introduction of an Advisory Shareholder Resolutions

[Reference: p.15]

The Board is well aware of the positive aspects of advisory resolutions, noting their active use in advanced markets such as the United States (the "U.S."), and their ability to solicit shareholder opinions on a wide range of topics. However, neither the Korean Commercial Code nor the Financial Investment Services and Capital Markets Act currently contains any provisions regarding advisory resolutions system, and domestic precedents or practices remain scarce. Consequently, we are concerned that a premature adoption of this system through the Articles of Incorporation could lead to significant operational uncertainty. Therefore, rather than an immediate adoption of the advisory resolutions system into the Articles of Incorporation, the Board has determined that it is in the best interests of shareholders and the Company to decide on its implementation only after a thorough review, aligned with the development of relevant laws and market practices. We will continue to closely monitor trends in the enactment and amendment of the Korean Commercial Code and other related regulations to ensure our response aligns with both corporate and shareholder value

Furthermore, the Board has introduced the outside director Chair structure and announced its plan to expand communication between the Board and shareholders. Through these initiatives, the Board will endeavor to listen more closely to shareholder voices and meet your expectations.

Accordingly, the Board respectfully requests that shareholders vote AGAINST this proposal.

Agenda Item No. 2-8: Amendment to the Articles of Incorporation for the Appointment of a Lead Independent Director

[Reference: p. 15]

The Board fully appreciates the purpose behind the lead independent director system, which aims to strengthen Board oversight and shareholder communication through outside director leadership. However, we believe that our newly introduced Board structure, including the appointment of an outside director as Chair of the Board and plans to expand shareholder engagement, already incorporates the core functions of the lead independent director system across all Board operations.

Specifically, the Board considers this substantive enhancement of our operational framework to be a more effective governance framework than separately codifying a lead independent director in the Articles of Incorporation. It strengthens the Board's overall independence, oversight functions, and direct shareholder engagement, while minimizing role duplication and potential confusion in the accountability structure. Furthermore, the Board will regularly assess the effectiveness of this system by monitoring the outside director Chair structure and by including such performance as a key item in the Board's self-evaluation process.

Accordingly, the Board respectfully requests that shareholders vote AGAINST this proposal.

Meanwhile, if Agenda Item No. 2-7 (Amendment to the Articles of Incorporation for the Introduction of Advisory Resolutions) is approved, Agenda Items No. 3-1, 3-2, and 3-3 shall be submitted. If Agenda Item No. 2-7 is rejected, these subsequent items will be automatically withdrawn.

The Board's position regarding these items is as follows:

The Board's Recommendation Regarding the Shareholder Proposal

Agenda Item No. 3-1: (Conditional) Disclosure of the NAV Discount as a major financial indicator in the Corporate Value-Up Plan [Reference: p.16]

The Board has selected "Return on Equity" ("ROE") as the core metric for enhancing corporate value and uses it to manage performance.

Although the Company holds an equity stake in LG Energy Solution, Ltd. ("LG Energy Solution"), we are an operating manufacturing company, not a pure holding company. Given the nature of the manufacturing industry, particularly in capital-intensive industries, which requires large-scale capital investments and involves long payback periods, the Board believes that managing the Company's future profit-generating capability is of the utmost importance. Accordingly, we have adopted ROE, which directly reflects capital efficiency and profitability, as our key performance indicator ("KPI").

The NAV discount can serve as a reference metric to explain the gap between corporate value and stock price. However, there is no single standardized calculation method, and it is heavily influenced by external factors beyond the Company's direct control, such as market multiples, interest rates, investor sentiment, and the share price of subsidiaries. Because the figures can vary significantly based on assumptions and valuation models even for the same company, adopting or disclosing the NAV discount as a primary financial metric risks obscuring the accountability structure of management performance and creating unnecessary market confusion.

Nevertheless, the Board fully understands shareholders' concerns regarding the NAV discount. We are continuously exploring ways to utilize the value of our stake in LG Energy Solution more actively to support corporate value enhancement. As demonstrated by our recent disclosure of the Corporate Value-Up Plan and mid-to-long-term shareholder return policy—which outlined our plans for the strategic utilization of LG Energy Solution—the Board will continue to deliberate these matters at the Board level. Furthermore, the Board will regularly monitor ROE performance and future improvement plans.

The Board has concluded that enhancing sustainable earnings capacity centered on ROE is a more fundamental and sustainable approach to enhancing corporate value.

Accordingly, the Board respectfully requests that shareholders vote AGAINST this proposal.

Agenda Item No. 3-2: (Conditional) Review by the Compensation Committee on the Introduction of Stock-Based Compensation to the Existing Executive Compensation Plan and Incorporating NAV Discount and ROE as Additional KPIs [Reference: p.16]

Through the independent Compensation Committee established in November 2025, the Company has introduced a formal pre-review process for the appropriateness of director remuneration limits and compensation structures. This has strengthened the transparency, fairness, and independence of the remuneration determination process.

To achieve our corporate value enhancement goals, such as the aforementioned mid-to-long-term ROE improvement, the Compensation Committee has selected the introduction of an executive compensation framework linked to shareholder returns as a core task, and plans to introduce it in 2026. Final decision will be made through the Compensation Committee's deliberations. Therefore, the Board believes that the underlying purpose of this proposal is already being substantially addressed through our ongoing institutional improvements.

Accordingly, the Board respectfully requests that shareholders vote AGAINST this proposal.

1) NAV : Net Asset Value
2) ROE : Return On Equity

The Board's Recommendation Regarding the Shareholder Proposal

Agenda Item No. 3-3: (Conditional) Reinforcement of the Shareholder Return Policy by Increasing the Monetization of LG Energy Solution Stakes and Utilizing Proceeds for Share Buybacks and Cancellations [Reference: Page 16]

As disclosed on January 29, 2026, the Company plans to gradually reduce its stake in LG Energy Solution to around 70% ownership over the next five years. This plan was established after taking into account that a large-scale, short-term divestment—without regard for market absorption capacity—could lead to a decline in LG Energy Solution's share price, thereby adversely affecting the value of our remaining stake and the potential gains from the sale. Therefore, we have determined that expanding the scale of monetization as proposed may have a negative impact on mid-to-long-term shareholder value, despite its potential for short-term expansion of shareholder returns.

As outlined in our Corporate Value-Up Plan, we intend to utilize the proceeds from the stake monetization in a balanced manner for investment in future growth, maintenance of financial soundness, and shareholder returns. The Board believes that such a balanced capital allocation framework is better aligned with the enhancement of mid-to-long-term shareholder value.

Furthermore, the Board will regularly assess market conditions and opportunities to potentially explore the possibility of monetizing below the 70% ownership level, provided such actions do not adversely affect the value of our holdings. We are also committed to transparently communicating with our shareholders through periodic evaluations of the progress made on our Corporate Value-Up Plan.

Regarding shareholder returns, while we will maintain a stable dividend policy, we plan to review share repurchases and cancellations using additional resources, including proceeds from stake monetization, once the recovery of earnings and cash flow generation capabilities in our core businesses becomes visible. Given the current business environment and restructuring schedule, we anticipate these measures to begin in earnest around 2028. However, the Board will re-evaluate and determine the specific timing and scale based on market conditions, financial circumstances, and investment priorities.

In summary, the Board has concluded that the previously announced strategy of gradual stake monetization and balanced capital allocation is more consistent with the direction of enhancing mid-to-long-term shareholder value than a short-term expansion of shareholder returns.

Accordingly, the Board respectfully requests that shareholders vote AGAINST this proposal.

As explained above, following a careful review of the shareholder proposal, the Board has determined that opposing these proposals is more consistent with maximizing overall shareholder value. Accordingly, the Board respectfully requests that shareholders vote AGAINST these proposals.

The Board and management will continue to listen attentively to the diverse opinions of our shareholders and reflect them in the development of reasonable policies to enhance corporate value.

Thank you.

Item 1: Approval of the Financial Statements for the 25th fiscal Year

For detailed information on the Company's financial statements, please refer to the financial statements previously disclosed. Currently, the external audit is still in progress and the final audit report is scheduled to be disclosed in the first week of March.

The Company aims for a dividend payout ratio of at least 20% based on consolidated net profit (based on controlling interest, excluding non-recurring, non-ordinary gains). While no distributable profit was calculated for FY 2025 under our dividend policy, we have decided on a dividend of 2,000 KRW per common share and 2,050 KRW per preferred share in line with our commitment to enhancing shareholder value. The dividend will be funded by 10% of post-tax cash inflow from the sale of the stake in LG Energy Solution.

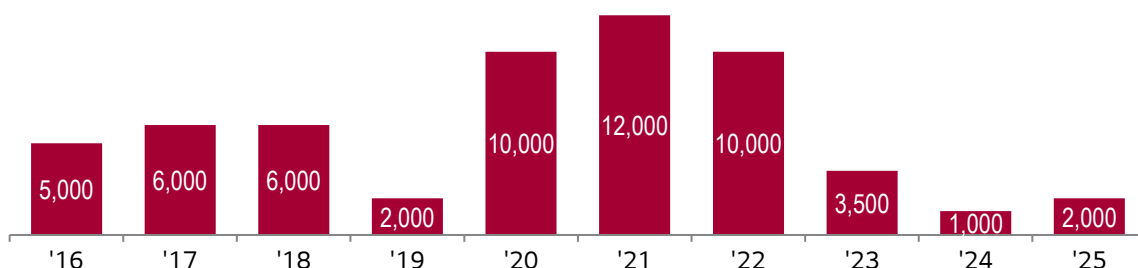
Looking ahead, once profitability recovers, supported by the four growth drivers (targeting ROE of at least 10%) and dividend income from LG Energy Solution begins to meaningfully contribute, the Company plans to raise the consolidated dividend payout ratio to 30%.

At the 23rd AGM, we amended the Articles of Incorporation to reflect improvements to the dividend procedure (determining the dividend amount in advance and setting the dividend record date afterward). As a result, the dividend record date for FY 2025, has been set as March 31, 2026, and the dividend payment will take place within 1 month of the AGM.

