LOTTE ENERGY MATERIALS

2025 LOTTE ENERGY MATERIALS SUSTAINABILITY REPORT

ABOUT THIS REPORT

Report Overview

LOTTE ENERGY MATERIALS published its third Sustainability Report in June 2026 to transparently disclose its efforts to advance sustainability and its key achievements and to actively engage with stakeholders. Through this report, the Company shares its ESG strategy and non-financial performance alongside its financial performance. LOTTE ENERGY MATERIALS will continue to actively gather stakeholder feedback through its annual Sustainability Report and incorporate it into its business activities.

Reporting Period and Scope

The reporting period covers January 1 to December 31, 2025. The report also includes some key information from the first half of 2026 that may affect stakeholders. Quantitative performance data for the past three years are presented to facilitate trend analysis. The scope of non-financial reporting covers the ESG performance of LOTTE ENERGY MATERIALS' domestic sites, while some non-financial data also include the performance of its overseas subsidiaries. Where the reporting scope or boundary requires clarification, the applicable scope and boundary are specified in the relevant notes.

Reporting Framework and Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 and incorporates the United Nations Sustainable Development Goals (UN SDGs) and key industry-specific disclosure metrics from the Sustainability Accounting Standards Board (SASB). Financial performance is reported on a consolidated basis in accordance with Korean International Financial Reporting Standards (K-IFRS).

Third-Party Assurance

To ensure the reliability and fairness of the financial and non-financial information presented in this report, LOTTE ENERGY MATERIALS obtained third-party assurance from Korea Management Registrar Inc. (KMR), an independent professional assurance provider. The assurance results are presented in the Independent Assurance Statement on page 120. Other than its engagement to provide third-party assurance services, KMR has no conflict of interest with LOTTE ENERGY MATERIALS that could compromise the independence or impartiality of its assurance.

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COVER STORY



Through circular flows and expanding dot patterns, the cover of the 2025 LOTTE ENERGY MATERIALS Sustainability Report visualizes the interconnected and circular structure of copper foil material technology, symbolizing sustainable value and the expansion of the global energy network as it connects to and expands into a sustainable energy ecosystem of the future.

INTERACTIVE PDF

To help readers navigate the 2025 LOTTE ENERGY MATERIALS Sustainability Report, clicking the icons embedded in the report or the table-of-contents headings at the top of each page takes readers to the corresponding page.

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COMPANY OVERVIEW

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CEO MESSAGE

I am Yeon-seop Kim, CEO of LOTTE ENERGY MATERIALS.

We expect the operating environment to remain highly uncertain throughout 2026, amid continued weakness in the electric vehicle market, prolonged geopolitical conflicts, rising protectionism, and higher raw material prices. Despite these challenges, we are mobilizing our full capabilities to turn adversity into opportunity and lay the foundation for renewed growth.

Addressing climate change and advancing the low-carbon transition are core priorities in our sustainability strategy. We are working toward our targets to reduce greenhouse gas emissions by 32.7% by 2030 and achieve net zero by 2050. Across our production network in Korea and overseas, we are exploring options for renewable energy use and delivering tangible results through energy efficiency initiatives. We also respect human rights, comply with applicable competition and fair trade laws and regulations, and strengthen our partnerships with local communities. Supported by transparent and fair internal systems, we will translate our sustainability commitments into action and earn the trust of our stakeholders.

We are enhancing the sustainability of our business by advancing our business portfolio through innovation. Our Iksan Plant is rapidly transitioning toward high-value-added circuit copper foil for AI applications and establishing itself in the global value chain, while our Malaysian subsidiary has built world-class capabilities in battery copper foil. We are also expanding our battery materials value chain and developing future growth drivers through the mass production of next-generation battery materials, including sulfide-based solid electrolytes and LFP cathode active materials. Across our production, quality, and development functions, we are deploying data-driven AI technologies to drive significant gains in yield and productivity and further strengthen customer trust.

Grounded in a culture that embraces challenge and a safe working environment, we will prioritize sustainable value creation for both our customers and the environment. Even amid significant industry uncertainty, we will pursue steady growth as we work to become a global leader in sustainable materials. We appreciate your continued interest and support on this journey.
Thank you.

June 2026
Chief Executive Officer
LOTTE ENERGY MATERIALS

Yeon-seop Kim 김 연 섭

> “This Sustainability Report shares our journey toward becoming a leading sustainable materials company. We appreciate your continued interest and support.”



MISSION AND VISION

Mission and Vision

As a top-tier copper foil manufacturer that has been at the forefront of establishing domestic production of Elecfoil—a core material used across a broad range of electronic devices and applications, including secondary batteries, semiconductor packaging, AI accelerators, mobile devices, and TVs—LOTTE ENERGY MATERIALS embarked on a new phase of growth in 2023 as a member of LOTTE Group. Its strengths lie in its precise and sophisticated technologies developed through more than 30 years of expertise, its capability to manufacture products of world-class quality, and its diverse product lineup, ranging from general-purpose copper foil to high-value-added, high-end products with high strength and high elongation. The Company is rapidly transitioning its Iksan Plant toward high-value-added circuit copper foil for AI applications to meet growing demand for higher-value products, while advancing its environmentally sustainable business portfolio by combining these capabilities with the competitiveness of its Malaysia Plant in battery copper foil. The Company will also accelerate the commercialization of next-generation battery materials, including sulfide-based solid electrolytes and LFP cathode active materials, to secure future growth drivers.

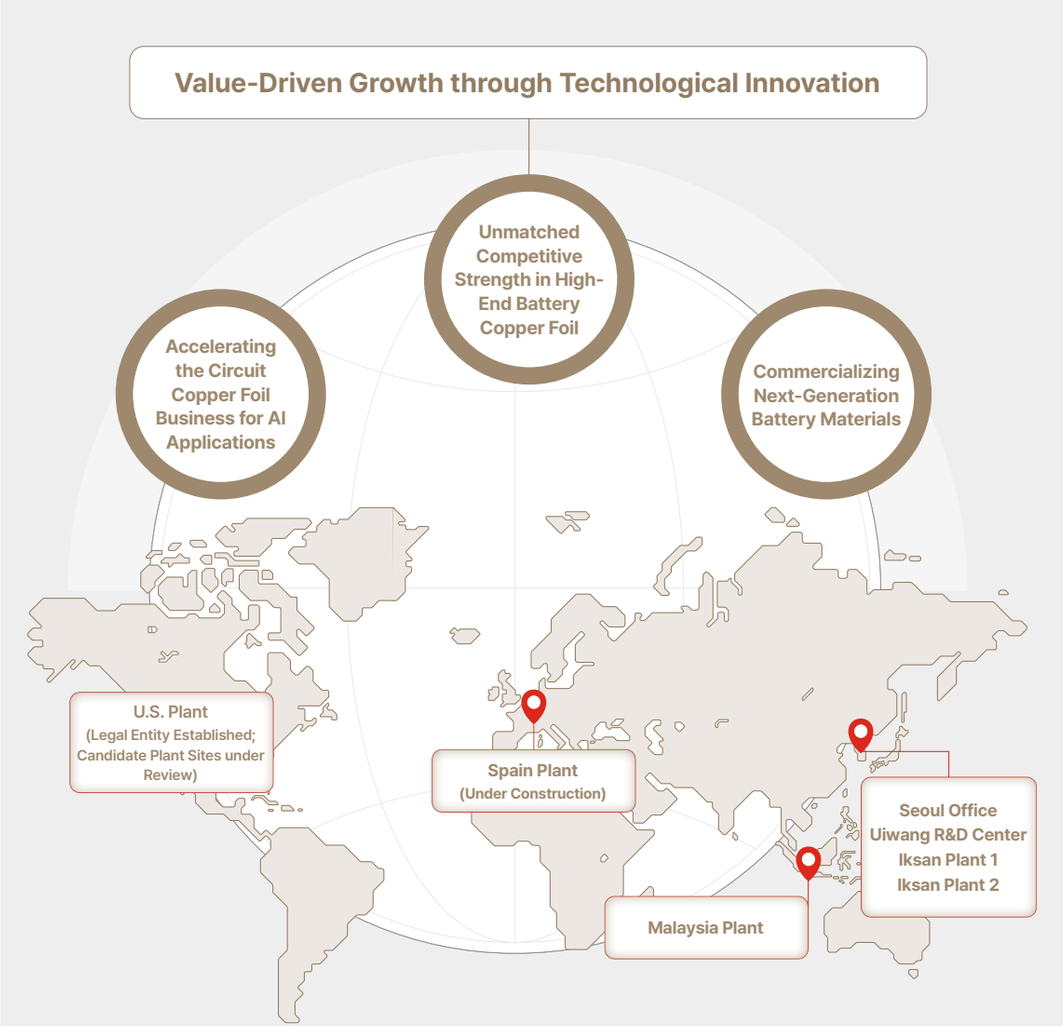
Company Profile

As of December 2025

Company Name	LOTTE ENERGY MATERIALS Corporation
Date of Establishment	August 11, 1987
Chief Executive Officer	Yeon-seop Kim
Headquarters	63-25, Seogam-ro 3-gil (Palbong-dong), Iksan-si, Jeonbuk-do, Republic of Korea
Number of Employees	591 (Korea only)
Business Areas	Copper Foil Business (Battery Copper Foil and Circuit Copper Foil), Construction Business

ESG Ratings

Category	한국ESG기준원		MSCI	
Assigned Rating	2024	2025	2025	2026
	C	B+	B	BBB



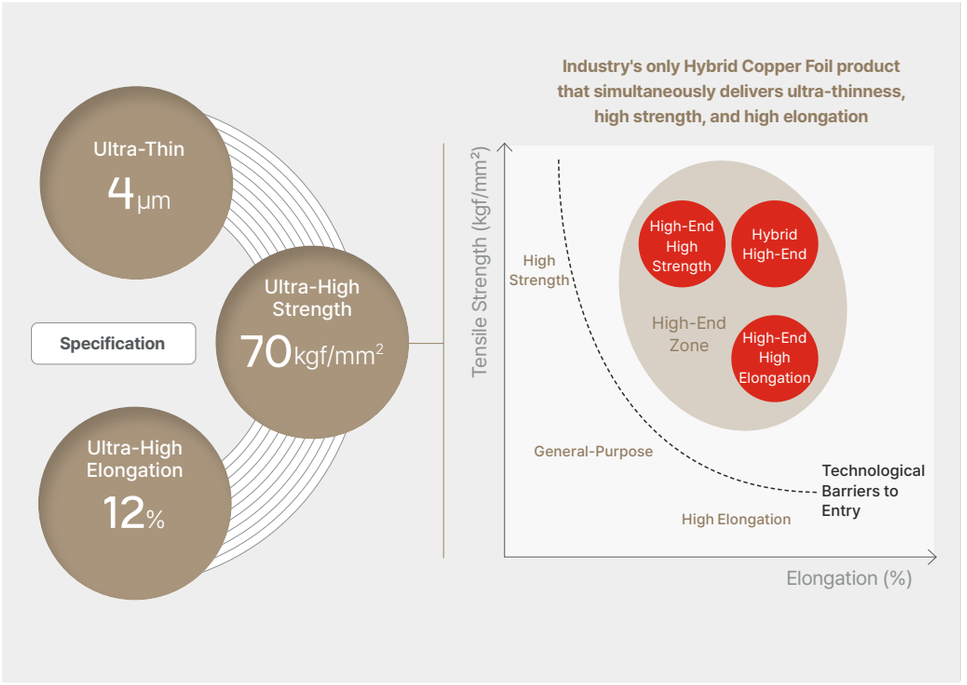
BUSINESS

Business Overview

Elecfoil

High-End Battery Copper Foil

Battery copper foil is a core material used as the anode current collector in lithium-ion batteries for electric vehicles. LOTTE ENERGY MATERIALS develops and mass-produces High-End Battery Copper Foil with both high-strength and high-elongation properties to extend EV driving range, improve charging and discharging safety, and increase energy density. In particular, the Company is leading the industry with its Hybrid copper foil, the industry's only product that simultaneously meets the requirements for ultra-thinness, high strength, and high elongation.



Next-Generation Battery Copper Foil for ESS Applications
Standardization of High-End Products

Unmatched Competitive Strength in High-End Battery Copper Foil

High-End Copper Foil for Mobile Devices and Thick Copper Foil for High-Power Applications
Expanding Global Market Share

HiSTEP

In 2025, LOTTE ENERGY MATERIALS launched HiSTEP as a new brand to strengthen the promotion and differentiation of its Hybrid High-End products. HiSTEP is the flagship brand for Hybrid High-End Copper Foil, representing high strength, high elongation, and refined performance, and offers high-performance material solutions. In particular, it focuses on achieving reliable production of thinner-gauge foil while maintaining a balance between tensile strength and elongation.