For the current year, a challenging business environment is expected to persist, including global petrochemical oversupply and weaker demand for electric vehicles in the United States. In this environment, the Company will continue to upgrade its business portfolio, including restructuring the petrochemical business and expanding the four growth driver businesses. Through this strategy, the Company seeks to improve underlying profitability and deliver enhanced shareholder value over time.

DPS Trend (Common Shares)

Unit: KRW



※ The 2025 dividend amount is subject to BOD approval and to be confirmed following the approval by the 25th AGM.

■ Item 2: Approval of Amendments to the Articles of Incorporation

The Company intends to amend its Articles of Incorporation to enhance transparency and strengthen the oversight functions by reflecting the recent amendments to the Korean Commercial code - such as deleting the provision excluding cumulative voting, enhancing voting right restrictions on the appointment and dismissal of Audit Committee members, and increasing the number of Audit Committee members elected separately. The Company also plans to revise the Articles of Incorporation by removing unnecessary language resulting from legislative revisions.

In addition, Palliser Capital has proposed amendments to the Articles of Incorporation, including the introduction of Advisory Shareholder Resolutions and appointment of a Lead Independent Director.

Please refer to the summary below and the following pages for the details of the proposed amendments.

[Major Amendments]

Category	Item	Description	Revised Articles
Board Proposals	Item 2-1 Deletion of the Provision excluding the cumulative voting	Reflects the revised rule that large listed companies shall not exclude cumulative voting through their Articles of Incorporation	Article 20
	Item 2-2 Introduction of an Electronic General Meeting of Shareholders	Establishes a new provision that allows a general meeting of shareholders to be held by electronic means together with an in-person general meeting	Article 14-4 and related provisions
	Item 2-3 Change of Title for "Outside Director" to "Independent Director"	Aligns terminology with the change that renames "Outside Directors" of listed companies as "Independent Directors"	Article 20 and related provisions
	Item 2-4 Expansion of the Number of Audit Committee Members to be separately elected	Reflects the change that expands the number of Audit Committee members subject to separate election from 1 to 2	Article 29
	Item 2-5 Strengthening Voting Right Restrictions on the Appointment and Dismissal of Audit Committee Members	Reflects strengthened standards on voting rights for the largest shareholder at the time of appointment and dismissal of Audit Committee members. Voting rights are restricted for the portion of shares held by the largest shareholder and related parties that exceeds 3% of the total number of issued shares.	Article 29
	Item 2-6 General amendments to the Articles of Incorporation	Revises the numbering structure of provisions (see details on page 14)	
Shareholder Proposals	Item 2-7 Introduction of an Advisory Shareholder Resolutions	Shareholder proposal by Palliser Capital (see details on page 15)	Article 14-3
	Item 2-8 Appointment of a Lead Independent Director	Shareholder proposal by Palliser Capital (see details on page 15)	Article 23-1

[Item 2-1 (Board proposal): Deletion of the Provision excluding the cumulative voting]

- Reflects the prohibition on excluding the cumulative voting (Korean Commercial Code Article 542-7)

Current	Proposal
<p>Article 20 (Election of Directors) ④ At the time of electing directors under Paragraph 1, each share carries one voting right. The cumulative voting method under the Commercial Code does not apply.</p>	<p>Article 20 (Election of Directors) ④ At the time of electing directors under Paragraph 1, each share <u>carries</u> one voting right.</p>
<p>(New)</p>	<p>Addendum Article 4 (Application of Cumulative Voting) The amended provision of Article 20, Paragraph 4, shall apply from the first convocation of a general meeting of shareholders for the election of directors held on or after September 10, 2026.</p>

[Item 2-2 (Board proposal): Introduction of an Electronic General Meeting of Shareholders]

- Reflects the obligation to hold Electronic General Meetings of Shareholders (Korean Commercial Code Article 542-14)

Current	Proposal
<p>(New)</p>	<p>Article 14-4 (Place and Method of Convocation) ① A general meeting of shareholders shall be held at the location of the head office. When necessary, it may also be held in a nearby area. ② Pursuant to Article 542-14, Paragraph 1 of the Commercial Code, the Company shall hold a general meeting of shareholders that allows some shareholders to participate in resolutions by electronic means from remote locations without attending at the place of convocation.</p>
<p>Article 17 (Exercise of Voting Rights Proxy) ① A shareholder may exercise their voting rights by proxy. ② The proxy under Paragraph 1 shall submit a written document (power of attorney) evidencing authority before the opening of the general meeting of shareholders.</p>	<p>Article 17 (Exercise of Voting Rights Proxy) ① (Same as current) ② The proxy under Paragraph 1 shall submit a written document <u>or electronic document</u> evidencing authority before the opening of the general meeting of shareholders.</p>
<p>(New)</p>	<p>Addendum Article 2 (Transitional Measures for Electronic General Meetings and Electronic Powers Of Attorney) The amended provisions of Articles 14-4 and 17 shall take effect from January 1, 2027.</p>

[Item 2-3 (Board proposal): Change of Title for “Outside Director” to “Independent Director”]

- Reflects the change in title from Outside Director to Independent Director(Korean Commercial Code Article 542-8) and related general amendments to the Articles of Incorporation

Current	Proposal
<p>Article 20 (Election of Directors) ① The Company shall have at least 3 but no more than 11 directors, who shall be elected at a general meeting of shareholders. There shall be at least 3 Outside Directors, and they shall constitute a majority of the Board.</p>	<p>Article 20 (Election of Directors) ① The Company shall have at least 3 but no more than 11 directors, who shall be elected at a general meeting of shareholders. There shall be at least 3 Independent Directors, and they shall constitute a majority of the Board.</p>
<p>Article 22 (Filling of Vacancies of Directors) ② If an Outside Director resigns, dies, or otherwise leaves office and the number of directors falls short of the original number prescribed in Article 20, Paragraph 1 of the Articles of Incorporation, the requirements shall be satisfied at the first general meeting of shareholders convened after the occurrence of that event.</p>	<p>Article 22 (Filling of Vacancies of Directors) ② If an Independent Director resigns, dies, or otherwise leaves office and the number of directors falls short of the original number prescribed in Article 20, Paragraph 1 of the Articles of Incorporation, the requirements shall be satisfied at the first general meeting of shareholders convened after the occurrence of that event.</p>
<p>Article 24-1 (Committees) ① The Company may establish the following committees within the Board of Directors by resolution of the Board. 1. Audit Committee 2. Outside Director Nomination Committee (omitted)</p>	<p>Article 24-2 (Committees) ① The Company may establish the following committees within the Board of Directors by resolution of the Board. 1. Audit Committee 2. Independent Director Nomination Committee (omitted)</p>
<p>Article 29 (Audit Committee) ② The Audit Committee shall consist of at least 3 directors, and at least 2/3 of the members shall be Outside Directors. ⑤ The Audit Committee shall select, by its own resolution, a member who will represent the committee. In such cases, the chairperson shall be an Outside Director. (omitted)</p>	<p>Article 29 (Audit Committee) ② The Audit Committee shall consist of at least 3 directors, and at least 2/3 of the members shall be Independent Directors. ⑤ The Audit Committee shall select, by its own resolution, a member who will represent the committee. In such cases, the chairperson shall be an Independent Director. (omitted)</p>
<p>(New)</p>	<p>Addendum Article 3 (Transitional Measures Regarding Voting Rights Restrictions for the Appointment and Dismissal of Independent Directors and Audit Committee Members) The amended provisions of Article 20, Paragraph 1; Article 22, Paragraph 2; Article 24-2, Paragraph 1; and Article 29 (excluding Paragraph 3) shall take effect from July 23, 2026.</p>

[Item 2-4 (Board proposal): Expansion of the Number of Audit Committee Members to be separately elected]

- Reflects the revision expanding the number of members subject to separate election(Korean Commercial Code Article 542-12, Paragraph 2)

Current	Proposal
<p>Article 29 (Audit Committee) ③ After directors are elected at a general meeting of shareholders, Audit Committee members shall be elected from among those directors. In such case, one director shall be separately elected by resolution of the general meeting of shareholders to serve as an Audit Committee member.</p>	<p>Article 29 (Audit Committee) ③ After directors are elected at a general meeting of shareholders, Audit Committee members shall be elected from among those directors. In such case, two directors shall be separately elected by resolution of the general meeting of shareholders to serve as Audit Committee members.</p>
<p>(New)</p>	<p>Addendum Article 1 (Effective Date) The amendments to the Articles of Incorporation shall take effect from March 31, 2026.</p>

[Item 2-5 (Board proposal): Strengthening Voting Right Restrictions on the Appointment and Dismissal of Audit Committee Members

- Reflects enhanced voting restrictions (Korean Commercial Code Article 542-12, Paragraph 4)

Current	Proposal
<p>Article 29 (Audit Committee) ④ In the appointment and dismissal of Audit Committee members, a shareholder who holds shares in excess of 3% of the total number of issued shares, excluding shares without voting rights, may not exercise voting rights with respect to the excess portion. Where the shareholder is the largest shareholder and an Audit Committee member who is not an Independent Director is appointed or dismissed, shares held by its related parties and by other persons prescribed in the Enforcement Decree of the Commercial Code are aggregated.</p>	<p>Article 29 (Audit Committee) ④ In the appointment and dismissal of Audit Committee members, a shareholder who holds shares in excess of 3% of the total number of issued shares, excluding shares without voting rights, may not exercise voting rights with respect to the excess portion. Where the shareholder is the largest shareholder, shares held by its related parties and other persons prescribed under the Enforcement Decree of the Commercial Code are aggregated.</p>
<p>(New)</p>	<p>Addendum Article 3 (Transitional Measures Regarding Voting Rights Restrictions for the Appointment and Dismissal of Independent Directors and Audit Committee Members) The amended provisions of Article 20, Paragraph 1; Article 22, Paragraph 2; Article 24-2, Paragraph 1, and Article 29 (excluding Paragraph 3) shall take effect from July 23, 2026.</p>

[Item 2-6 (Board proposal): General amendments to the Articles of Incorporation]

- General amendments to the Articles of Incorporation (revision of article numbering structure)

Current	Proposal
<p>Article 8-1 (Number and Terms of Class 1 Shares) Article 8-2 (Number and Terms of Class 2 Shares) Article 10-1 (Issuance at Market Price) Article 10-2 (Issuance of Convertible Bonds) Article 10-3 (Issuance of Bonds with Warrants) Article 10-4 (Equal Dividends) Article 10-5 (Stock Options) Article 12-1 (Electronic Registration of Rights to Be Indicated on Bonds and Subscription Warrants) Article 14-1 (Person Authorized to Convene a General Meeting) Article 14-2 (Notice and Public Notice of Convocation) Article 15-1 (Chairperson's Power to Maintain Order) Article 29-1 (Duties of the Audit Committee) Article 29-2 (Audit Records) Article 35-1 (Interim Dividends)</p>	<p>Article 8-2 (Number and Terms of Class 1 Shares) Article 8-3 (Number and Terms of Class 2 Shares) Article 10-2 (Issuance at Market Price) Article 10-3 (Issuance of Convertible Bonds) Article 10-4 (Issuance of Bonds with Warrants) Article 10-5 (Equal Dividends) Article 10-6 (Stock Options) Article 12-2 (Electronic Registration of Rights to Be Indicated on Bonds and Subscription Warrants) Article 14-2 (Person Authorized to Convene a General Meeting) Article 14-3 (Notice and Public Notice of Convocation) Article 15-2 (Chairperson's Power to Maintain Order) Article 29-2 (Duties of the Audit Committee) Article 29-3 (Audit Records) Article 35-2 (Interim Dividends)</p>
<p>(New)</p>	<p>Addendum Article 1 (Effective Date) The Articles of Incorporation shall take effect from March 31, 2026.</p>

[Item 2-7 (Shareholder proposal, Palliser Capital): Introduction of an Advisory Shareholder Resolutions]

- Amendments to the Articles of Incorporation based on a shareholder proposal

Current	Proposal
(New)	<p>Article 14-3 (Advisory Resolutions)</p> <p>① A shareholder who has continuously held at least 0.5% of the total number of issued shares, excluding shares without voting rights, for at least six consecutive months immediately preceding the general meeting of shareholders may submit a proposal to the directors in written or electronic form. The proposal must reach the directors at least 6 weeks before the general meeting of shareholders. In the case of an Annual General Meeting of Shareholders, the “meeting date” in this Article means the date in that year that corresponds to the date of the previous year’s Annual General Meeting of Shareholders. The proposal may request that certain matters related to the protection of the interests of shareholders and the Company, including corporate governance, capital allocation policy, executive compensation policy and shareholder return policy, be included as agenda items for the general meeting of shareholders, even when those matters are not prescribed by laws or these Articles of Incorporation as matters requiring a resolution at a general meeting of shareholders. A proposal of this kind is referred to in this Article as an “Advisory Shareholder Proposal.”</p> <p>② A shareholder under Paragraph 1 may, no later than 6 weeks before the meeting date, request the directors by written or electronic document to include, in the notice of convocation prescribed in Article 363 of the Commercial Code, a summary of the item submitted by that shareholder, in addition to the matters that are the business of the meeting.</p> <p>③ When an Advisory Shareholder Proposal is submitted, the directors shall report the proposal to the Board of Directors, and the Board of Directors shall include the proposal as an agenda item for the general meeting of shareholders, except where the contents of the proposal violate laws or these Articles of Incorporation or conflict with other agenda items. In such case, the shareholder who submitted the proposal shall be given an opportunity to explain the item at the general meeting of shareholders.</p> <p>④ An Advisory Shareholder Proposal shall be resolved in accordance with Article 18, and the outcome of the resolution shall not bind the Company.</p> <p>⑤ When an Advisory Shareholder Proposal is approved by a resolution under Paragraph 4, the Company shall, at the first Annual General Meeting of Shareholders held after the general meeting of shareholders at which the proposal was submitted, report whether the proposal has been implemented and the specific details of implementation. If the proposal has not been implemented, the Company shall report the reasons.</p>

[Item 2-8 (Shareholder proposal, Palliser Capital): Appointment of a Lead Independent Director]

- Amendments to the Articles of Incorporation based on a shareholder proposal

Current	Proposal
(New)	<p>Article 23-1 (Lead Independent Director)</p> <p>① The Board of Directors may appoint one Independent Director (the “Lead Independent Director”) from among the Independent Directors to serve as the lead representative of the Independent Directors (in this Article, “Independent Director” has the same meaning as “Outside Director” in these Articles of Incorporation; the same meaning shall apply hereinafter). The Lead Independent Director shall be appointed from among the Independent Directors who serve as members of the Audit Committee pursuant to the proviso to Article 29, Paragraph 3.</p> <p>② The term of office of the Lead Independent Director shall be the same as the term of office of that Independent Director.</p> <p>③ The Lead Independent Director shall perform the following duties:</p> <ol style="list-style-type: none"> 1. Convening and presiding over meetings composed of all Independent Directors, gathering and consolidating their views, and conveying them to the Board of Directors and management 2. Consulting on matters related to Board operations, including Board schedules and proposals for agenda items 3. Supporting smooth communication among shareholders, the Board of Directors, and management 4. Meeting with shareholders for the protection of shareholder rights and interests, and conveying the results of shareholder feedback to the Board of Directors and management 5. Providing information necessary for the effective performance of duties by Independent Directors and related support <p>④ The Company shall provide sufficient information and provide full cooperation to allow the Lead Independent Director to perform the duties under Paragraph 3.</p>

▪ **Item 3: Shareholder Proposals (Palliser Capital)**

※ Item 3 shall be submitted only if Item 2-7 is approved; otherwise, it will be automatically withdrawn

Item 3-1 : Disclosure of the NAV Discount as a major financial indicator in the Corporate Value-Up Plan

A. Title of Proposal

Disclosure of the NAV(Net Asset Value) Discount as a major financial indicator in the Corporate Value-Up Plan

B. Summary

Recommends that the Company include the NAV discount as a major financial indicator in its Corporate Value-Up Plan. The Company is encouraged to calculate and review the NAV discount each quarter and disclose the results.

Item 3-2 : Review by the Compensation Committee on the Introduction of Stock-Based Compensation to the Existing Executive Compensation Plan and Incorporating NAV Discount and ROE as Additional KPIs

A. Title of Proposal

Review by the Compensation Committee on the Introduction of Stock-Based Compensation to the Existing Executive Compensation Plan and Incorporating NAV Discount and ROE as Additional KPIs

B. Summary

Recommends that the Company's Compensation Committee review whether to establish a shareholder-friendly compensation framework by (i) introducing share-based compensation under which part of management compensation is paid in shares; and (ii) incorporating the NAV discount and Return on Equity (ROE) as additional KPIs for management compensation. The Compensation Committee is encouraged to disclose the results of its review by December 31, 2026.

Item 3-3 : Reinforcement of the Shareholder Return Policy by Increasing the Monetization of LG Energy Solution Stakes and Utilizing Proceeds for Share Buybacks and Cancellations

A. Title of Proposal

Reinforcement of the Shareholder Return Policy by Increasing the Monetization of LG Energy Solution Stakes and Utilizing Proceeds for Share Buybacks and Cancellations

B. Summary

Recommends that the Company lower its ownership stake in LG Energy Solution below the previously announced 70% level; use additional proceeds from further stake monetization to conduct share buybacks and cancellations, reinforce the shareholder return policy disclosed on January 29, 2026; and disclose the results of this review by December 31, 2026.

▪ Item 4: Appointment of ‘Dongchoon Kim’ as an Executive Director

Executive Director nominee ‘Dongchoon Kim’ has held significant leadership positions within the company’s Advanced Materials business, including Head of the Advanced Materials Business Division and Head of the Electronic Materials Division. Through these roles, he has contributed to improving business performance, identifying future growth engines, and the expanding the global customer base.

With his deep understanding of the Company’s core businesses and extensive hands-on experience, Mr. Kim is expected to support the effective execution of the Company’s strategy to advance its business portfolio and enhance corporate value. The Board of Directors views Mr. Kim as a suitable nominee for Executive Director, given his ability to facilitate prompt and well-reasoned decision-making on key management matters through close communication between the Board and management.

- Key experiences: Born in 1968 / Male

2018 ~ 2019 : Head of High Functional Materials Business Division, LG Chem / Vice President

2021 ~ 2022 : Head of Semiconductor Materials Business Division, LG Chem / Vice President

2023 ~ 2024 : Head of Electronics Materials Business Division, LG Chem / Senior Vice President

2025 ~ 2025 : Head of Advanced Materials Business, LG Chem / Executive Vice President

2026 ~ Present: CEO and Head of Advanced Materials Business, LG Chem / President

▪ **Item 5: Appointment of ‘Kyung-Hoon Chun’ as an Outside Director to serve as an Audit Committee Member**

※ **If Item 2-4 is voted down, Item 5 is automatically withdrawn**

Following amendments to the Commercial Code that increase the number of Audit Committee Members subject to separate election from one to two, the Company proposes to reappoint nominee ‘Kyung-Hoon Chun’, whose term expires in March 2026, as an Outside Director who will serve concurrently as an Audit Committee Member.

Mr. Chun previously worked for over ten years as an attorney specializing in corporate governance, fair trade, and M&A at a Korean law firm, and he is currently a professor at Seoul National University School of Law.

He has published more than 60 scholarly publications in the field of business law and has received multiple academic awards, actively contributing to both academic research and industry collaboration, while also serving in various public-sector advisory roles. Based on this expertise, over the past three years he has served as Chair of LG Chem’s Internal Transactions Committee and as a member of the Audit Committee, where he contributed to mitigating legal risks and strengthening the Company’s compliance framework in major management decisions. He has also provided strategic legal advice on merger reviews and capital market regulations.

Based on his legal expertise and understanding of the Company’s key issues, the Board of Directors expects that he will further contribute to strengthening the Board’s oversight function and enhancing corporate value, and therefore proposes his reappointment as an Outside Director and as a Member of the Audit Committee.