1. i/P: Visualizes product manufacturing processes, including copper foil winding
2. S/T/E: Core Technology embedded within the copper foil (i–P)
3. Hi/P: High Technology (high and best-in-class) and Productivity (enhanced productivity)

BUSINESS

Elecfoil

Korea's Only Producer of Circuit Copper Foil

Circuit copper foil is a core material used across a wide range of electronic devices, including semiconductor packaging, AI accelerators, mobile devices, and TVs. Recognizing the growth of the AI server market and the trend toward smaller, multifunctional advanced electronic devices, LOTTE ENERGY MATERIALS is the only company in Korea that develops and manufactures circuit copper foil. The Company develops and manufactures a broad product lineup to meet diverse customer requirements and possesses industry-leading technological capabilities in circuit copper foil production.



Comprehensive Product Lineup Meeting All Requirements of PCB Manufacturers, from Ultra-Thin to General-Purpose Thicknesses

Specification

Ultra-Thin 1 μm

Production of 1–3 μm Ultra-Thin Foil for Semiconductor Packaging Applications

Circuit Copper Foil 7 μm

Production of the Thinnest Circuit Copper Foil at 7 μm

Ultra-Low Profile 0.5 μm

Production of 0.5 μm Ultra-Low-Profile Copper Foil for High-Speed Signal Transmission; Reduced Transmission Loss by Minimizing the Skin Effect

Circuit Copper Foil Production at the Iksan Plant
Early Conversion of Production Capacity

Accelerating the Conversion of Production Lines to High-Value-Added Circuit Copper Foil for AI Applications

Full-Scale Supply of Circuit Copper Foil for AI Applications
Driving a Quantum Leap in Revenue

Next-Generation Foil: LDN (Nickel-Plated Copper Foil, Ni-Plated Cu Foil)

LDN is a core material designed for next-generation all-solid-state batteries (ASSBs) and is produced by plating conventional copper foil with nickel. Conventional copper foil is susceptible to corrosion, and corrosion-resistant materials such as stainless steel (SUS) and nickel (Ni) have therefore been used as alternatives; however, these materials have limitations in cost efficiency and process compatibility. LOTTE ENERGY MATERIALS' LDN offers excellent heat and corrosion resistance, maximizing the performance of ASSBs. It also meets requirements for a pinhole-free and defect-free surface, low surface roughness, specified tensile strength, and elongation, positioning it as an important material for ASSBs. LDN therefore significantly enhances the stability and performance of ASSBs and is gaining attention as a key material for next-generation energy storage solutions.



LDN
(Nickel-Plated Copper Foil, Ni-Plated Cu Foil)

BUSINESS

Business Overview

Next-Generation Advanced Materials

Solid Electrolyte

Solid electrolytes conduct ions in the solid state, enabling high stability and high energy density. As they pose no risk of electrolyte leakage or ignition, they offer excellent safety and are gaining attention as a key material for all-solid-state batteries (ASSBs). Solid electrolytes are categorized as sulfide-based, oxide-based, or polymer-based, with each type differing in ionic conductivity and stability. Used in electric vehicles, energy storage systems (ESS), mobile devices, and other applications, they improve battery performance and service life and enable high-voltage, high-energy-density batteries. LOTTE ENERGY MATERIALS is researching ways to maximize solid electrolyte performance by achieving high ionic conductivity, controlling particle size, and applying liquid-phase synthesis technology, while maintaining stable ionic conductivity even under specific conditions.

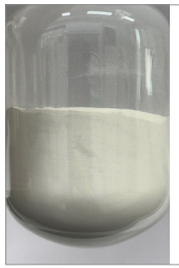
High Ionic Conductivity	Excellent Electrochemical Stability	Available in Ultrafine Particle Sizes	Excellent Interfacial Contact with Electrodes

Specification



Sulfide-Based Solid Electrolytes

High Ionic Conductivity and Excellent Interfacial Contact with Electrodes Enabled by Dry and Wet Synthesis Technologies



Halide-Based Solid Electrolytes

Excellent Electrochemical and Oxidation Stability

LFP Cathode Active Materials

LFP cathode active materials are attracting growing attention in the battery market. As consumer demand for battery safety increases in response to recent electric vehicle battery fires, preference is growing for LFP batteries, which offer greater resistance to fire and explosion. LOTTE ENERGY MATERIALS can tailor particle size to customer requirements, and its LFP cathode active materials offer high compaction density and long cycle life. These characteristics enable LFP batteries to achieve optimized physical properties and electrochemical performance, providing high reliability across a wide range of applications, including electric vehicles.

Greater Customer Flexibility through Particle Size Control Tailored to Specific Requirements	Mass Production of Consistent, High-Quality Products (Expertise in Wet Milling and Spray Drying)	High Compaction Density and Long Cycle Life

Specification



Iksan Plant 2

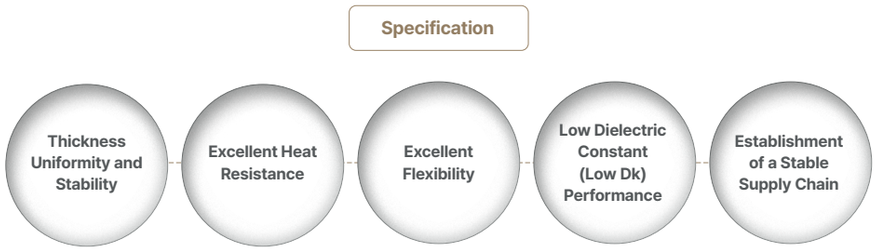
BUSINESS

Business Overview

Application

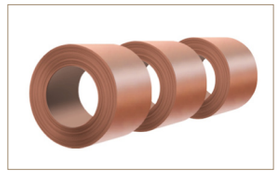
FCCL (Flexible Copper Clad Laminate)

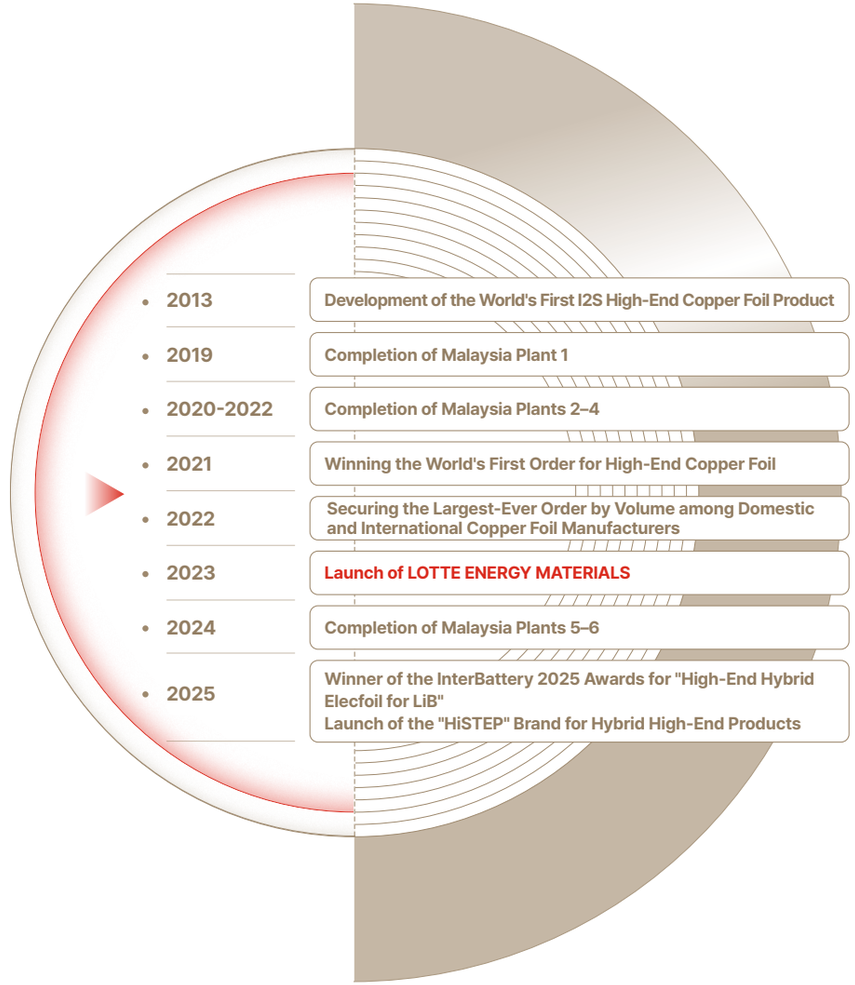
FCCL is a key material used to manufacture flexible printed circuit boards (FPCBs), consisting of copper foil laminated with an insulating film. Smartphones require FPCBs because their circuit boards must bend to accommodate component placement and other design requirements. As one of the principal materials used in FPCBs, FCCL affects thermal performance, signal interference, and signal transmission speed in smartphones, depending on its material and performance properties. LOTTE ENERGY MATERIALS has earned recognition for its technological capabilities by supplying high-performance FCCL to global smartphone manufacturers.



Cu Tape (Copper Adhesive Tape)

Cu Tape is an essential material for small and medium-sized electronic products that require miniaturization and weight reduction, including smartphones, tablets, automotive electronics, and TVs. It effectively transfers and dissipates heat from high-performance components such as CPUs and motherboards and reduces electronic device malfunctions by shielding against and attenuating electromagnetic interference.





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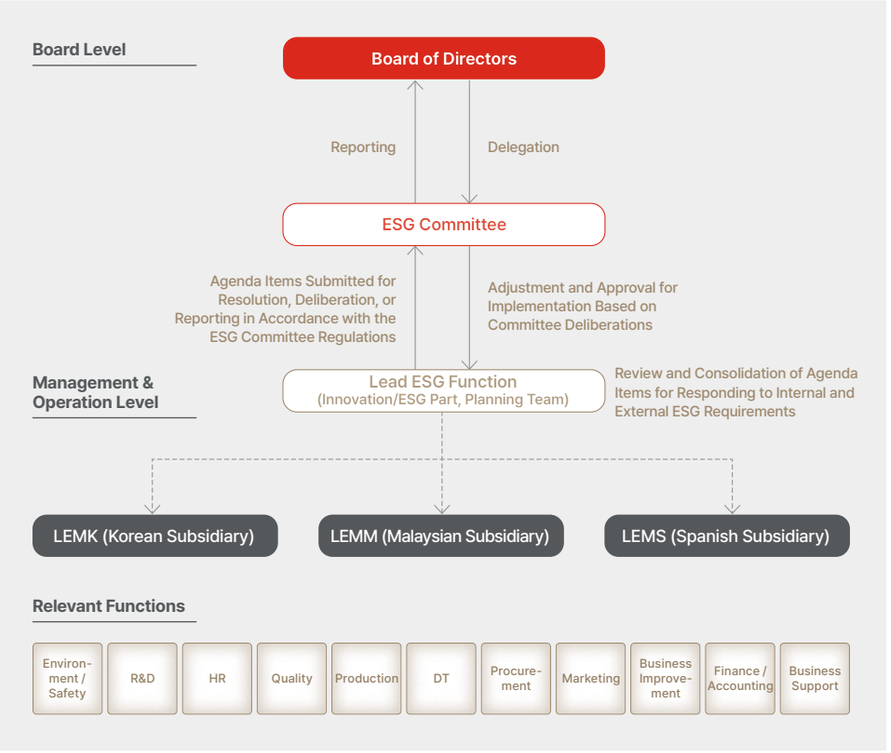
ESG OVERVIEW

ESG Strategy

ESG Governance Framework

LOTTE ENERGY MATERIALS established an ESG Committee and designated a lead ESG function to proactively address ESG requirements and global regulations affecting the battery industry. The ESG Committee makes decisions on key agenda items to enable proactive responses to customer requirements and the implementation of internal ESG initiatives. The lead ESG function oversees the implementation of sustainability- and ESG-related strategies and plans in response to internal and external requirements. Working closely with relevant functions across the Company, it plans and supports the company-wide execution of ESG initiatives and efforts to improve ESG performance.



ESG Strategic Framework

LOTTE ENERGY MATERIALS has established strategic initiatives and a roadmap to realize its ESG vision, “High-End for GREEN,” and is accelerating their implementation. The Company has clearly defined roles and responsibilities (R&R) and detailed targets for each initiative and manages its annual plans and performance in an integrated manner by linking them to its integrated ESG governance framework and performance evaluation and compensation.