- Key experiences : Born in 1972 / Male

2010 ~ 2015 : Assistant Professor at Seoul National University School of Law

2015 ~ 2020 : Associate Professor at Seoul National University School of Law

2020 ~ Present : Professor at Seoul National University School of Law

- Board attendance rate for the past three years: 100% (attendance at 29 of 29 Board meetings during the term)

- Audit Committee attendance rate for the past three years: 100% (attendance at 16 of 16 Audit Committee meetings during the term)

Over the past three years, Mr. Chun has attended every meeting of the Board of Directors and the Audit Committee at LG Chem, demonstrating active engagement and providing the Board assurance that he will continue to fulfill his duties faithfully as an Outside Director and as a Member of the Audit Committee.

- Concurrent positions as registered officer: None

[Audit Committee Activities of Kyung-Hoon Chun over the Past 3 years]

Year	Date Convened	Main Agenda Items	Attendance
2023	Apr. 26, 2023	Report by external auditor for Q1 2023; report on draft financial statements for Q1 2023	Present
	Jul. 26, 2023	Report on review progress for the first half of 2023; report on draft financial statements for the first half of 2023; report on management diagnosis for the first half of 2023	Present
	Oct. 30, 2023	Report on draft financial statements for Q3 2023; report on review progress by external auditor for Q3 2023; approval of performance evaluation for the head of the department supporting the Audit Committee	Present
	Nov. 17, 2023	Report on external auditor designation results	Present
2024	Jan. 31, 2024	Report on operating of internal control over financial reporting for 2023; report on management diagnosis for the second half of 2023; approval of draft amendments to regulations on internal control over financial reporting; report on progress of review by external auditor; report on the business report for the 23rd fiscal year; report on financial statements for the 23rd fiscal year	Present
	Feb. 23, 2024	Report on progress of year end audit by external auditor for 2023; approval of draft opinion of the Audit Committee on the internal control system; approval of draft evaluation report on the operation of internal control over financial reporting; approval of draft audit report on the financial statements and business report for the 23rd fiscal year	Present
	Apr. 29, 2024	Report on draft financial statements for Q1 2024; approval of appointment of Audit Committee chair; report on progress of review by external auditor	Present
	Jul. 22, 2024	Report on review progress for the first half of 2024; report on draft financial statements for the first half of 2024; report on management diagnosis for the first half of 2024	Present
	Oct. 28, 2024	Report on draft financial statements for Q3 2024; report on review progress by external auditor for Q3 2024; approval of performance evaluation for the head of the department supporting the Audit Committee	Present
2025	Feb. 3, 2025	Report on progress of review by external auditor; report on management diagnosis for the second half of 2024; report on financial statements for the 24th fiscal year; report on business report for the 24th fiscal year; report on operation of internal control over financial reporting for 2024	Present
	Feb. 17, 2025	Report on progress of year end audit by external auditor for 2024; approval of draft evaluation report on the operation of internal control over financial reporting; approval of draft opinion of the Audit Committee on the internal control system; approval of draft audit report on the financial statements and business report for the 24th fiscal year	Present
	Apr. 28, 2025	Report on progress of review by external auditor; report on draft financial statements for Q1 2025; approval of draft appointment of Audit Committee chair	Present
	Aug. 7, 2025	Report on review progress for the first half of 2025; report on evaluation plan for the operation of internal control over financial reporting; report on draft financial statements for the first half of 2025; report on management diagnosis for the first half of 2025	Present
	Oct. 23, 2025	Report on review progress by external auditor for Q3 2025; report on draft financial statements for Q3 2025; consent to performance evaluation for the head of the department supporting the Audit Committee	Present
2026	Jan. 28, 2026	Report on review progress by external auditor for Q4 2025; report on management diagnosis for the second half of 2025; report on financial statements for the 25th fiscal year; report on the business report for the 25th fiscal year; report on operation of internal control over financial reporting for 2025	Present
	Feb. 23, 2026	Report on progress of year end audit by external auditor for 2025; approval of draft evaluation report on the operation of internal control over financial reporting; approval of draft opinion of the Audit Committee on the internal control system; approval of draft audit report on the financial statements and business report for the 25th fiscal year	Present

Item 6: Approval of the Ceiling for Directors' Remuneration

The Company seeks shareholder approval of KRW 7 billion as the ceiling for directors' remuneration, which is the same amount as the previous year.

In November 2025, the Company established the Compensation Committee and, under the Committee's oversight, reviewed evaluation and compensation standards, past compensation payouts, expected performance for the year, and the overall business environment before determining the remuneration limit for directors.

Remuneration for directors other than Outside Directors is determined by the Board of Directors within the limit approved at the general meeting of shareholders, based on a comprehensive evaluation of the following:

- ① Financial performance indicators, including financial results and achievement of management targets
- ② Key initiative indicators aimed at strengthening future competitiveness and building the future R&D pipeline.

Effective this year, the Compensation Committee will conduct a prior review process, thereby further improving transparency, fairness, and independence in the determination process.

In 2025, total remuneration paid to directors amounted to KRW 3.21 billion, representing 45.9% of the approved limit.

In light of continued uncertainty in the 2026 business environment, the Company proposes to maintain the ceiling for directors' remuneration at KRW 7 billion, the same as the previous year.

[Other reference information]

1. Director remuneration for the past 3 years

(Unit: KRW million)

Fiscal Year	Ceiling for Directors' Remuneration	Total Remuneration for Directors			Operating Profit (Previous Year)
		Executive Director	Outside Director		
2025	7,000	3,211	2,827	384	916,800
2024	7,000	3,688	3,296	392	2,529,200
2023	8,000	5,133	4,741	392	2,995,700

- Change in remuneration ceiling for directors: 2015–2023: KRW 8 billion (7 directors) → 2024: KRW 7 billion (7 directors)

2. Remuneration determination criteria

Target	Remuneration	Determination Criteria					
Executive Director	Salary	1) Base salary: Set after comprehensive review of inflation, business environment, scope of responsibility, management complexity, and productivity 2) Role-based pay: Set after comprehensive review of duties and position, strategic importance, intensity of competition, and business scale					
	Bonus	Paid based on assessment of achievement against the previous year's targets for: ① financial performance indicators; and ② key initiative performance indicators					
		<table border="1"> <thead> <tr> <th>Category</th> <th>Assessment Criteria</th> </tr> </thead> <tbody> <tr> <td>Key initiative performance (0%–67% of annual salary)</td> <td>Achievement against sales and operating profit targets, and relative competitive performance</td> </tr> <tr> <td>Key initiative performance (CEO: 0%–117% of annual salary; other executives: 0%–67% of annual salary)</td> <td>Strengthening future competitiveness, reinforcing the future R&D pipeline, and talent development (CEO only)</td> </tr> </tbody> </table>	Category	Assessment Criteria	Key initiative performance (0%–67% of annual salary)	Achievement against sales and operating profit targets, and relative competitive performance	Key initiative performance (CEO: 0%–117% of annual salary; other executives: 0%–67% of annual salary)
Category	Assessment Criteria						
Key initiative performance (0%–67% of annual salary)	Achievement against sales and operating profit targets, and relative competitive performance						
Key initiative performance (CEO: 0%–117% of annual salary; other executives: 0%–67% of annual salary)	Strengthening future competitiveness, reinforcing the future R&D pipeline, and talent development (CEO only)						
Outside Director	Salary	Base salary: Set after comprehensive review of inflation, business environment, scope of responsibility, management complexity, and productivity					

3. Remuneration paid to Inside Directors in 2025

(Unit: KRW million)

Target	Remuneration	Amount	Details of Payment
CEO Hak Cheol, Shin	Salary	1,887	Base salary KRW 944 million, role-based pay KRW 944 million
	Bonus	-	<p>※ Financial performance payment: 0%–67% of annual salary / Key initiative performance payment: 0%–117% of annual salary</p> <p>1) No financial performance bonus was paid, as the 2024 sales and operating profit fell short of targets.</p> <p>2) Although the Company advanced its portfolio strategy, diversified strategic customers around new growth engines, and strengthened the development framework for business and R&D leadership, no key initiative performance bonus was paid due to a business loss and limited available financial resources.</p>
Executive Director Dong Seok, Cha	Salary	941	Base salary KRW 801 million, role-based pay KRW 140 million
	Bonus	-	<p>※ Financial performance payment: 0%–67% of annual salary / Key initiative performance payment: 0%–67% of annual salary</p> <p>1) No financial performance bonus was paid, as the 2024 sales and operating profit fell short of targets.</p> <p>2) Although the Company advanced its portfolio strategy and diversified strategic customers around new growth engines, no key initiative performance bonus was paid due to a business loss and limited available financial resources.</p>

Part 2

Board's Opinion on the Background of
the Shareholder Proposal

General Opinion of the Board Regarding the Background of the Shareholder Proposals

- Summary of the Board's Response to the October 2025 Shareholder Letter



Based on its professional expertise and management capabilities, the Board has consistently achieved differentiated profitability and growth within the industry despite a challenging business environment. Recently, the Board has been driving disciplined capital allocation policies and the enhancement of shareholder value through the update of our "Corporate Value-Up Plan" and the disclosure of our "Mid-to-Long-term Shareholder Return Policy". The Board is composed of experts with diverse competencies based on a board skill matrix ("BSM") that aligns with these management policies, forming a model governance structure

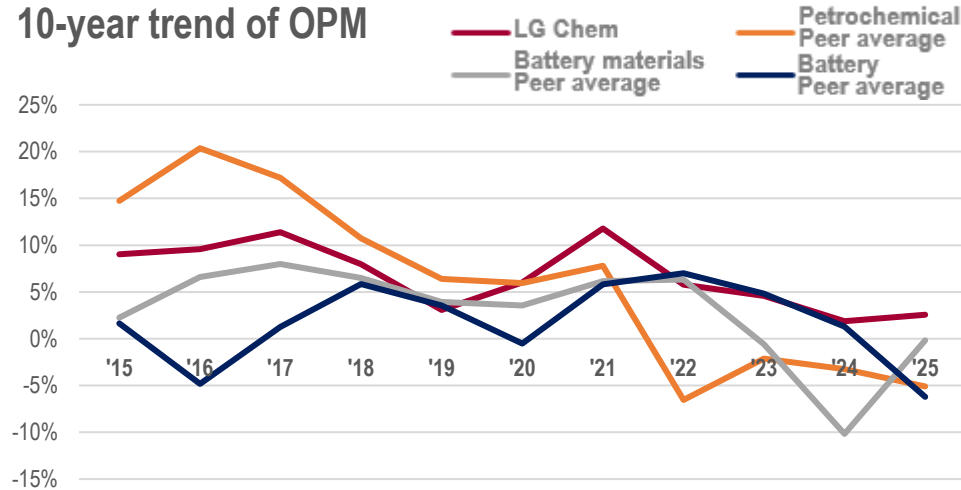
The Board has conducted in-depth deliberations on the shareholder letter (dated October 21, 2025) and the subsequent shareholder proposal (dated February 9, 2026) submitted by Palliser Capital to determine whether they align with the best interests of our shareholders. **Following a thorough review of the October 2025 shareholder letter**, the Board has concluded that the issues raised by Palliser Capital as the background for their proposals are either: (i) matters that have already been addressed or are currently being implemented, following the Board's prior review and decision-making progress; (ii) matters that are legally impermissible; or (iii) claims with low validity due to a lack of understanding of the Company's business situation and strategic direction). The following provides a detailed review of the contents of the October 2025 shareholder letter.

*For the Company's recommendations regarding each agenda item of the February 9, 2026 shareholder proposal, please refer to Part 1, p.6-9.

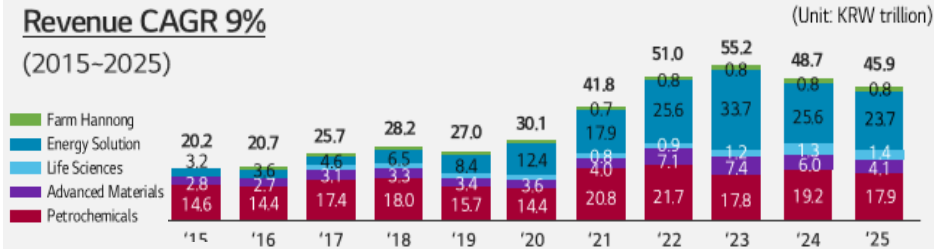
<p>Shareholder Letter (October 21, 2025)</p>	<p>[Background] Erosion of Trust in LG Chem's Governance and Continued lack of alignment with Shareholders</p> <p>[Recommendation]</p> <ul style="list-style-type: none"> - Enhance the skillsets of LG Chem's Board - Align management incentives with shareholders' interests (e.g., share price, discount, ROE, etc.) 	<p>Absence of a Returns-Oriented Capital Allocation framework to address the significant LG Chem Value Gap</p> <ul style="list-style-type: none"> - Buybacks at current deep discount levels - Ensure return-oriented assessment : investment at an expected ROI 	<p>Lack of Action on the LG Energy Solution("LGES") Stake</p> <ul style="list-style-type: none"> - Execute a Buyback-in-kind utilizing 10% of LGES shares - Implement an open-ended long-term discount management programme-Selling further LGES shares to fund ongoing buybacks
<p>Board Opinion</p>	<p>Enhancing Governance Based on Board Expertise and Strengthening Alignment with Shareholder Value</p> <ul style="list-style-type: none"> - Regular review of Board competency composition using the BSM - Established the Compensation Committee in November 2025; scheduled to introduce executive KPIs linked to shareholder returns within the year - Appointed an outside director as Chairman of the Board in February 2026 	<p>Pursue a Balanced Approach among Growth, Financial Soundness, and Shareholder Value Enhancement</p> <ul style="list-style-type: none"> - Promoting more sustainable shareholder and corporate value enhancement alongside improvements in business fundamentals and financial flexibility : Given the current downturn in core businesses and the downward pressure on credit ratings, top priority is given to future growth investment and maintaining financial soundness : Based on the recovery of EBITDA (around 2028), we plan to review share buybacks/cancellations alongside a stable increase in DPS - IRR 10% (=WACC)↑ is already being applied 	<p>Announcement of LGES Stake-Linked Shareholder Returns (January 29, 2026) and Execution of Periodic Reviews on Utilization Plans</p> <ul style="list-style-type: none"> - Given the future growth value of LGES(EV, ESS, Robotics, etc.), gradual divestment is required to minimize impairment of residual value while ensuring balanced capital allocation of proceeds. - Palliser Capital's two (2) proposed options are legally impermissible and could also create issues such as an overhang resulting from a one-time monetization of a 10% stake, as well as fairness concerns regarding the valuation of the share exchange ratio between the companies
<p>Operational Policies</p>	<ul style="list-style-type: none"> □ Periodic Monitoring /update of the "Value-Up Plan" : The Board will periodically monitor and disclose the results of key progress, including the status of the mid-to-long-term utilization of the LGES stake and ROE performance. □ Strengthening Board Independence and Oversight: Appointment of an Outside Director as Chairman of the Board (Feb. 2026) □ Enhancing Shareholder Communication: Expanding shareholder engagement from a management-driven approach to a board-level engagement framework. □ Reinforcing Executive Accountability: Introduction of KPIs linked to shareholder returns. 		

Performance Review: Creating Differentiated Results(vs. Peers) Based on Portfolio Advancement Strategy

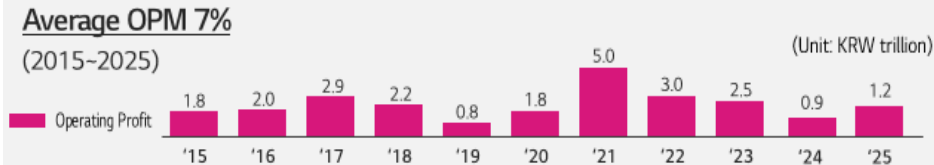
10-year trend of OPM



Revenue CAGR 9% (2015~2025)



Average OPM 7% (2015~2025)



- ✓ **Despite unprecedented industry downturns and a challenging business environment such as structural oversupply in petrochemicals and a prolonged EV chasm, we have continued to generate differentiated performance compared to pure players in each sector through strategic portfolio advancement.**
 - Established a diverse portfolio encompassing battery/battery materials and life sciences (i.e., bio).
 - Stable profitability has been maintained, even as the industry entered a downcycle in 2021 and peers experienced weakened results.
 - Continued efforts to transform the business structure into a high-profit, high-growth model driven by new growth drivers.
- ✓ As of 2025, revenue has grown 2.3 times compared to 10 years ago (CAGR 9%), and we have achieved an average operating profit margin of 7% over the past decade, backed by a robust portfolio.
 - Reduced the revenue share of petrochemicals from over 70% a decade ago to less than 40% in 2025.
 - Expanded the proportion of batteries and battery materials through over a decade of R&D and successful business execution.

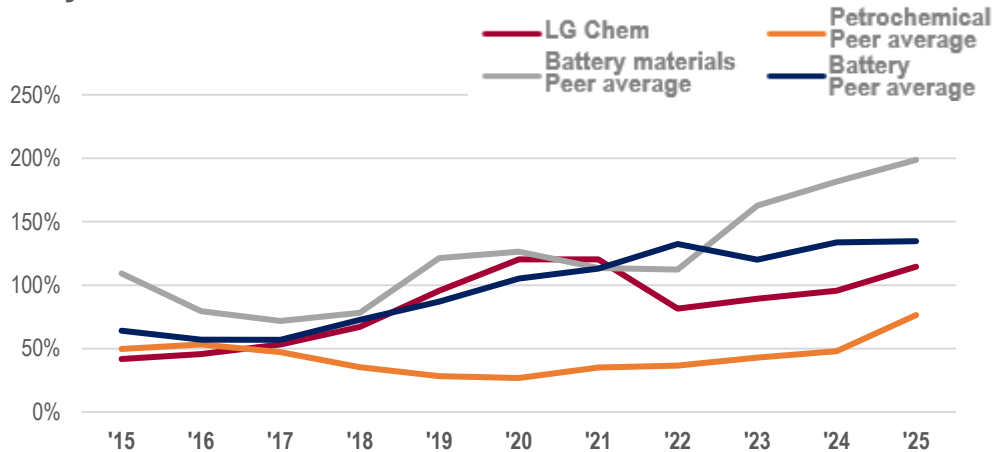
* Consolidated basis

** Revenue: Based on current organizational structure from 2019 onward, retroactively adjusted to exclude businesses discontinued/divested (LCD polarizers excluded from 2019, polarizer materials/films excluded from 2021, water solution business excluded from 2024).

※Petrochemical Peer : Lotte Chemical, Korea Petrochemical(2025 : Not included, as financial statements are not yet disclosed) / Battery materials Peer : Posco Future M, Ecopro BM, L&F / Battery Peer : SK Innovation, Samsung SDI

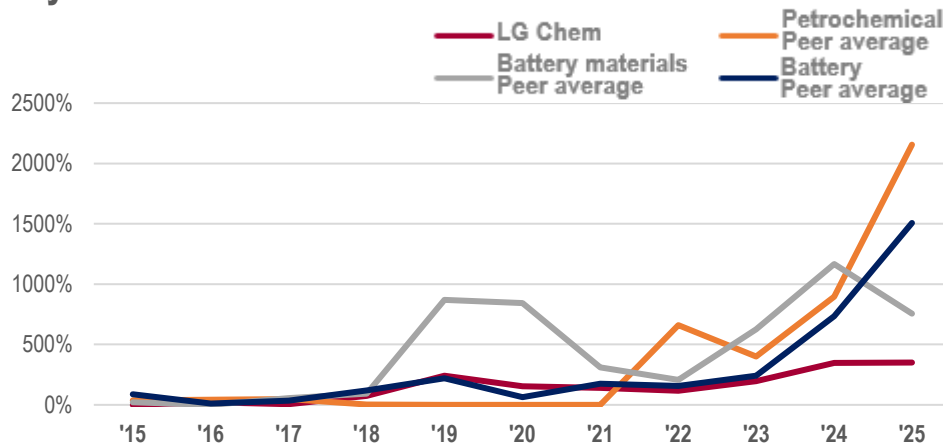
Financial Metrics Review: Relatively Robust Financial Soundness backed by Cumulative Business Performance

10-year trend of the debt ratio



- ✓ While the Company previously maintained no-borrowings management policy, borrowing levels have steadily increased since 2015, reflecting expanded battery facility investments and, from 2021, preemptive investments in new growth drivers such as battery materials.
- ✓ In more recent periods, we have maintained financial stability backed by the steady cash-generating capability of our diversified business portfolio. Although our debt-to-equity ratio is higher than the average of petrochemical peers, it remains at a significantly healthier level compared to the average of battery and battery material peers.