High-End for GREEN

	Short-Term Action Items	Medium- to Long-Term Strategic Initiatives
Climate Management	- Enhancement of the Net-Zero Roadmap - Review of the Life Cycle Assessment (LCA) Process - Introduction of Internal Carbon Pricing - Analysis of Climate Risk Impacts	- Continued Implementation and Management of Carbon Reduction Measures - Review of Medium- to Long-Term Reduction Measures - Quantification and Verification of Scope 3 Emissions and Development of a Reduction Strategy - Establishing and Embedding an LCA System - Allocation of a Management Budget for Carbon Reduction - Analysis of Climate Change Scenarios and Financial Effects
Circular Economy	- Increase in the Share of Recycled Raw Materials - Reduction of Waste Generation and Acquisition of Zero Waste to Landfill (ZWTL) Certification	- Establishment of a Resource Circularity Framework Across All Sites - Waste Reduction Across All Sites
ESG Disclosure Readiness	- Enhancement of ESG Disclosure Data Management	- Systemization of ESG Data Management - Development of an Integrated ESG Risk Management Approach
ESG Risk Management	- Preparation to Obtain the Copper Mark	- Response to Domestic and Global ESG Regulations
ESG Capabilities and Management Systems	- Enhancement of Safety Management Capabilities - Certification of Compliance and Anti-Bribery Management Systems	- Establishment of a Safety Culture Driven by Employee Participation - Enhancement of Company-Wide Compliance and Business Ethics Activities

Linking ESG Performance to Evaluation and Compensation

The CEO’s ESG KPIs account for a portion of the CEO’s overall KPI weighting and are assessed based on the level of achievement of quantitative and qualitative targets for priority ESG initiatives. The evaluation covers progress toward net zero and ESG disclosures, as well as strategy development and performance delivery for key ESG metrics, and the results are reflected in determining CEO compensation. The Company has also linked each CEO KPI to the evaluations of the responsible executives and organizational units, establishing a framework that enables coordinated implementation across all ESG areas.

ESG OVERVIEW

Stakeholder Engagement

LOTTE ENERGY MATERIALS classifies stakeholders that directly or indirectly affect its business activities, or are affected by those activities, as core, strategic, or other stakeholders. The Company maintains appropriate communication channels for each stakeholder group to identify key areas of interest, implement responsive measures, and actively seek stakeholder feedback. As ESG regulations tighten and investors pay greater attention to the level of companies' ESG performance, related requirements arising from interactions among stakeholders are also increasing. LOTTE ENERGY MATERIALS will continue to communicate proactively with stakeholders and devote its efforts to ensuring fair business operations and transparent information disclosure.

Stakeholder Classification and Definitions

Category	Core	Strategic	Other
Stakeholder Groups	• Employees • Customers • Investors	• Suppliers • Government and Relevant Agencies • Local Communities	• Media • NGOs • Research Institutions and Experts, among others
Definition	• Groups to which the Company has legal, financial, or operational responsibilities	• Groups that affect the Company's business and performance	• Groups affected by the Company's business activities
Characteristics	• Essential to the Company's continued viability	• Essential to the Company's response to specific issues	• Stakeholders other than those classified as Core or Strategic

Stakeholder Engagement Channels and Response Activities

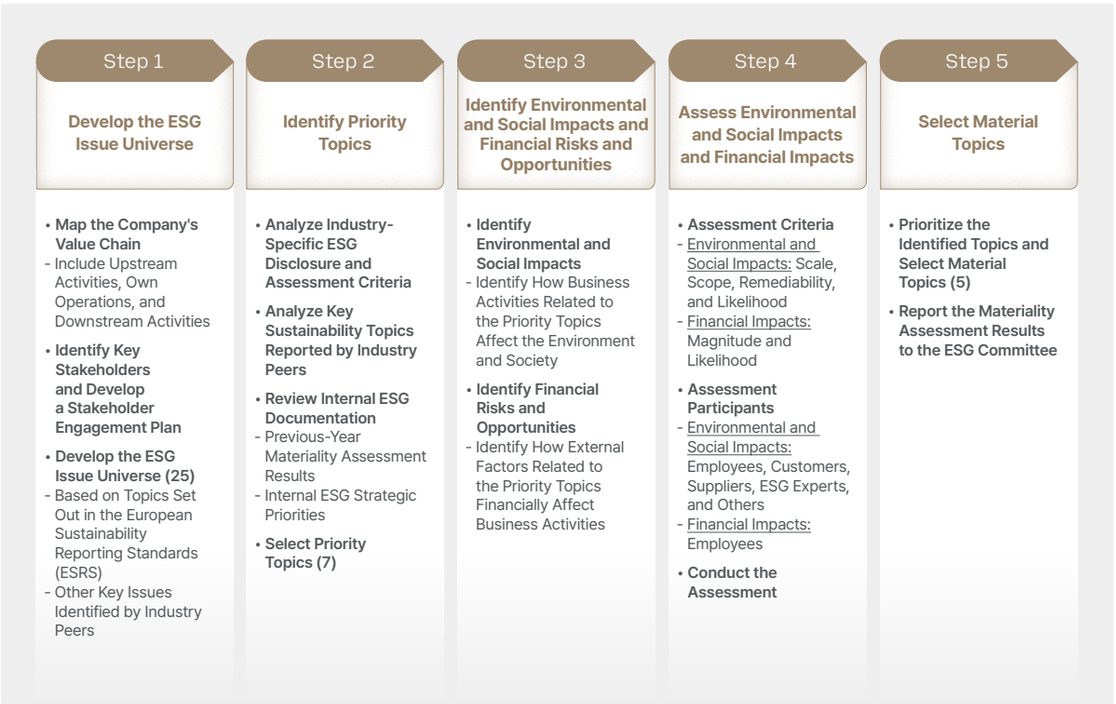
Category	Stakeholder	Key Areas of Interest	Communication Channels	Response Activities
Internal	Employees	• Fair Compensation • Safe Working Environment • Medium- to Long-Term Vision • Work-Family Balance • Employee Benefits • Labor-Management Relations • Employee Communication	• Labor-Management Council • Employee Portal • Job-Specific Training • HR Sessions • Company Newsletter • Business Performance Briefings • Junior Board • Employee Surveys • Strategy Workshops	• Parental Leave Program • Health Checkup Support • Operation of the Safety and Health Committee • Operation of Grievance Channels • Work-Life Balance Day • Organizational Culture Programs for Employees (Activities and Events)
External	Shareholders and Investors	• Transparent Business Operations and Disclosure • Business Portfolio Diversification • Corporate Governance Improvements • Business Performance	• General Meeting of Shareholders • Earnings Presentations • Investor Relations (IR) Meetings (Ongoing) • Sustainability Report • Investor Presentations • Disclosures (Ongoing) • Call Handling (Ongoing)	• Participation in IR Conferences and Domestic and Overseas Non-Deal Roadshows (NDRs) • Disclosure of Financial and Non-Financial Information
	Customers	• Product Quality • Supply Chain Stability • ESG Practices	• Website • Exhibitions and Trade Fairs • Brochures • Promotional Videos	• ISO Certifications • Supply Agreements through MOUs • Development of Next-Generation Products • Expanded Use of Renewable Energy
	Suppliers	• Enhanced Communication with Suppliers	• Consultative Meetings • Surveys • Supplier Grievance Channel	• Operation of a Supplier Grievance Channel
	Local Communities	• Community Engagement • Reduction of Local Environmental Impacts	• Community Outreach Programs • Community Engagement Channels	• Implementation of Community Outreach Programs • Support for Community Engagement and Activities
	Government and Local Authorities	• Job Creation • ESG-Related Trade Issues • Compliance with Environmental, Safety, and Human Rights Regulations	• Consultative Meetings with Relevant Industry Associations • Korea Fair Trade Commission	• Monitoring Global ESG Regulations and Trends • Participation in Government-Hosted Consultative Meetings • Responses to Government Policies and Guidelines • Review of Participation in Government-Sponsored Projects

ESG OVERVIEW

Materiality Assessment

Materiality Assessment Process

LOTTE ENERGY MATERIALS conducted a materiality assessment based on the concept of double materiality, considering both impact materiality in relation to environmental and social impacts and financial materiality.
To identify ESG issues, the Company developed a universe of 25 issues relevant to its business by analyzing internal and external ESG trends and disclosure guidelines, benchmarking leading global companies, and incorporating industry-specific issues. From this universe, the Company identified seven priority topics by considering its sustainability priorities, the requirements of industry-specific disclosure and assessment initiatives, key sustainability topics reported by industry peers, and key issues across major stages of the value chain. The Company then identified and assessed the environmental and social impacts and related financial risks and opportunities associated with these priority topics, ultimately selecting five material topics.



Materiality Assessment Results

Seven priority topics were identified through the prioritization process. Water Management and Corporate Governance were newly included as priority topics due to their increased importance in the environmental and governance areas, respectively. Based on the final assessment of environmental and social impacts and financial impacts, five material topics were selected: Climate Change Response; Waste Management and Resource Circularity; Occupational Health and Safety; Supply Chain Management; and Ethics and Compliance. The materiality assessment process and results were reported to the ESG Committee in May 2026 to support the integration of sustainability into decision-making across the Company.

Material Topic Selection Results

Category	Rank	Area	Topic	Environmental and Social Impact Level	Financial Impact Level	Change from Previous Year
Material Topic	1	E	Climate Change Response	●●●●●	●●●○○	Unchanged
	2	S	Supply Chain Management	●●●●○	●●●○○	Unchanged
	3	E	Waste Management and Resource Circularity	●●●○○	●●●○○	Unchanged
	4	S	Occupational Health and Safety	●●●○○	●●●○○	Unchanged
	5	G	Ethics and Compliance	●●●○○	●●○○○	Unchanged
Priority Topic	6	E	Water Management	●●○○○	●●○○○	New
	7	G	Corporate Governance	●○○○○	●●○○○	New

Impact Level: ● (Very Low), ●● (Low), ●●● (Moderate), ●●●● (High), ●●●●● (Very High)

ESG OVERVIEW

Materiality Assessment

Management Approach for Material Topics

LOTTE ENERGY MATERIALS is strengthening its ESG practices by systematically identifying and managing risks and opportunities related to its five material topics, supported by proactive engagement with stakeholders and the active collection of their feedback.

Area	Topic	Risks and Opportunities	Management Approach and Strategic Initiatives	Relevant Pages	GRI Index
E	Climate Change Response	• Greenhouse gas emissions from the operation of production facilities and the procurement of key raw materials, contributing to climate change • Increased investment costs due to stricter greenhouse gas regulations • Increased costs for purchasing emissions allowances	• Development and implementation of a 2050 net-zero roadmap • Development of a carbon reduction plan across the value chain and expansion of the market for environmentally sustainable products • Compliance with emissions trading regulations	19-41, 78-79	• GRI 302: Energy • GRI 305: Emissions
S	Supply Chain Management	• Increasing demand for supply chain management that addresses environmental impacts, supplier relationships, procurement practices, technology use, and overall efficiency • Supply disruptions and legal liability for the contracting entity if environmental, ethical, or other issues arise at any stage of the supply chain	• Supply chain ESG assessments of suppliers providing raw materials, equipment, and other inputs to support a sustainable supply chain • Development of a medium- to long-term strategy for supply chain risk management, including plans for ESG assessments, support, and training	54-56	• GRI 308: Supplier Environmental Assessment • GRI 414: Supplier Social Assessment
E	Waste Management and Resource Circularity	• Increased product sales driven by greater use of recycled feedstock as emphasis on resource circularity grows • Potential constraints on the availability of sustainable materials	• Management of waste generation, attainment of Zero Waste to Landfill (ZWTL) certification in July 2025, and advancement to a higher certification level • Expansion and management of recycled feedstock use	42-43, 82-83	• GRI 301: Materials • GRI 306: Waste
S	Occupational Health and Safety	• Physical harm to employees and supplier workers and broader social costs in the event of occupational accidents • Penalties and liability for damages resulting from violations of safety-related laws and regulations	• Implementation of a range of safety management activities based on ISO 45001 • Risk assessments and mitigation of identified hazards • Strengthening of occupational health and safety management capabilities and effective response to stricter safety legislation, including the Serious Accidents Punishment Act	51-53, 85-87	• GRI 403: Occupational Health and Safety
G	Ethics and Compliance	• Contribution to greater ethical awareness through the establishment of business ethics standards, regular training, and the development of an ethical organizational culture • Penalties and liability for damages resulting from violations of laws and regulations	• Attainment of integrated ISO 37001 and ISO 37301 certification and enhancement of the ethics and compliance framework • Rollout of compliance systems across subsidiaries and global sites and regular assessment of ethics indicators • Operation of business ethics consultation services and a whistleblowing channel for unethical conduct	73-76, 87	• GRI 205: Anti-corruption • GRI 206: Anti-competitive Behavior

ESG OVERVIEW

2025 ESG HIGHLIGHTS

2023

Official Launch of LOTTE ENERGY MATERIALS
Mar. 14, 2023

롯데에너지머티리얼즈

Membership in the Korea Business Council for Sustainable Development (KBCSD)
Aug. 16, 2023

KBCSD

2024

Membership in the Korea Battery Industry Association
Mar. 20, 2024

KBIA 한국배터리산업협회 Korea Battery Industry Association

First Participation in InterBattery Europe 2024
Jun. 16, 2024



First Publication of the 2023 Sustainability Report
Jun. 30, 2024



Launch of "GiveOn," a Joint Employee Donation Platform of the LOTTE Chemical Group
Aug. 21, 2024