10-year trend of Net Debt / EBITDA



※ If EBITDA is negative, it is treated as 0% (e.g., L&F: 2023–2025; SK Innovation: 2020)

- ✓ Over the past five (5) years, peer companies have seen a sharp upward trend in their net debt/EBITDA ratios due to cumulative operating losses from structural supply–demand deterioration in petrochemicals, alongside continued capital injections for capacity expansion despite weakening performance in battery/battery materials.
- ✓ **While we have maintained relatively robust financial soundness by offsetting cyclical volatility through our diversified portfolio and rigorous financial management, our credit ratings have recently trended downward, reflecting a period of concentrated investment for growth amid the recent weakness in our core business market environment^(*)**
 - Moody's : A3 Negative → Baa1 Negative(late 2024) → Baa2 Stable(late 2025)
 - S&P : BBB+ Negative → BBB0 Stable(March 2025)

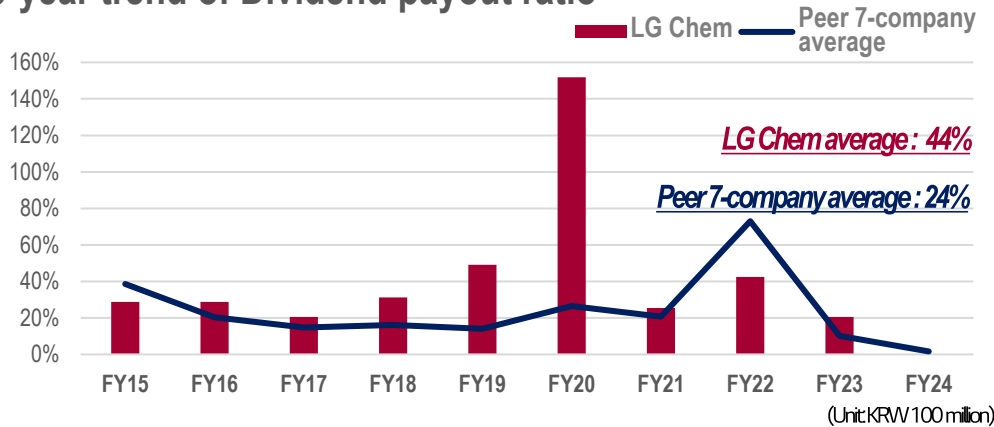
→ **It is essential to continue to manage our (net) debt/EBITDA ratio to defend our credit ratings while simultaneously executing growth investments to prepare for the future.**

※Petrochemical Peer : Lotte Chemical, Korea Petrochemical(2025 : Not included, as financial statements are not yet disclosed) / Battery materials Peer : Posco Future M, Ecopro BM, L&F / Battery Peer : SK Innovation, Samsung SDI

(*)According to Korea's three major credit rating agencies, LG Chem holds an AA+ rating, remaining in the upper tier of the industry (Samsung SDI & SK Innovation: AA; Lotte Chemical: AA-).

Shareholder Return Review: Realizing resilient and Sustainable Shareholder Value Despite Challenging Industry Conditions

10-year trend of Dividend payout ratio



- ✓ Over the past 10 years, the average dividend payout ratio relative to consolidated net income(*) has been 44%. For most of this period, **our dividend propensity has consistently remained above the industry peer average.**
 - Pursuing a best-efforts dividend policy even while undertaking structural improvement investments necessitated by industry deterioration..
 - Adjustment payout ratio to 20% starting in FY 2023, in order to focus on timely investments in new growth drivers.
 - Despite a net loss on a consolidated basis(*) in FY 2024, we paid dividends as shareholder return to enhance corporate value(DPS: KRW 1,000).

- ✓ Expanding consolidated dividend payout ratio to 30% when profitability recovers (ROE 10%↑) based on performance of the four growth drivers and LG Energy Solution dividend income materializes.
- ✓ Monetizing LG ES stake up to 70% over the next five years, with a minimum of 10% of proceeds allocated for shareholder returns; and around 2028, reviewing share buybacks / cancellations.
 - FY25: DPS KRW 2,000; allocate 10% of the after-tax net cash proceeds from the sale of LGES stake.

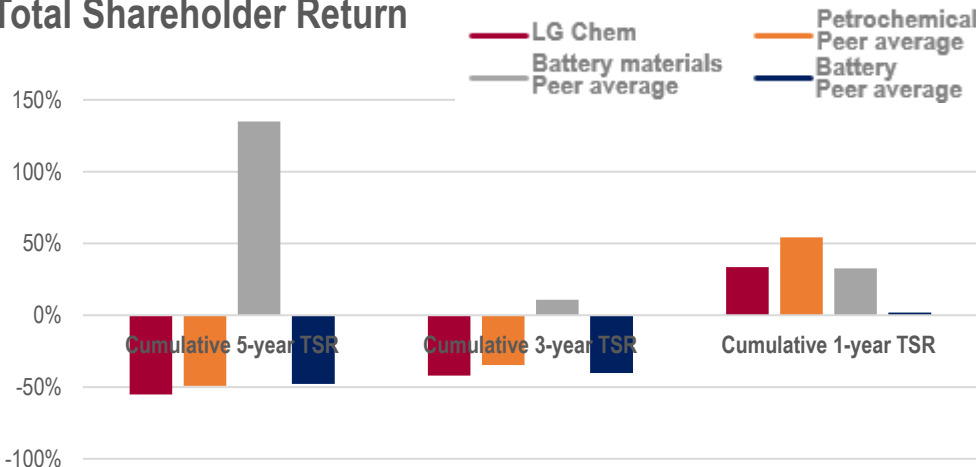
- ✓ Since the second half of 2023, peer stock prices have faced downward pressure due to structural oversupply in petrochemicals and spreading concerns over the EV chasm.
- ✓ Despite maintaining robust business performance, financial metrics, and dividend payout ratio compared to peers, our historical cumulative TSR remains at a similar level to that of the petrochemical and battery industries. As a diversified conglomerate, the overlapping downturns in both of our core business sectors created an even greater burden on our stock price adjustment (* Battery material stocks: as an emerging industry, the share price appreciated more strongly during initial growth stages)
- ✓ However, expectations of petrochemical business restructuring and stronger inflows into the undervalued sector have driven a bottoming-out in LG Chem stock price. Consequently, as of late 2025, our cumulative TSR for the year has relatively outperformed that of our peers.

	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Total dividends	3,313	3,681	4,001	4,601	1,536	7,784	9,353	7,831	2,743	787
(*)Consolidated net income attributable to controlling interests.	11,530	12,811	19,453	14,726	3,134	5,126	36,698	18,454	13,378	Δ6,909

(Unit:KRW100million)

※ For FY25, only a few companies have completed dividend-decision disclosures. Therefore, they are excluded as of the reference date.

Total Shareholder Return



※ Cumulative TSR is calculated as $\{ (Ending\ stock\ price - Beginning\ stock\ price) + Total\ dividends \} / Beginning\ stock\ price$, with the ending stock price measured as of year-end 2025.

※ Petrochemical Peer : Lotte Chemical, Korea Petrochemical(2025 : Not included, as financial statements are not yet disclosed) / Battery materials Peer : Posco Future M, Ecopro BM, L&F / Battery Peer : SK Innovation, Samsung SDI → Total 7 peer companies

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

1 Erosion of Trust in LG Chem's Governance and Continued lack of alignment with Shareholders

Shareholder Proposal

[Strengthening Board competencies]

- Board members primarily from academia lacking management expertise and a lack of international expertise / insufficient experience in core growth businesses / limited experience in portfolio management and capital allocation / absence of personnel dedicated to protecting shareholder rights and interests

Company's Opinion

- The seven (7) directors possess expertise, diversity, and balance across eight (8) skill sets (finance/accounting, financial/capital markets, law/policy, risk management, management/leadership, ESG, global, industry/technology). Specifically, outside directors are selected based on their strong professional knowledge or practical experience in: (i) finance/accounting, (ii) law/policy, (iii), Corporate management and (iv) industry expertise. We are periodically reviewing the Board's competency composition using the BSM.

In particular, Director Whasun Jho provides management advisors based on her high level of domestic and international expertise in international trade policy and governance including supporting the establishment of our ESG strategy in alignment with global trends. Director Hyunjoo Lee, a renowned expert in catalysis, who has conducted extensive research across biomass, carbon neutrality, and eco-friendly technologies. She contributes meaningfully to the Board's decision-making on the Company's sustainable business direction and new business reviews. Based on her deep insights spanning corporate management, international expertise, and industrial technology, she provides substantial value to the Board. Accordingly, it would be inappropriate to characterize her expertise and capabilities as an outside director in a negative manner.

- Meanwhile, in February of this year, as part of improving corporate governance to strengthen board independence and oversight functions, Outside Director Whasun Jho was newly appointed as the Chairman of the Board. In a shift from the current management-centered investor communication approach, we plan to establish concrete channels for communication—such as governance meetings between outside directors and shareholders—within this year. Through these initiatives, the Company aims to move beyond the previous management-led investor communication model and further expand direct engagement between the Board, including outside directors, and shareholders.

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

■ Board's BSM

Category	Name	Finance · Accounting		Law		Corporate Management			Industry Expertise
		Finance · Accounting	Financial · Capital Markets	Law · Policy	Risk Management	Management · Leadership	ESG	Global	Industry · Technology
Inside Director	Hak-Cheol Shin ¹⁾	○	○		○	●	●	●	●
	Dongchoon Kim ²⁾	○	○		●	●	○	○	●
	Dong Seok Cha	●	●	○	●	●	○		○
Other Non-Executive Director	Bong Seok Kwon	○	○		●	●	○	●	○
Outside Director	Young-Han Lee	●	●	○	○	○	○		
	Kyung-Hoon Chun	○	●	●	●		○	○	
	Whasun Jho			○		○	●	●	●
	Hyunjoo Lee				○		●		●

1) Scheduled to resign at the March 2026 Annual General Meeting of Shareholders

2) Scheduled to be newly appointed at the March 2026 Annual General Meeting of Shareholders

* Evaluation Criteria

- ● : Possesses primary/expert competency

- ○ : Possesses secondary/supplementary competency

** Skillset Definitions

[Finance · Accounting] Financial reporting, internal controls, capital structure, investment feasibility review, and financial risk management

[Financial · Capital Markets] Reviewing corporate value, regulations, and stakeholder risks during decision-making related to investment, M&A, and capital raising

[Law · Policy] Reviewing the legality of major decisions and compliance systems, considering relevant laws and regulatory environments

[Risk Management] Professional knowledge in risk assessment and management regarding business and financial risks

[Management · Leadership] Leadership experience as a senior executive or officer

[ESG] ESG strategy, disclosure, regulatory response, and monitoring of related risk factors

[Global] Business experience in diverse geographical, political, and regulatory environments

[Industry · Technology] Reviewing business-related agendas based on an understanding of technology, regulation, safety, and environmental risks in the chemical industry

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

■ Current Status of Utilizing Outside Director Expertise

Name	Main Expertise	Summary
Young-Han Lee	Finance · Accounting, Financial · Capital Markets	Having worked as a certified public accountant at an accounting firm and as a Senior Analyst at Korea Ratings Corp., where he was responsible for audit and tax services, management consulting, credit analysis, and business feasibility assessment. Mr. Lee has extensive experience in finance, accounting, taxation, and management evaluation, having served as a member of the Tax Review Committee of the Regional Tax Office, a member of the Audit Review Committee under the Financial Services Commission, a Market Committee member of the KOSDAQ Market Division of the Korea Exchange, and a Management Evaluation Committee member for public institutions. Mr. Lee serves as a Professor in the Department of Taxation and Dean of the College of Liberal Convergence at the University of Seoul. Based on expertise and experience in research and policy advisory related to IRFS, external audit systems, and internal controls, Mr. Lee is contributing to financial reporting, internal controls, capital structure, investment feasibility reviews, and financial risk management.
Kyung-Hoon Chun	Financial · Capital Markets, Law · Policy, Risk Management	After working as a corporate governance, antitrust, and M&A lawyer at a law firm for over 10 years, Mr. Chun has been serving as a professor of commercial law at Seoul National University School of Law and graduated from Duke University School of Law in the U.S and is also admitted to the New York Bar. During Mr. Chun's tenure as a professor, he has engaged in active research and industry-academic cooperation, publishing over 60 papers in the fields of corporate and securities law and winning numerous best paper awards. Mr. Chun has also performed public sector advisory activities by participating in various government committees. Based on this expertise, Mr. Chun is providing strategic legal advice on business combination reviews, capital market regulations, and compliance systems.
Whasun Jho (Female)	ESG, Industry · Technology	As a professor of political science and international relations at Yonsei University, Ms. Jho was the first political scientist to be elected as a fellow of the Korean Academy of Science and Technology, possessing high professional knowledge through research on science and technology policy and future governance. She holds a Ph.D. in Political Science from Northwestern University in the United States and has served as a visiting scholar at Harvard University. Based on her insights into international trade policy, economy, governance, and science and technology, Ms. Jho is contributing advisory services on business direction from the perspectives of ESG and sustainable management.
Hyunjoo Lee (Female)	ESG, Industry · Technology	Serving as a director of the Korean Institute of Chemical Engineers and a professor in the Department of Chemical and Biomolecular Engineering at KAIST, Ms. Lee is a catalyst expert who extensively researches fields such as biomass, carbon neutrality, and eco-friendly technologies, possessing high expertise across the petrochemical process and the sustainability business as a whole. Based on this, Ms. Lee is providing advice on catalyst and sustainability-related businesses and strategic directions, as well as contributing advisory services on technical trends.

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

■ Contribution of Inside Directors and Other Non-Standing Directors

Name	Main Expertise	Summary
Hak-Cheol Shin (Scheduled to resign)	Management·Leadership, ESG Industry·Technology, Global	As a professional manager and former Executive Vice President of 3M, a globally innovative company, Mr. Shin has served as the Chief Executive Officer of LG Chem for the past seven (7) years. During this tenure, Mr. Shin has played a major role in expanding LG Chem's growth and enhancing its differentiated competitiveness—even amidst challenging industry conditions—by continuously advancing the portfolio centered on new growth engines and strengthening R&D capabilities.
Dongchoon Kim (To be newly appointed)	Risk Management, Management·Leadership, Industry·Technology	Having held key positions in the advanced materials sector, such as the Head of the Advanced Materials Business Division and Head of the IT Materials Business Unit, Mr. Kim has contributed to strengthening competitiveness of LG Chem by improving financial performance, discovering new growth engines, and expanding the global customer base. Mr. Kim is expected to continue leading the advancement of LG Chem's business portfolio in the future.
Dong Seok Cha	Management·Leadership, Risk Management, Finance·Accounting, Financial·Capital Markets	Based on rich experience in the finance sector, including serving as CFO of Serveone Co., Ltd. and S&I Corp., Mr. Cha is playing a major role in improving financial soundness and internal processes. With a deep understanding of LG Chem's business strategy, Mr. Cha has focused on fostering new growth engines and securing financing. Mr. Cha is expected to continue playing a key role in performance and risk management in the future.
Bong Seok Kwon	Management·Leadership, Global, Risk Management	Based on extensive experience at LG Electronics Inc., Mr. Kwon possesses the insight of a Chief Executive Officer and expertise across the entire value chain, including new business planning, management, strategy, and production. As a member of the board of directors for LGES, Mr. Kwon contributes to LG Chem's decision-making process based on a deep understanding and rich experience in the overall battery business.

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

■ Proposed Board Composition Post 2026 AGM in March

Name	Position	Responsibilities	Key Career / Current Role	Term Expiration
Dongchoon Kim	Representative Director (CEO)	- Management Committee Chairperson - ESG Committee member	*Former : - Head of High-Performance Materials Division, Semiconductor Materials Division, LG Chem - Head of IT Materials Division, Head of Advanced Materials Business, LG Chem *2026 ~ Present : CEO & Head of Advanced Materials Business, LG Chem	March 2029 (Newly Appointed)
Bong Seok Kwon	Other Non-Executive Director	- Outside Director Nomination Committee member - Compensation Committee Member	*Former : - Head of Media Business Division, - Head of MC Product Planning Group, Head of HE Business, LG Electronics - CEO of LG Electronics *2021 ~ Present: Vice Chairman of LG Corp.	March 2028
Dong Seok Cha	Inside Director (CFO)	- Management Committee member - Internal Transaction Committee member	*Former : - Head of Finance Team, LG Corp, Head of Internal Audit TFT, LG Chem - CFO of Serveone *2019 ~ Present: CFO of LG Chem	March 2027
Young-Han Lee	Outside Director * Separately Elected Audit Committee Member	- Audit Committee member - Internal Transaction Committee member - ESG Committee member	*Former : - Outside Director of Spigen Korea - Management Evaluation Committee Member of Ministry of Economy and Finance Public Institution - National Tax Review Committee Member of Central Regional Tax Office - Committee Member of KOSDAQ Market *Present : - Professor, University of Seoul Department of Taxation - Vice President of Korean Accounting Association, Accounting Research Committee Chair of Korean Institute of Certified Public Accountants - Proactive Administration Committee Member of National Tax Service - Outside Director of Hyundai Engineering	March 2027
Kyung-Hoon Chun	Outside Director * Separately Elected Audit Committee Member	- Internal Transaction Committee Chairperson - Audit Committee member - ESG Committee member - Compensation Committee member	*Former : - Attorney of Kim & Chang Law Firm, Attorney of State of New York, USA *Present : - Professor of Seoul National University Law School	March 2029 (Reappointed)
Whasun Jho (Female)	Outside Director	- BOD Chairperson - Compensation Committee Chairperson - Internal Transaction Committee member - ESG Committee member	*Former : - Committee Member of Anti-Corruption and Civil Rights Commission - Committee Member of New Technology and Service Deliberation Ministry of Science and ICT - Non-standing Committee Director, Korea Expressway Corporation *Present : - Professor of Department of Political Science and International Relations, Yonsei University - Director of Center for Digital Social Sciences, Regular Member of Korean Academy of Science & Technology - Outside Director of Kia Corp	March 2028
Hyunjo Lee (Female)	Outside Director	- ESG Committee Chairperson - Audit Committee member - Outside Director Nomination Committee member	*Former : Professor of Department of Chemical and Biological Engineering, Yonsei University *Present : Professor of Department of Chemical and Biomolecular Engineering, KAIST	March 2028

* Current Chairperson of the Audit Committee: Whasun Jho & Chairperson of the Outside Director Nomination Committee: Young-Han Lee →Expected to change following the 25th AGM on March 31, 2026

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

1 Erosion of Trust in LG Chem's Governance and Continued lack of alignment with Shareholders

Shareholder Proposal

[Introduction of executive KPIs aligned with shareholder interests]

- Need to link KPIs to NAV discount, and share price/TSR relative to peers.
- Need to link ROE targets as a core financial metric.

Company's Opinion

- We plan to introduce executive KPIs linked to shareholder/capital returns(*) in 2026. The final decision will be made following a review and deliberation by the Compensation Committee.

(*) Various evaluation metrics such as stock appreciation rate, stock price performance relative to competitors, TSR, and ROE are currently under review.