Receipt of a Presidential Award at the 50th National Quality Management Convention
Nov. 20, 2024



2025

Winner of the InterBattery 2025 Awards for "High-End Hybrid Elecfoil"
Feb. 24, 2025



Publication of the 2024 Sustainability Report
Jun. 30, 2025



Launch of "HiSTEP," the First Hybrid High-End Product Brand in Korea's Copper Foil Industry
Aug. 6, 2025

HiSTEP
HiSTEP

Silver Award in the ESG Category at the 51st National Quality Innovation Competition
Sep. 5, 2025



Attainment of ISO 37001 and ISO 37301 Certifications*
Sep. 30, 2025



Recognition as a 2025 Community Contribution Company
Nov. 25, 2025



* Certifications Currently Held: ISO 14001, ISO 45001, ISO 9001, IATF 16949, and ECV (Environmental Claim Validation)

ESG OVERVIEW

2025 ESG HIGHLIGHTS

Key ESG Achievements and Targets (2025–2026)

ENVIRONMENTAL

Enhancement of the Environmental Management Framework Based on ISO 14001

- Improved effectiveness of environmental management through the implementation of an environment, health and safety (EHS) system

Climate Change Response

- Development of a 2050 net-zero roadmap (target to reduce greenhouse gas emissions by 32.7% by 2030 from the 2022 baseline)
- Review of renewable energy deployment (targeted for 2027)
- Introduction of an internal carbon pricing system (from August 2025)
- Preparation of an IFRS S2 pilot report (2026)

Waste Management and Resource Circularity

- Attainment of Zero Waste to Landfill (ZWTL) certification (July 2025) and target to achieve a Silver rating (2026)
- Target to achieve a 99% recycling rate for general waste
- Reduction of waste treatment costs through the recycling of discarded cardboard boxes
- Target to use 100% recycled feedstock (recycled copper)

Minimization of Environmental Impacts

- Water management and an increase of at least 300% in the wastewater recycling rate
- Monitoring of pollutants and assessment of regulatory compliance
- Development of a biodiversity management strategy and review of response measures (2026)

SOCIAL

Enhancement of the Occupational Health and Safety Management Framework Based on ISO 45001

- 67% reduction in the lost-time injury rate (LTIR) compared with 2024
- Strengthened safety management at sites

Establishment of a Supply Chain Management Framework and Risk Management

- Review and revision of policies based on global standards, including the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as domestic and overseas laws and regulations
- Planned pilot assessment of supply chain ESG risks for two key suppliers (2026)
- Progress toward obtaining the Copper Mark (from 2025)

Establishment of a Human Rights Governance Framework

Enhancement of Human Capital Management through Training, Employee Benefits, Diversity Initiatives, and Other Measures

Recognition as a 2025 Community Contribution Company

Enhancement of Quality Management Accountability Based on ISO 9001

Pursuit of ISO 27001 Certification (from 2026)

GOVERNANCE

Enhancement of the Ethics and Compliance Framework

- Attainment of ISO 37001 and ISO 37301 certifications (September 2025)
- Strengthened internal control and risk management

Increase in Board and Committee Attendance Rates

- 100% attendance by Independent Directors at Board and ESG Committee meetings

Enhancement of Transparency in Management and Corporate Governance

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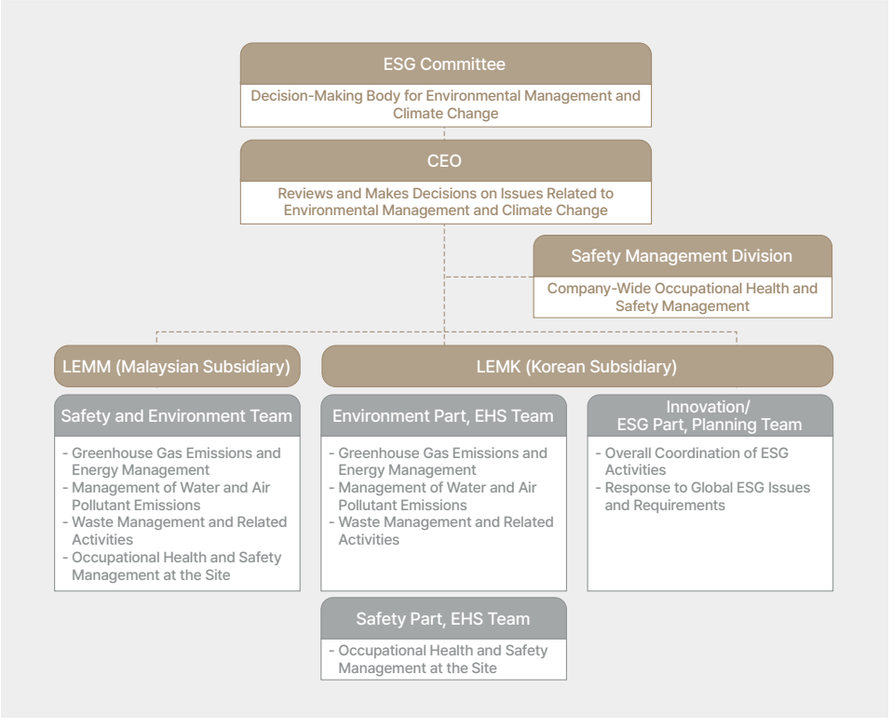
Environmental Management Framework

LOTTE ENERGY MATERIALS has established and published an Environmental Management Policy that sets out its environmental management principles and the standards of conduct to be observed by employees. The Safety Management Division, which reports directly to the CEO, oversees environmental and safety-related decision-making and activities. The Environment Part of the EHS Team and the Safety and Environment Team manage greenhouse gas emissions and energy use, environmental permits and approvals, water and air pollutant emissions, and waste reduction initiatives. As the Central ESG Function, the Innovation/ESG Part of the Planning Team responds to global ESG issues and reports sustainability matters to the ESG Committee.



Environmental Strategy

LOTTE ENERGY MATERIALS is implementing strategic initiatives to embed its environmental management framework and has set a target to achieve net zero by 2050 to address climate change. The Company is pursuing renewable energy adoption and greenhouse gas reduction initiatives, while strengthening resource circularity by increasing the use of recycled raw materials and reducing and recycling waste. It also plans to minimize environmental impacts by establishing and managing internal emissions standards that are stricter than statutory limits.

Enhancement of Climate Management

- Management of Greenhouse Gas Emissions and Further Development of the Roadmap to Achieve Net Zero by 2050
- Establishment of a Product Life Cycle Assessment (LCA) Management Framework
- Introduction of an Internal Carbon Pricing System and Its Application to Investment Reviews
- Analysis of the Impacts of Climate-Related Risks

Advancement of Resource Circularity

- Increased Use of Recycled Raw Materials and Management of Procurement Risks
- Advancement to a Higher Zero Waste to Landfill (ZWTL) Certification Rating through an Increased Waste Diversion Rate

Minimization of Environmental Impacts

- Management of Internal Emissions Standards Stricter than Statutory Limits
- Monitoring of Environmental Laws and Regulations and Assessment of Compliance
- Minimization of Environmental Impacts Associated with Hazardous Chemicals

Enhancement of the Environmental Management System

To maintain environmental management aligned with global standards, LOTTE ENERGY MATERIALS has obtained ISO 14001 certification for its Iksan and Malaysia operations and operates certified environmental management systems at these locations. The Iksan operations introduced an EHS system in 2025 to improve the effectiveness of environmental management. The system serves as an integrated platform for managing key metrics, corrective actions, and structured training. The Company also monitors developments in the enactment and amendment of applicable laws and regulations in real time to prevent legal risks, strengthen regulatory readiness, and support continuous improvement in environmental management.

Environmental Management Certifications

Certification	Certified Operations (3)
ISO 14001	Iksan Plant 1 / Iksan Plant 2 / Malaysia

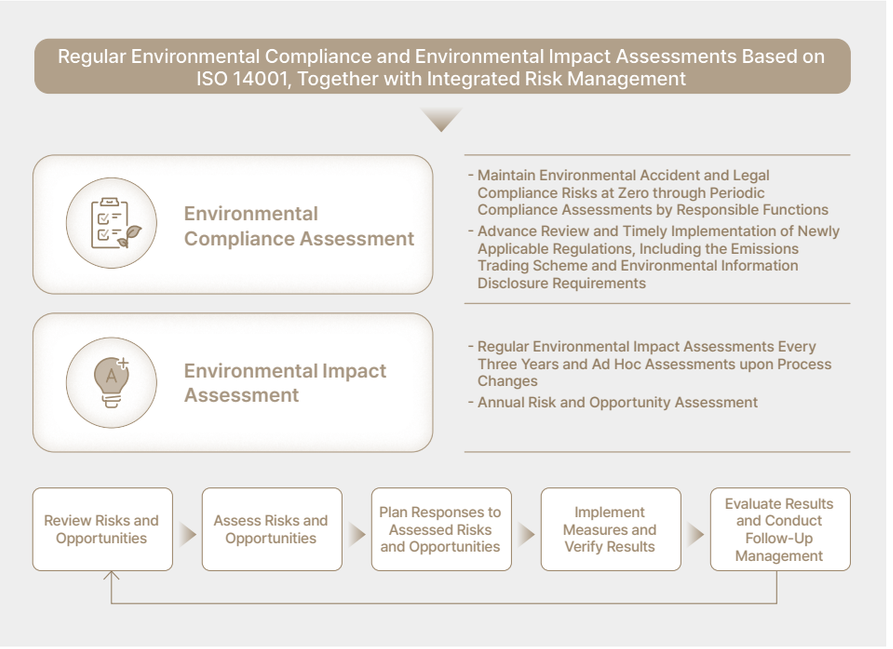
ENVIRONMENTAL

Environmental Management

Environmental Risk Assessment

LOTTE ENERGY MATERIALS operates a systematic regulatory compliance management process to proactively address environmental regulations and minimize potential risks. Environmental compliance assessments are conducted semiannually. In 2025, the Company conducted a detailed assessment covering 444 items and immediately corrected all identified nonconformities. In accordance with its environmental management framework, the Company also analyzes its organizational context to identify and assess risks in advance and develops and implements improvement plans. Regular environmental impact assessments are conducted across all site processes, with efforts focused on tangible risk reduction, including optimizing the use of substances that may cause pollution and reducing emissions.

Environmental Risk Management Process



Environmental Risk Management

LOTTE ENERGY MATERIALS works closely with its parent company, LOTTE Chemical, to establish an objective and advanced environmental risk management framework. In 2025, an in-depth site assessment led by LOTTE Chemical identified 52 potential risks. The Company is implementing a systematic improvement roadmap by classifying these risks into short-, medium-, and long-term initiatives. To build an internally driven prevention framework rather than relying solely on external assessments, the Company also participates in the Environmental Risk Assessment Expert Development Program to strengthen the capabilities of practitioners.

Environmental Training

LOTTE ENERGY MATERIALS conducts regular quarterly training for employees in relevant functions, sharing key environmental issues relating to water, air, waste, and other areas, together with domestic and overseas accident cases, to foster a culture of prevention. Each year, the Company also provides mandatory, in-depth chemical safety training not only to its employees but also to supplier employees. In addition, environmental practitioners actively participate in a range of external training programs supported by professional institutions and suppliers to further strengthen their practical expertise.

Environmental Training Conducted in 2025

Course	Participants	Training Hours	Training Content	
Regular Environmental Training	344 Participants	8 Hours (2 Hours per Quarter)	Air	- Air Emission and Pollution Control Facility Management Standards - Legal Risks (Air Dilution, Noncompliance with Pollution Control Facility Management Standards, etc.)
			Wastewater	- Water Pollutant Discharge and Pollution Control Facility Management Standards - Legal Risks (Unauthorized Wastewater Discharge, Wastewater Dilution, etc.)
			Waste	- Waste Classification and Storage Facility Management Standards - Recurring Errors at Sites
			Chemicals	- Sharing of Chemical Accident Cases
			Environmental Issues / Trends	- Updates on Environmental Trends and Issues - Sharing of Environmental Accident Cases
Chemical Safety Training	419 Participants	2 Hours	Chemical Handling Workers	- Current Status of Chemical Handling - Response to Chemical Accidents
	88 Participants	16 Hours	Chemical Handlers	- Key Requirements of the Chemical Substances Control Act - Compliance Requirements by Type of Hazardous Chemical Handling - Chemical Accident Response Methods and Hands-On Training in Personal Protective Equipment

ENVIRONMENTAL

Environmental Management

Environmentally Sustainable Business Initiatives

LOTTE ENERGY MATERIALS aims to reshape its business structure to support sustainable growth by increasing the share of sustainable, environmentally responsible future businesses. To proactively respond to the strategic transformation required for future growth, the Company is conducting research and development in areas beyond high-end copper foil, including solid electrolytes and LFP cathode active materials optimized for high-volume production, while exploring further expansion into battery materials and other high-value-added materials.

Low-Carbon R&D Investment

LOTTE ENERGY MATERIALS continues to pursue low-carbon research and development. Major projects include the development of ultra-thin, high-strength, and high-elongation copper foil for EV batteries and high-value-added circuit copper foil, as well as next-generation battery materials such as nickel-alloy foil and current collectors for all-solid-state batteries (ASSBs), current collectors for lithium-metal batteries, and next-generation cathode active materials. In 2025, the Company invested approximately KRW 11 billion in R&D to meet the increasingly sophisticated ESG expectations of global markets and investors. The Company will continue to fulfill its social responsibilities through sustained environmental investment and ongoing innovation.

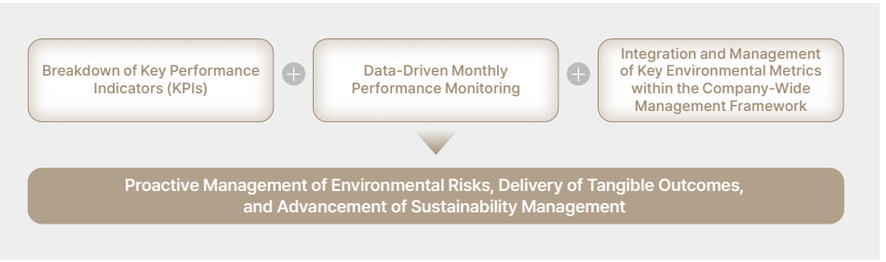
Low-Carbon R&D Investment in 2025

Development of Core Materials for Zero-Emission Vehicles and Secondary Batteries	Development of Next-Generation Battery Materials	General R&D and Support
KRW 3.51 billion	KRW 5.16 billion	KRW 2.48 billion

Environmental Performance Management

LOTTE ENERGY MATERIALS translates company-wide mid- to long-term environmental targets into department-specific key performance indicators (KPIs), ensuring that management's commitment is carried through to on-site operations. To ensure that environmental targets go beyond declarations, the Company conducts data-driven monthly performance monitoring and transparently tracks achievement rates by department. It also integrates key environmental metrics, including greenhouse gas reductions and resource circularity, into its company-wide management framework. Through these efforts, the Company proactively manages environmental risks, delivers tangible outcomes, and advances sustainability management.

Mid- to Long-Term Environmental Targets



Product LCA Implementation

To manage the environmental performance of its products, LOTTE ENERGY MATERIALS plans to select products for life cycle assessment (LCA) by considering its internal supply chain and how the results will be used, and to conduct the assessments in accordance with ISO 14040 and ISO 14044. Beginning in 2026, the Company plans to establish an LCA management framework at its Iksan operations, clearly define responsibilities for management and external engagement, and generate results aligned with the analytical parameters and requirements of key customers. Beginning in 2027, the Company plans to extend LCA application to products manufactured at its Malaysia operations. Over the medium to long term, the Company plans to further develop and systematize its LCA management framework, continuously reduce the environmental impacts of its products, and expand research, development, and production based on the resulting insights. The LCA results will be actively used in environmental management decision-making, including decisions related to climate change response.

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1. General Information

(a) Overview of the Report

LOTTE ENERGY MATERIALS seeks to advance sustainability by minimizing the adverse environmental and social impacts of its business activities and establishing sound governance. While the Sustainability Report focuses on key achievements and plans across environmental, social, and governance (ESG) matters, this report has been prepared to provide voluntary disclosure of the Company's climate change response based on IFRS S2 Climate-related Disclosures. It covers activities undertaken during the reporting period and, for certain performance information, includes information through the first half of 2026.

(b) Reporting Entity and Scope

This report provides climate-related financial information about LOTTE ENERGY MATERIALS and its subsidiaries. The disclosures include information on the Company's major subsidiaries; however, certain disclosures are prepared on a parent-company basis for LOTTE ENERGY MATERIALS. The relevant scope is identified in the notes to the applicable disclosure items. The Group will continue to enhance its data management and disclosure systems to ensure that material information at the consolidated Group level is faithfully represented.

(c) Reporting Standards

This report has been prepared based on the requirements of IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB). The financial information presented in this report is based on LOTTE ENERGY MATERIALS' separate financial statements, prepared in accordance with Korean International Financial Reporting Standards (K-IFRS), and its Business Report. Certain disclosures, including greenhouse gas emissions, include information for the Company's major subsidiaries; where applicable, the scope is explained in detail in the relevant notes.

(d) Reporting Period

The reporting period is from January 1 to December 31, 2025. The report also includes certain key information from the first half of 2026 that may affect stakeholders. Quantitative performance data for the past three years are presented to show trends.

(e) Presentation Currency

This report is presented in Korean won (KRW), the same presentation currency as the Company's separate financial statements.

(f) Connected Information

The data and assumptions used to prepare the Company's climate-related financial information are consistent with the corresponding data and assumptions used in its separate financial statements prepared in accordance with K-IFRS.

(g) Sources of Guidance

In determining which industry-based metrics to disclose, the Company considered the Industry-based Guidance on Implementing IFRS S2. Given that the Company's primary business involves manufacturing core materials used in electrical and electronic products, including battery copper foil, the Company determined that the Chemicals industry within the Resource Transformation sector most closely aligns with its business model and activities. It therefore referred to the industry-based metrics for that industry.

(h) Comparative Information

In accordance with sustainability disclosure standards, comparative information for the preceding period is required for all amounts disclosed in the reporting period. Accordingly, this report presents three years of comparative information for greenhouse gas emissions.

(i) Limitations

Climate-related financial information includes substantial information based on the Company's assumptions about future conditions and outcomes. Forward-looking statements are based on a range of assumptions, which are disclosed qualitatively throughout this report. Because the report reflects only facts, circumstances, and assumptions current as of the reporting date, the information may change as circumstances evolve after that date. The Company undertakes no obligation to publicly update or revise any forward-looking statements or to reflect events or circumstances arising after the date of this report. The Company assumes no liability for any costs, losses, or damages arising from changes to the information contained in this report as a result of unforeseen events.

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2. Judgments, Uncertainties and Errors

(a) Judgments that Have a Significant Effect

When the Company makes judgments about specific circumstances in preparing climate-related financial information, it discloses information about those judgments to enable users to understand them.

(1) Identification of Climate-Related Risks and Opportunities

Climate-related risks and opportunities may arise from the Company's interactions with the natural environment, society, the economy and stakeholders throughout its value chain. The Company defines the scope of its value chain and identifies climate-related risks and opportunities throughout that value chain. It applies management judgement to identify and manage climate-related risks and opportunities that could reasonably be expected to affect its financial position, financial performance and cash flows over the short, medium and long term, including its access to finance.

(2) Identification of Material Information

The Company assessed whether information identified under the requirements of IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB) is material in the context of its climate-related financial disclosures.

(3) Reassessment of the Scope of Climate-Related Risks and Opportunities throughout the Value Chain

If the Company undergoes a significant change, such as a change in its value chain, business model or corporate structure, or a change in the extent of its exposure to sustainability-related risks and opportunities, it reassesses the scope of all affected sustainability-related risks and opportunities throughout its value chain.

(b) Measurement Uncertainty

Measurement uncertainty arises when amounts reported in climate-related financial disclosures cannot be measured directly and can only be estimated. In some cases, estimates involve assumptions about possible future events with uncertain outcomes. These assumptions and estimates are based on information available when the financial information is prepared, and current conditions and assumptions about the future may change because of market developments and other factors beyond the Company's control. The amounts reported in the Company's climate-related financial information that are subject to a high level of uncertainty, and the sources of that uncertainty, are set out below.

(1) Anticipated Financial Effects of Climate-Related Risks and Opportunities over the Short, Medium and Long Term

The Company discloses information about climate-related risks and opportunities that could reasonably be expected to affect its financial position, financial performance and cash flows over the short, medium and long term. In measuring these anticipated effects, the Company used all reasonable and supportable information available at the reporting date without undue cost or effort. However, because the quantitative and qualitative information used involves assumptions about future events, it may be subject to significant uncertainty.

(2) Estimation of Financial Losses from Climate-Related Physical Risks

The Company inputs information on the assets it owns into S&P Climanomics®, a climate modelling tool, to identify physical risks and estimate the average annual loss rate and loss amount relative to the value of key assets. The Company uses the physical risk analysis tool to obtain all reasonable and supportable information available at the reporting date without undue cost or effort. However, the estimated financial losses are affected by assumptions embedded in the tool, including assumptions about future events, and do not reflect future changes in the assets owned by the Company. Accordingly, the information is subject to significant uncertainty.

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1. Governance Bodies Responsible for Managing and Overseeing Risks and Opportunities

(a) Policies on Governance Bodies and Their Responsibilities

① Board of Directors

The Board of Directors of LOTTE ENERGY MATERIALS serves as the highest decision-making body for climate change response and energy management.

② Board-Level ESG Committee

The Board-Level ESG Committee oversees ESG matters and makes decisions on key issues, including climate change. The ESG Committee reviews the strategic direction and implementation plans for environmental management and reviews and approves key internal policies and strategies for climate change response. It also sets carbon reduction targets, regularly monitors implementation progress, and oversees financial decisions relating to major carbon reduction initiatives, including the transition to renewable energy. The authority and responsibilities of the ESG Committee are systematically managed in accordance with the delegated authority set out in the ESG Committee Regulations.

(b) Assessment and Development of Capabilities for Management and Oversight

① Assessment of Climate-Related Capabilities

LOTTE ENERGY MATERIALS continues to strengthen the Board's climate- and ESG-related decision-making capabilities, taking into account the expertise and diversity of its members. In March 2024, the Company appointed a female ESG expert as an Independent Director. She had accumulated approximately 30 years of environmental expertise through roles including serving at the Ministry of Environment and as Chair of the Korea LPG Association, thereby strengthening the Board's expertise in climate and environmental matters. The Company is also introducing a Board Skills Matrix (BSM) to objectively assess the capabilities and expertise required of the Board. Further information on the Board's capabilities is provided on page 71 of this report.

② Development of Climate-Related Capabilities

LOTTE ENERGY MATERIALS does not currently provide separate climate-related training for the Board or the ESG Committee. However, to respond to changes in global regulations and market conditions, the Company is considering introducing training programs to strengthen climate-related capabilities. These programs are intended to support the Board and the ESG Committee in developing a more specialized understanding of climate-related risks and opportunities and incorporating that understanding into their decision-making.

(c) How and How Often Information on Risks and Opportunities Is Obtained

LOTTE ENERGY MATERIALS regularly reports relevant information to the ESG Committee under the Board of Directors to support the systematic management and oversight of climate-related risks and opportunities. At the management level, the Innovation/ESG Part, which serves as the lead ESG function, oversees the Company's climate change response strategy and greenhouse gas reduction strategy and monitors changes in climate-related regulations and energy policies. Following review and decision-making by the CEO, the outcomes of these management-level reviews and discussions are reported to the ESG Committee. In accordance with Article 6 of the ESG Committee Regulations, the Committee convenes quarterly to review and oversee key agenda items, including climate-related risks and opportunities, greenhouse gas reduction strategies, and the status of energy management. A special meeting of the ESG Committee may also be convened as needed to consider additional related matters.

Meeting Date	Reported To	Agenda
July 29, 2025	ESG Committee	Report Item 1. Report on the Results of the Climate Change Response Consulting Project
	ESG Committee	Report Item 2. Report on the Development of the Net-Zero Roadmap and Its Implementation Strategy
August 28, 2025	ESG Committee	Report Item 2. Report on the Application of the Internal Carbon Pricing System

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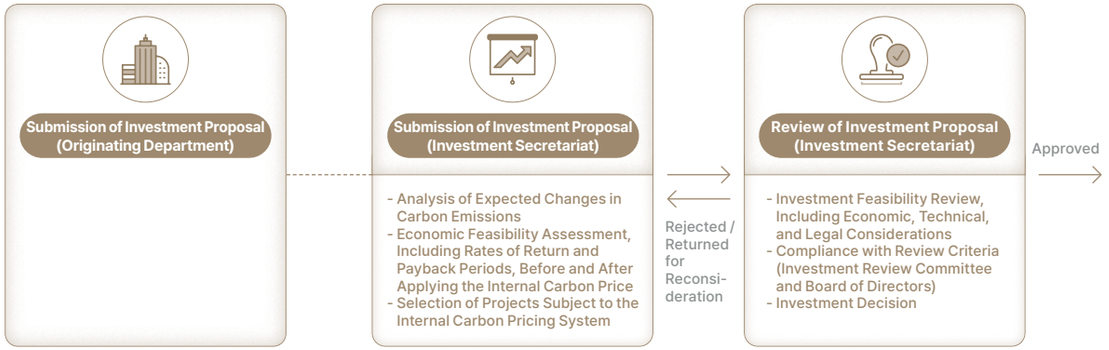
(d) How Climate-Related Risks and Opportunities Are Considered in Major Decision-Making Processes

LOTTE ENERGY MATERIALS systematically manages major climate-related risks by developing preventive response measures. The Company analyzes in advance risks such as asset impairment and business interruption arising from climate change and implements improvement measures. Led by the ESG Committee, it develops a company-wide climate change response plan and explores ways both to mitigate identified risks and to connect its response with business opportunities across the Company.