- While NAV discount can serve as a reference indicator explaining the gap between corporate value and share price, it is not a suitable KPI for executive performance management. Its calculation methods are not standardized, and it is heavily influenced by external factors beyond the Company's direct control, such as market multiples, interest rates, investor sentiment, and subsidiary stock prices. Incorporating it into KPIs could weaken the clarity of performance attribution for management.

- However, the Board fully understands shareholders' concerns regarding the NAV discount. We plan to continuously monitor and ensure that the mid-to-long-term utilization plan for our stake in LGES contributes as much as possible to enhancing our corporate value.

- To move away from short-termism and focus more on securing future growth engines, we plan to introduce these metrics as part of the long-term incentive program. We expect this to accelerate the enhancement of corporate value by aligning the interests of shareholders and management.

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

2 Absence of a Returns-Oriented Capital Allocation framework to address the significant LG Chem Value Gap

Shareholder Proposal

[Execution of share repurchases despite excessive NAV discounts]

Company's Opinion

- While improving NAV per share through share buybacks and cancellations may provide a temporary boost, we believe it is difficult to achieve sustainable enhancement of corporate and shareholder value unless accompanied by solid business fundamentals and financial flexibility, especially from a "going concern" perspective.

- Major business competitiveness has weakened and the decline in cash-generating capability has accumulated due to the prolonged downturn in the petrochemical market and weak EV demand in the U.S.; consequently, credit ratings are also on a downward trend.

For the time being, priority must be placed on future growth investments(*) such as M&A for new businesses to improve the Company's fundamentals, and on maintaining stable financial metrics (net debt/EBITDA) to defend credit ratings.

(*) Trillion-won scale investments expected for inorganic growth in areas such as e-mobility and semiconductor materials, with a target ROI of 10% or higher.

- Although there have been no distributable reserves since FY 2024, we are currently maintaining a minimum level of cash dividends by utilizing a portion of the proceeds from the sale of certain assets. Through growth investments and a restructuring of the petrochemicals business, we aim to shift to a high-profit/high-growth business structure and restore EBITDA. Starting around 2028—when dividend income from LGES is expected to become visible—we plan to review (i) steadily increase DPS and (ii) introduce share buybacks and cancellations funded by proceeds from selling our LGES stake.

※ The above plan is based on the current market conditions and available reference data. Please note that the plan may be subject to change depending on future business conditions and revisions to the Company's mid- to long-term strategy."

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

2 Absence of a Returns-Oriented Capital Allocation framework to address the significant LG Chem Value Gap

Shareholder Proposal

[Implementing ROI investments that exceed the hurdle rate]

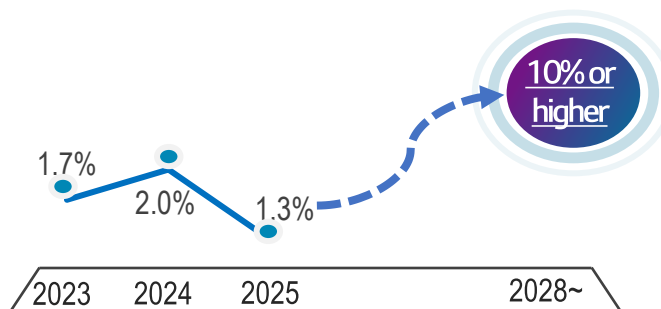
Company's Opinion

- When reviewing investment feasibility, we consider an internal rate of return (IRR) of 10% or higher—a level that exceeds our WACC—to be the minimum financial requirement. However, actual achievement may fluctuate due to external variables encountered during business operations, such as market conditions, the competitive environment, and global political climates.

- Starting from 2025, we have introduced a "periodic gate review" system. This allows us to continuously monitor whether to delay or suspend investments by re-evaluating overall market fluctuations even after an investment has been initially approved.

[Reference] ROE(*) Performance and Targets (Excluding LGES)

(*) Managed and selected as a target indicator for return on capital, based on the cumulative concept of corporate investment performance (the aggregate of individual investment projects)



※ Plans to Achieve the 10% Target(Excluding LGES)

- ❶ Improving profitability by advancing business portfolios centered on the four (4) main growth engines.
- ❷ Active portfolio rebalancing, including the rationalization of low-growth/low-profit assets and the restructuring of the petrochemical business.
- ❸ Reaching a CAPEX peak-out through selective capital injection.
- ❹ Improving net income via the generation and gradual increase of dividend income from LGES in the mid-to-long term.
- ❺ Implementing shareholder returns (dividends, share buybacks/cancellations) in connection with the utilization plan for the LGES stake.

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

3 Lack of Action on the LG Energy Solution("LGES") Stake

Shareholder Proposal

[Proposing a 10% LGES stake payout in exchange for a share repurchase (tender offer)]

- Conduct a large-scale share buyback utilizing LGES shares

Company's Opinion

- Acquiring treasury shares using LGES stock as consideration requires a "tender offer for exchange". However, since this process is subject to "Advance Public Disclosure of Insider Trading" regulations, a failure to meet the disclosed tender volume (specifically a shortfall of 30% or more) could result in a violation of these disclosure rules.

Furthermore, there are currently no domestic precedents for this type of transaction in Korea.

- Furthermore, due to the Company's diverse shareholder base, individual preferences and positions are highly complex. From the perspective of protecting total shareholder interests and ensuring fairness for all shareholders, significant controversy could arise regarding the fair valuation of both companies' shares and the determination of exchange ratios.

- Meanwhile, utilizing a 10% stake in LGES at once as in-kind consideration for a share buyback would cause severe damage to the value of the remaining stake due to "overhang" issues caused by the sudden liquidation of a large volume. The Company has already disclosed a shareholder return plan linked to the sale of a 10% LGES stake over the next five (5) years (as of January 29, 2026), and we plan to sell the stake gradually and strategically, taking into account financial market demand.

The Company's Detailed Opinion on the Proposing Shareholder's Claim Regarding "Factors Expanding LG Chem's Value Gap"

3 Lack of Action on the LG Energy Solution("LGES") Stake

Shareholder Proposal

[Long-term Discount Management Program]

- Continuously sell LGES shares in small installments and use the proceeds to mandatorily repurchase LG Chem shares.

- The indefinite, long-term, and continuous sale of LGES shares is practically impossible to execute due to the "Advance Public Disclosure of Insider Trading" regulations. Under these regulations, trading is institutionally prohibited for a 30-day "blackout" period prior to the start of a trading period, and for another 30 days between the end of one trading period and the start of a new one. Furthermore, continuous selling based on fixed price orders could distort the market's autonomous price-setting function, and if any non-public material information (inside information) arises during that period, a suspension of trading would be inevitable due to insider trading regulatory issues.

Company's Opinion

- Meanwhile, the decision to hold or dispose of strategic assets based on future valuation is a core management decision that must be made by comprehensively considering business outlook, market/financial conditions, and financial flexibility at each point in time. Therefore, making an indefinite commitment to sell subsidiary shares at this stage is difficult to justify as a sound management judgment in terms of strategic consistency.

"Our management plans to seek a balance between (i) investment for future growth, (ii) improvement of financial soundness, and (iii) enhancement of shareholder value based on the monetization of our LGES stake. To ensure that the value of our LGES holdings is appropriately reflected in our stock price for the benefit of our shareholders, we will continue to communicate with the market and review measures such as expanding the proportion of shareholder returns and considering conditional review of sales to bring our stake below 70% after the initial five (5)-year period."

Mid- to Long- Term Capital Allocation

(Reflected New updates including from the the Mid- to- Long term shareholder return policy dated Jan. 29, 2026)

▪ Enhancing corporate/shareholder value through a **balanced capital allocation strategy among investment, financial soundness, and shareholder returns**

- ① Selective capital investment based on priorities¹⁾ to strengthen future growth and fundamental business competitiveness
- ② Maintaining stable credit rating by improving financial soundness through maintaining/reducing net debt
- ③ Pursuing stable and sustainable shareholder return policy based on business performance

OCF + Asset Monetization = Investment + Enhancing Financial Soundness + Shareholder Returns

Enhancing Financial Soundness

Utilize at least 10% OCF as a priority

Asset Monetization

Over the next approximately five years, the Company plans to gradually monetize its stake in LGES to a level of around 70%, with the aim of maintaining a balanced approach to growth, financial soundness, and the enhancement of shareholder value.

Shareholder Returns

- Current consolidated dividend payout ratio of 20%²⁾
→ Intends to expand its consolidated dividend payout ratio to 30%, subject to a recovery in profitability supported by performance from its four key growth engines (ROE up to 10%) and the commencement of full-scale dividend income from LGES.
- At least 10% of the after-tax cash proceeds secured from the disposal of the Company's stake in LGES will be allocated as a source of shareholder returns³⁾
→ Based on the recovery of EBITDA (around 2028), we plan to review share buybacks/cancellations alongside a stable increase in DPS

We will periodically reassess market conditions and relevant factors to determine the feasibility of expanding the monetization of LGES stake, with the objective of minimizing impairment of the value of its LGES stake while potentially reducing its ownership level below 70%. We also plan to review the capacity to expand the proportion of shareholder returns. Progress and implementation updates regarding the utilization of the LGES stake will be disclosed in due course.

1) $IRR > WACC (=10\%) + \text{Risk premium}$, evaluation of competitive advantage potential/urgency/feasibility → E-mobility Materials, Semiconductor Materials and etc.)

2) Based on the Company's dividend policy, excluding one-time non-recurring gains from consolidated net income attributable to controlling interests.

For FY2024 / FY2025, although distributable profits were not calculated under the dividend policy, a dividend of 1,000 KRW(FY2024) / 2,000KRW(FY2025) per share was decided as a shareholder return measure to enhance corporate value.

3) FY2025: We intend to allocate 10% of the after-tax cash proceeds from the sale of our LGES stake for shareholder returns

Thank you

*We*ConnectScience

 **LG Chem**

LG Twin Tower, 128 Yeoui-daero, Yeongdeungpo-gu, Seoul 07336, Korea
Tel. 02-3773-1114 / www.lgchem.com

Copyright © 2026 LG Chem. All Rights Reserved.