Beginning in the second half of 2025, the Company introduced an internal carbon pricing system so that climate-related financial effects could be considered in investment decision-making. At the review stage following the submission of an investment proposal, the Company analyzes expected changes in carbon emissions and evaluates economic feasibility, including rates of return and payback periods, before and after applying the internal carbon price. The results are incorporated into investment feasibility reviews and decisions. The internal carbon price is mandatory for major investment categories expected to change carbon emissions, including new projects and capacity expansions, mergers and acquisitions (M&A), and routine capital expenditures. Through this process, the Company operates an investment decision-making framework that takes climate-related risks into account. The internal carbon price will be determined and applied by considering applicable external regulations and market carbon price trends.



(e) Management and Oversight of Target Setting and Progress

① Target Setting and Oversight of Progress

Many countries and companies around the world are taking action aligned with the goals of the Paris Agreement, which seeks to limit the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the increase to 1.5°C, in view of the risks that climate change poses to ecosystems and humanity. LOTTE ENERGY MATERIALS has set a target to reduce greenhouse gas emissions by 32.7% by 2030 from the 2022 level. Taking into account capacity expansion and increased production at its Malaysia operations, this is equivalent to a 57.2% reduction from the 2030 business-as-usual (BAU) level of 260,000 tCO_2eq. The Company has also set a long-term target of achieving net zero by 2050 through a more proactive climate change response strategy, thereby joining global efforts toward a sustainable future. To achieve its 2030 emissions reduction target, the Company has developed a roadmap that includes expanding renewable energy use, improving energy efficiency, substituting raw materials and fuels, and transitioning to electric vehicles. It is undertaking certain related investments and reduction activities. To proactively respond to changes in consumer demand associated with climate change and the transition to a low-carbon economy, the Company is also diversifying into new business areas, including cathode and anode materials for secondary batteries and solid electrolytes, building on the foundations of its existing business. Through these efforts, LOTTE ENERGY MATERIALS is responding to climate change and working toward a better future.

② Climate-Related Performance Metrics for Management

The CEO's ESG KPIs account for a portion of the CEO's overall KPI weighting and are assessed based on the level of achievement of quantitative and qualitative targets for priority ESG initiatives. The evaluation covers progress toward net zero and ESG disclosures, as well as strategy development and performance delivery for key ESG metrics, and the results are reflected in determining CEO compensation. The Company has also linked each CEO KPI to the evaluations of the responsible executives and organizational units, establishing a framework that enables coordinated implementation across all ESG areas.

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2. Role of Management

(a) How Responsibilities Are Delegated to Management and How Management Is Overseen

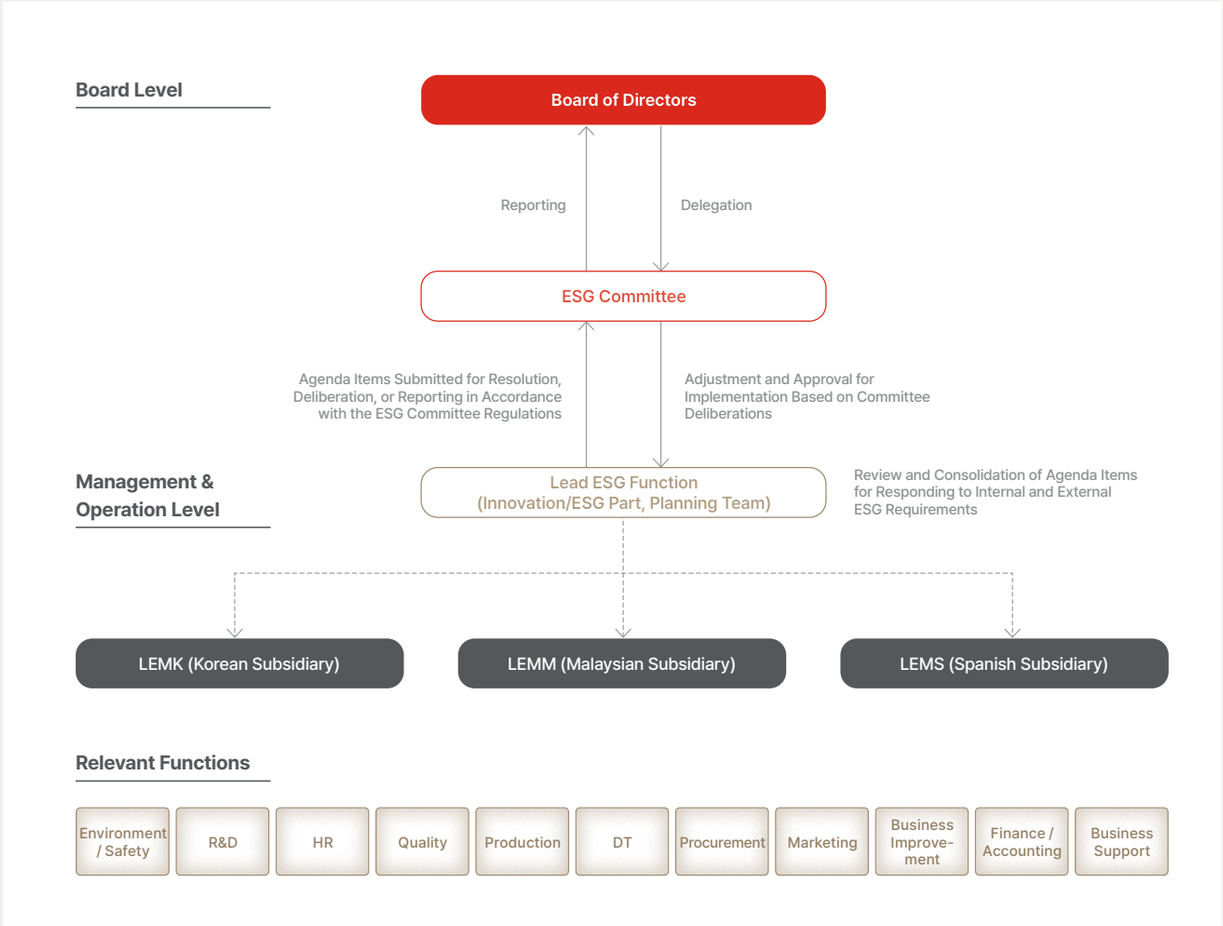
Since becoming an affiliate of LOTTE Group in 2023, LOTTE ENERGY MATERIALS has established a company-wide ESG governance framework by establishing a Board-Level ESG Committee and designating a lead ESG function to proactively respond to ESG requirements in the secondary battery industry and evolving global regulations. The ESG Committee reviews and decides on key ESG agenda items and approves related policies and implementation directions based on the outcomes of its deliberations.

Based on the resolutions of the ESG Committee, the lead ESG function oversees the implementation of company-wide ESG strategies and initiatives and formulates policies, manages implementation, and monitors progress in response to internal and external requirements. It also collaborates with relevant functions and overseas subsidiaries to strengthen the execution of ESG initiatives and support performance management.

In accordance with the ESG risk management policy established after joining LOTTE Group, LOTTE ENERGY MATERIALS identifies and assesses risks across its business, including climate change, and undertakes preventive activities. Key risks and areas requiring improvement identified through annual due diligence are reported to the ESG Committee and reflected in the Company's company-wide risk management and response framework.

(b) Management Controls and Procedures

The Company currently reviews and manages climate-related matters through the ESG Committee and does not operate separate management-level climate-related controls or procedures. To manage climate-related risks and opportunities more systematically, the Company plans to consider establishing management-level controls and procedures.



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1. Climate-Related Risks and Opportunities and Their Types

(a) Types of Risks and Opportunities and Expected Timing of Effects

LOTTE ENERGY MATERIALS has identified the following climate-related risks and opportunities.

Risk and Opportunity Factors		Description	Expected Timing of Effects		
			Short Term (Through 2026)	Medium Term (2027–2030)	Long Term (2031 Onward)
Physical Risk	Chronic	Increased investment in heating, ventilation and air conditioning (HVAC) systems and operating costs, and reduced productivity due to chronic physical risks	●	●	●
Transition Risk	Policy and Legal	Increased response costs due to strengthened climate-related regulations and laws	●	●	●
		Increased procurement costs for raw and auxiliary materials due to supply chain carbon regulations	●	●	●
	Techno-logy	Increasing demand for the transition to low-carbon technologies and products	●	●	●
	Market	Increased energy procurement costs due to the energy transition and greater price volatility		●	●
Oppor-tunity	Market	Revenue growth from the expansion of low-carbon energy and technology businesses	●	●	●

* Major risks and opportunities were assessed based on magnitude and likelihood. Further details of the assessment are provided on page 32 of this report.

(b) Linkage with Strategic Decision-Making Planning Horizons

Taking into account the planning horizon of its company-wide business plan and the timing of its greenhouse gas reduction targets, LOTTE ENERGY MATERIALS analyzes the effects of climate-related risks and opportunities over the short term (through 2026), medium term (2027–2030), and long term (2031 onward). However, the framework linking climate-related decision-making horizons with the planning horizons used for company-wide strategic decision-making is currently being further developed. In the short term, the Company identifies and reviews climate-related effects with a focus on key operational factors, including energy use, emissions management, raw material procurement, and capital investment. Over the medium to long term, it plans to progressively expand linkages with greenhouse gas reduction targets, the transition to renewable energy, process efficiency improvements, the use of low-carbon raw materials, and strategies for operating overseas production sites. Going forward, the Company will continue to strengthen the linkage between its company-wide business planning horizon and its climate-related decision-making horizons so that the results of its climate-related risk and opportunity analysis can be integrated into its company-wide business strategy framework from a financial perspective, including company-wide strategy formulation, investment decision-making, and implementation of the emissions reduction roadmap.

2. Business Model and Value Chain

(a) Current and Anticipated Effects on the Business Model and Value Chain

① Business Model

LOTTE ENERGY MATERIALS operates primarily through two business segments: the Materials segment, which manufactures and sells copper foil, a core material for secondary batteries and electronic products, and the Construction segment, which performs building facade construction. The Materials segment produces thin copper foil through an electrochemical process using copper feedstock. Depending on its application, copper foil is classified as battery copper foil or circuit copper foil. Battery copper foil is used as a core material in secondary batteries for electric vehicles and energy storage systems (ESSs), while circuit copper foil is used in circuit boards for electronic products such as AI accelerators, televisions, computers, and smartphones. Demand for copper foil and the range of its applications continue to expand with growth in the electric vehicle and secondary battery industries, the transition to low-carbon energy, and advances in the AI and IT industries. The Company is strengthening its quality and cost competitiveness, focusing on high-value-added products such as high-end copper foil, and expanding its ability to serve global customers through its domestic production base and overseas production sites in Malaysia and Europe. It is also developing next-generation battery materials, including sulfide-based solid electrolytes and LFP cathode active materials, thereby expanding its copper-foil-focused business portfolio into future battery materials.

② Value Chain

LOTTE ENERGY MATERIALS' value chain extends from copper feedstock procurement through copper foil production, supply to and use by customers, and end-of-life disposal and recycling. Its core copper foil business is closely linked to the copper-based supply chain. Raw materials include copper cathodes produced through the smelting and refining of copper ore, as well as various recycled materials such as scrap recovered through urban mining. In particular, the Company actively uses recycled copper as a raw material to minimize the use of natural resources and strengthen its environmental responsibility. In its own operations, the procured copper feedstock is processed through melting, electrodeposition, slitting, and packaging to produce battery copper foil and circuit copper foil. At the downstream stage, the resulting copper foil is supplied to battery and electronics manufacturers in Korea and overseas. Battery copper foil is used to manufacture secondary batteries for electric vehicles and ESSs, while circuit copper foil is used to manufacture electronic products such as AI accelerators, televisions, computers, and smartphones. After product use, copper resources may be recovered and recycled from discarded batteries and electronic products and may then re-enter the raw material supply chain for copper foil production.

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③ Current and Anticipated Effects on the Business Model and Value Chain

The current and anticipated effects of the identified climate-related risks and opportunities on LOTTE ENERGY MATERIALS are as follows.

Key Risks and Opportunities Identified		Value Chain Stage	Current and Anticipated Effects
Physical Risk	Increased investment in HVAC systems and operating costs, and reduced productivity due to chronic physical risks	Own Operations	Anticipated As the number of extreme heat days increases over time, capital expenditure may rise due to the expansion of HVAC systems needed to maintain constant temperature and humidity in the copper foil electrodeposition and post-treatment processes. Deteriorating working conditions may also reduce labor productivity and disrupt copper foil production schedules.
Transition Risk (Policy and Legal)	Increased response costs due to strengthened climate-related regulations and laws	Own Operations	Current Revenue is being generated from the sale of surplus emissions allowances by maintaining actual emissions below the allocated amount through greenhouse gas reduction activities. Current and Anticipated Costs are being incurred to respond to global ESG policies and regulations, including efforts to obtain the Copper Mark. Anticipated As the emissions trading scheme is strengthened and the proportion of free allocation decreases, surplus emissions allowances may decline and the Company may incur costs to purchase allowances. The burden of investment in energy transition facilities required to achieve net zero is also expected to increase over the medium to long term.
		Downstream	Anticipated As product-level carbon emissions reduction requirements expand under regulations such as the EU Battery Regulation, compliance costs are expected to increase for measures including the establishment of data management systems, conversion to low-carbon processes, and changes in raw materials. Anticipated If the proposed U.S. Clean Competition Act were to cover imported finished products such as batteries, additional tax liabilities could arise for the Company's exported copper foil products.
	Increased procurement costs for raw and auxiliary materials due to supply chain carbon regulations	Upstream	Current and Anticipated Expanded use of recycled copper feedstock derived from copper scrap may change the cost structure relative to conventional raw materials and affect profit or loss. Anticipated If supply chain carbon regulations such as the Carbon Border Adjustment Mechanism (CBAM) are introduced and their scope is subsequently expanded, suppliers' carbon reduction costs may be reflected in procurement prices, increasing raw material costs.
Transition Risk (Technology)	Increasing demand for the transition to low-carbon technologies and products	Own Operations	Current Demand for electric vehicles continues to increase as consumers increasingly prefer environmentally sustainable products. The Company is investing in R&D for next-generation copper foil for batteries, next-generation battery copper foil for ESSs, solid electrolytes, and high-capacity LFP cathode active materials.
		Downstream	Anticipated Beginning in 2027, key customers, including European battery manufacturers, are expected to require LCA results and carbon footprint reductions as conditions of supply contracts. Failure to meet these requirements could adversely affect existing customer relationships.
Transition Risk (Market)	Increased energy procurement costs due to the energy transition and greater price volatility	Upstream	Anticipated Increases in electricity costs resulting from changes in energy policy may be passed through to suppliers' delivery prices, increasing raw material costs.
		Own Operations	Anticipated The Company is pursuing a transition to renewable energy, including the introduction of a power purchase agreement (PPA) at its Iksan operations beginning in 2028 and the purchase of renewable energy certificates (RECs) at its Malaysia operations beginning in 2027. If energy price instability persists during the transition, upward pressure on electricity prices may intensify and adversely affect profitability.
Opportunity (Market)	Revenue growth from the expansion of low-carbon energy and technology businesses	Downstream	Anticipated Demand for battery copper foil is expected to continue increasing over the medium to long term, with particularly strong growth expected in demand for battery copper foil for ESSs. Based on its market share targets, the Company expects this growth to increase revenue over the medium to long term. Commercialization of next-generation battery copper foil and battery materials, including solid electrolytes and LFP cathode active materials, is also expected to expand new revenue streams.

(b) Areas in Which Risks and Opportunities Are Concentrated

Considering LOTTE ENERGY MATERIALS' business model and value chain, climate-related risks and opportunities are concentrated primarily in its energy-intensive copper foil manufacturing processes within its own operations and in the secondary battery and electronic materials markets at the downstream stage.

The principal transition risks are concentrated in areas where the strengthening of global greenhouse gas regulations and the accelerating energy transition are likely to increase the cost of purchasing emissions allowances, procuring energy such as electricity, and investing in facilities required for the transition to low-carbon technologies and products. In particular, copper foil manufacturing processes with high electricity consumption and the transition to renewable energy are directly exposed to energy price volatility and policy changes, which may place upward pressure on cost of sales and operating expenses. These transition risks have been identified as key factors affecting the Company's cost structure and profitability.

With respect to chronic physical risks, rising average temperatures may increase the burden on HVAC systems, while changes in working conditions may reduce labor productivity. These factors are managed as potential influences on the cost structure of the Company's own operations.

Climate-related opportunities arise primarily in downstream business areas associated with growing market demand for low-carbon products. Demand for battery copper foil is increasing with the growth of the electric vehicle and ESS markets, and the Company is strengthening its competitiveness in these markets by advancing its product portfolio with a focus on high-end battery copper foil. In addition, structural changes in downstream industries, including the expansion of data centers and AI infrastructure, are increasing demand for high-value-added electronic materials. This may expand the applications of the Company's existing businesses and create opportunities to enter new markets. In response to these market changes, the Company is pursuing related product development and a transition of its business model, while managing climate-related opportunities by increasing the share of low-carbon products.

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3. Strategy and Decision-Making

(a) Current Responses and Plans

① Current and Anticipated Changes to the Business Model

LOTTE ENERGY MATERIALS is increasing the share of low-carbon businesses in its business model to strengthen its resilience to transition risks associated with greenhouse gas emissions and respond to growing demand for low-carbon products and next-generation battery materials. In particular, the Company is managing the effects of climate-related risks and opportunities on its business activities by enhancing its product portfolio with a focus on next-generation copper foil, high-value-added circuit copper foil, and next-generation battery materials.

Battery copper foil remains the Company's core business, while it continues to expand into new business areas to address the next-generation battery market. In the Copper Foil Business, the Company is converting production lines at the Iksan Plant for circuit copper foil production in response to growing demand for AI and electronic materials. At the Malaysia operations, it is diversifying its product portfolio with a focus on high-end battery copper foil for ESS and mobile applications. In the next-generation battery materials business, the Company is developing core materials such as sulfide-based solid electrolytes and high-capacity LFP cathode active materials and strengthening its R&D capabilities with the Uiwang R&D Center as the hub. It is also strengthening cost competitiveness while advancing the low-carbon transition by increasing the share of recycled feedstock (copper scrap).

The Company is also transitioning its production operations toward renewable energy to decarbonize its business model. Its Iksan operations are evaluating and advancing the introduction of renewable energy through a PPA, while its Malaysia operations plan to expand renewable energy use through the purchase of renewable energy certificates (RECs). For its new site in Spain, the Company is considering developing an environmentally sustainable smart factory that leverages the location's strong renewable energy infrastructure, including wind and solar power. This transition to renewable energy is expected to reduce greenhouse gas emissions while helping mitigate electricity price volatility and energy procurement risks.

② Current and Anticipated Direct Mitigation and Adaptation Efforts

Key Risks and Opportunities Identified		Current and Anticipated Efforts
Physical Risk	Increased investment in HVAC systems and operating costs, and reduced productivity due to chronic physical risks	Current and Anticipated Expansion of wastewater recycling and minimization of water loss through improvements addressing cooling tower evaporation and overflow Anticipated Expansion of HVAC capacity and replacement with high-efficiency systems in response to an increase in extreme heat days
Transition Risk (Policy and Legal)	Increased response costs due to strengthened climate-related regulations and laws	Current and Anticipated Greenhouse gas reductions through energy-efficiency improvements, including variable-frequency drives for air compressors and heat exchangers for boosting waste-heat temperatures Anticipated Advance estimation of potential emissions allowance shortfalls and implementation of an allowance trading strategy based on a scenario of increased auctioning under the emissions trading scheme Anticipated Increase in the share of renewable energy use through direct and third-party PPAs at the Iksan operations (planned for introduction in 2028) Anticipated Expansion of renewable energy use through the purchase of RECs at the Malaysia operations (partial introduction under consideration for 2027) Anticipated Construction of an environmentally sustainable smart factory powered by wind and solar energy at the new site in Spain
Transition Risk (Market)	Increased energy procurement costs due to the energy transition and greater price volatility	
Transition Risk (Policy and Legal)	Increased procurement costs for raw and auxiliary materials due to supply chain carbon regulations	Current and Anticipated Continued increase in the use of recycled feedstock (copper scrap) and its share of total feedstock (Korea: 100%; Malaysia: target of 95% by 2030)
Transition Risk (Technology)	Increasing demand for the transition to low-carbon technologies and products	Anticipated Establishment of a product-level LCA calculation system (LCA data calculation for all products at the Iksan Plant scheduled to begin in the second half of 2026)
Opportunity (Market)	Revenue growth from the expansion of low-carbon energy and technology businesses	Anticipated Acceleration of the conversion of production lines at the Iksan Plant for circuit copper foil production and diversification of the Malaysia Plant's high-end battery copper foil portfolio Anticipated Expansion into new business areas based on R&D investment in sulfide-based solid electrolytes and high-capacity LFP cathode active materials

③ Current and Anticipated Indirect Mitigation and Adaptation Efforts

Key Risks and Opportunities Identified		Current and Anticipated Efforts
Transition Risk (Policy and Legal)	Increased response costs due to strengthened climate-related regulations and laws	Current Operation of the internal carbon pricing system (applied to investment decision-making for new facilities, capacity expansions, and M&A) Current and Anticipated Progress toward obtaining the Copper Mark

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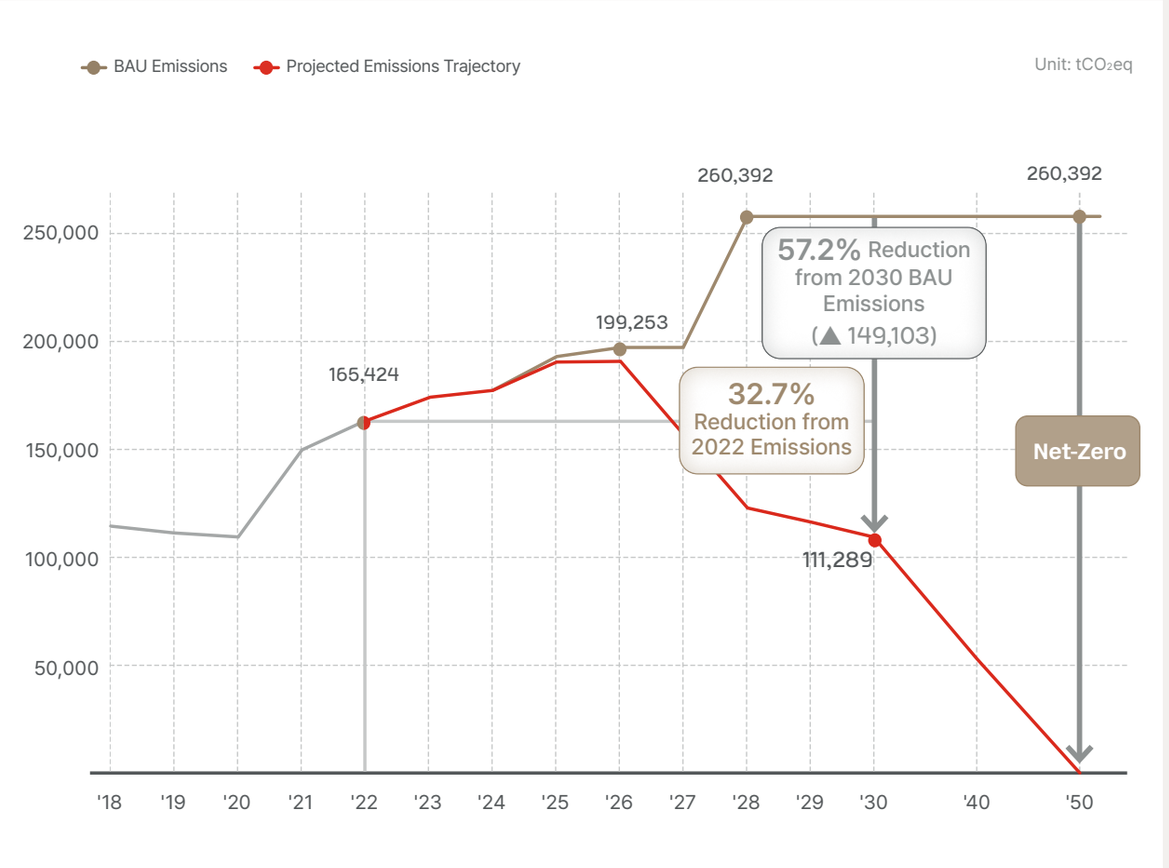
④ Climate-Related Transition Plan, Key Assumptions and Dependencies, and the Company's Plans to Achieve Its Targets

LOTTE ENERGY MATERIALS has established and is implementing a long-term transition roadmap to achieve net zero by 2050. The transition plan is premised on compliance with domestic and international regulations, including the greenhouse gas emissions trading scheme, and sets an interim target to reduce Scope 1 and Scope 2 emissions by 32.7%, from 165,000 tCO_2eq in 2022 to 111,000 tCO_2eq by 2030. This corresponds to a 57.2% reduction, or 149,000 tCO_2eq, from the 2030 business-as-usual (BAU) emissions level of 260,000 tCO_2eq.

The Company's transition plan is based on the following key assumptions and external dependencies. First, regarding the regulatory environment, the plan considers the potential reduction in the share of free allowances and increases in allowance prices as the emissions trading scheme is strengthened. It also assumes the phased expansion of supply chain carbon regulations, including the proposed U.S. Clean Competition Act and the EU Battery Regulation. Second, regarding renewable energy procurement, the plan assumes that a direct PPA will be introduced at the Iksan operations as scheduled in 2028 and that initial REC purchases at the Malaysia operations will begin in 2027. Accordingly, REC price volatility and PPA procurement conditions are key variables. Third, regarding customer requirements, the RE100 implementation timelines of global battery manufacturers and the extent of LCA-based carbon information requirements are expected to affect the pace of the Company's transition and its investment decision-making. Accordingly, the Company will need to establish measures to manage, over the medium to long term, the financial burden associated with investment in low-carbon facilities and expanded renewable energy procurement.



* When developing the roadmap, the Company assessed the emissions reduction pathway by including Scope 1 and Scope 2 emissions from its Malaysia operations.
* The 2025 emissions figure in the roadmap reflects projected emissions and will be updated using actual emissions as the roadmap is further refined.

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Key Strategy ① **Expansion of Renewable Energy Use through On-Site Solar Power Generation, PPAs, and Other Measures**

Given that electricity accounts for approximately 96% of its total energy consumption, LOTTE ENERGY MATERIALS has identified renewable energy procurement as a key emissions reduction measure and is developing a phased deployment strategy tailored to the conditions at each site. The Iksan operations in Korea plan to procure renewable energy through direct and third-party PPAs beginning in 2028. The Malaysia operations plan to expand renewable energy use by procuring RECs through Sarawak Energy beginning in 2027. Given the high share of Scope 2 emissions at the Malaysia operations, the use of RECs is expected to deliver a relatively significant reduction in emissions. The Company is also selecting a location for its new site in Spain, taking renewable-energy-based operations into account from the initial design stage, and is pursuing plans to develop the site as an environmentally sustainable smart factory powered by wind, solar, and other renewable energy sources.

Key Strategy ② **Reduction of Greenhouse Gas Emissions through the Implementation of Energy-Saving Initiatives**

LOTTE ENERGY MATERIALS continues to identify and implement energy-saving initiatives tailored to the equipment characteristics and process operating conditions at each site to reduce energy use and greenhouse gas emissions from its production processes. Because copper foil manufacturing is energy-intensive, with high consumption of electricity, steam, and fuel, the Company is introducing high-efficiency equipment while optimizing process conditions to reduce both greenhouse gas emissions and energy costs. The Iksan and Malaysia operations are pursuing a total of 14 equipment-level efficiency initiatives, including replacement with high-efficiency blowers and inverter replacement and installation; 11 initiatives have been completed and three are planned. The Company is also increasing electricity savings through process improvements, including reducing actual operating voltage by adjusting the electrode spacing in electrodeposition equipment. In particular, initiatives to reduce voltage losses and optimize equipment operating conditions are improving energy intensity across the production process. At the Malaysia operations, hot water and waste heat generated during production are recovered and reused as heat sources to reduce fuel consumption. These energy-saving activities in Korea and overseas are delivering greenhouse gas reductions. Going forward, the Company will continue to identify additional improvement initiatives focused on energy-intensive equipment and quantitatively monitor the reductions achieved by each initiative to build a sustained record of tangible emissions reductions.

Key Strategy ③ **Expansion of the Low-Carbon Business Portfolio and Development of New Revenue Streams**

LOTTE ENERGY MATERIALS is expanding its business portfolio with a focus on high-end battery copper foil and high-value-added circuit copper foil in response to growth in low-carbon and advanced industries, including electric vehicles, ESSs, and AI data centers. In particular, the Company is strengthening its production capabilities for high-value-added circuit copper foil by converting and expanding circuit copper foil lines at the Iksan Plant. The Malaysia Plant is diversifying its product portfolio with a focus on high-end battery copper foil to meet demand from global customers for electric vehicle and ESS applications. The Company is also establishing R&D and pilot production capabilities for next-generation battery materials, including sulfide-based solid electrolytes and high-capacity LFP cathode active materials, thereby expanding its business scope beyond copper foil into next-generation battery materials. Through these efforts, the Company aims to mitigate short-term volatility caused by the slowdown in the electric vehicle market while securing new revenue streams in growth markets such as ESSs, AI infrastructure, and all-solid-state batteries (ASSBs), thereby improving profitability over the medium to long term.

Key Strategy ④ **Pursuit of the Copper Mark, an ESG Assurance Framework for the Copper Industry, to Address Global Supply Chain Due Diligence Regulations and Customer Requirements for Responsible Raw Material Sourcing**

As global supply chain regulations, including the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Battery Regulation, become more stringent, global customers are also strengthening requirements for responsible raw material sourcing. Copper is a core raw material for batteries used in electric vehicles and ESSs, and supply chain transparency and responsible sourcing throughout mining, smelting, processing, and product manufacturing are becoming increasingly important. To proactively address these supply chain risks, LOTTE ENERGY MATERIALS has been preparing its Malaysia Plant to obtain the Copper Mark since February 2025. Supported by the International Copper Association (ICA), the Copper Mark is a leading assurance framework for responsible production and sourcing in the copper industry. It comprehensively assesses environmental protection, respect for human rights, management of community impacts, and business ethics practices across the supply chain, from ore mining through product manufacturing and sales. The framework continues to be enhanced to strengthen its alignment with the supply chain due diligence requirements of the EU Battery Regulation. Through its preparations to obtain the Copper Mark, LOTTE ENERGY MATERIALS aims to assess responsible raw material sourcing and production management practices at a key production site and strengthen its foundation for meeting global customers' supply chain due diligence requirements.

(b) Resourcing Plan

LOTTE ENERGY MATERIALS has established carbon reduction initiatives in line with its net-zero target. The funds required to implement these initiatives will be sourced from existing internal reserves.

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4. Financial Position, Financial Performance and Cash Flows

(a) Effects on Financial Position, Financial Performance and Cash Flows during the Reporting Period and over the Short, Medium and Long Term

The anticipated financial effects of climate-related risks and opportunities during the reporting period and over the short, medium and long term are set out below.

Unit: KRW million

Category		Pathways through Which Financial Position, Financial Performance and Cash Flows Are Affected	Financial Position	Financial Performance	Cash Flows		Anticipated Financial Effects
			Assets	Expenses	Operating Activities	Investing Activities	
Physical Risk	Chronic Increased investment in HVAC systems and operating costs, and reduced productivity due to chronic physical risks	Increase in repair and maintenance expenses due to inspection activities undertaken to prepare for acute physical risks	-	-	-	-	The Company continues to inspect and maintain facilities and equipment as part of its proactive response to chronic physical risks. However, because the frequency and scale of these activities have not yet been systematically quantified, the Company determined that there are limitations to reliably measuring their current and anticipated financial effects. Accordingly, the related quantitative information has been omitted from the disclosures for the current reporting period.
Transition Risk	Policy and Legal Increased response costs due to strengthened climate-related regulations and laws Market Increased energy procurement costs due to the energy transition and greater price volatility	Increase in property, plant and equipment due to the replacement and installation of energy-saving equipment (*1)	61			(61)	LOTTE ENERGY MATERIALS identifies and implements energy-efficiency initiatives each year. In 2025, the Company pursued 14 initiatives, including replacement with high-efficiency blowers, inverter installation, and waste heat recovery, thereby reducing greenhouse gas emissions. The Company expects to continue incurring capital expenditures and related depreciation expenses as it installs energy-saving equipment. At the same time, implementation of these initiatives is expected to generate savings in electricity and steam costs and LNG procurement costs. However, because the scale and timing of medium- to long-term investments and the related financial effects may vary depending on the scope and timing of individual initiatives, the Company is currently unable to estimate them reliably in quantitative terms.
		Depreciation expense on equipment newly acquired during the current reporting period (*1)(*2)	(3)	(3)			
	Policy and Legal Increased procurement prices for raw and auxiliary materials due to supply chain carbon regulations and carbon tax burdens	Reduction in raw material costs through the use of recycled feedstock derived from copper scrap		(340,510)	(340,510)		LOTTE ENERGY MATERIALS is strengthening raw material procurement efficiency and its ability to manage cost volatility by expanding the use of recycled feedstock derived from copper scrap. The quantitative financial effects were calculated based on the amounts of total raw material purchases and cost of sales that could be affected by the recycled feedstock strategy. The amount does not represent purchases of recycled feedstock or cost savings from its use; rather, it represents the scale of the cost items potentially affected by the strategy. Actual financial effects may vary depending on procurement prices, supply stability, and the share of recycled feedstock used in production processes.
	Technology Increasing demand for the transition to low-carbon technologies and products	Increase in operating expenses (R&D expenses) arising from the development of copper foil for next-generation batteries	-	-	-	-	LOTTE ENERGY MATERIALS continues to conduct R&D activities to strengthen its competitiveness in next-generation battery materials. However, because internal classification criteria for R&D activities related to low-carbon products have not yet been systematically established, the Company determined that it is unable to reliably measure the financial effects of the related R&D expenses. Accordingly, the related quantitative information has been omitted from the disclosures for the current reporting period. The Company plans to enhance its internal management framework by establishing classification criteria for low-carbon products so that the related R&D expenses can be tracked and identified.
	Market Revenue growth from the expansion of low-carbon energy and technology businesses	Increase in revenue from copper foil for next-generation batteries due to the expansion of EV and ESS markets	-	-	-	-	Because LOTTE ENERGY MATERIALS has not yet established clear internal classification criteria for low-carbon products, it did not quantify the increase in revenue from the related products in the current reporting period. The Company plans to enhance its management framework by establishing identification and classification criteria and a calculation methodology for low-carbon products, thereby enabling it to quantify the financial effects of climate-related opportunities.

(*1) The related financial effects were calculated based on asset and financial information available during the reporting period, and the analysis was conducted on a parent-company basis for LOTTE ENERGY MATERIALS. Certain overseas subsidiaries were excluded from the scope of the calculation because of limitations in the availability of asset-level information. The Company plans to expand the scope of the calculation to a consolidated Group basis as it further enhances its data management systems.
(*2) LOTTE ENERGY MATERIALS identified and aggregated investments corresponding to energy-saving initiatives during the current reporting period. However, depreciation expense for the current reporting period reflects only investments made in 2025.

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(b) Effects on the Financial Statements for the Next Annual Reporting Period

LOTTE ENERGY MATERIALS implements energy-saving initiatives each year and expects to continue installing new energy-saving equipment in the next annual reporting period. Accordingly, the carrying amounts of property, plant and equipment may change as a result of the related capital expenditures. The Company also plans to establish an LCA calculation system in the next annual reporting period, which is expected to result in system implementation costs and related operating expenses. However, because the specific scale of investment and scope of implementation for the next annual reporting period have not yet been determined, the Company is currently unable to estimate the related financial effects reliably in quantitative terms.

5. Climate Resilience

(a) Climate Resilience Assessment

Based on climate scenario analysis, LOTTE ENERGY MATERIALS identified climate-related risks that could arise over the short, medium and long term and quantitatively assessed their financial effects. The Company also developed risk mitigation strategies for the identified risks and assessed the risk reduction effects of implementing each strategy, thereby evaluating the resilience of its climate change response framework. Going forward, the Company will continue to verify the appropriateness and effectiveness of its response strategies through regular resilience assessments and strengthen the foundation for achieving its net-zero target.

Physical Risk

① Implications of the Company's Assessment for Its Strategy and Business Model

Based on the IPCC Shared Socioeconomic Pathways (SSPs), LOTTE ENERGY MATERIALS used S&P Climanomics®, a climate modeling tool, to estimate average annual loss rates and loss amounts relative to the value of key assets at its sites (*2) associated with eight climate hazards (*1). Property, plant and equipment, excluding land, were included in the analysis, and the annual loss rate relative to the value of the assessed assets was estimated at approximately 2.2% for the 2020s. The analysis of losses by type of physical risk found that temperature extremes accounted for approximately 90% of total losses on average at Iksan Plants 1 and 2, representing the largest share. At the Malaysia operations, temperature extremes accounted for approximately 85% of total losses, followed by pluvial flooding at approximately 14%. Overall, most of the potential losses associated with physical risks at the assessed sites were found to arise from temperature extremes and pluvial flooding.

(*1) Temperature Extremes, Drought, Wildfire, Pluvial Flooding, Fluvial Flooding, Tropical Cyclone, Water Stress, and Coastal Flooding
(*2) Iksan operations (Plants 1 and 2) and Malaysia operations

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Category		Loss Components
Acute	Drought	Water costs resulting from drought, costs to repair damage to building foundations, and opportunity costs from operational disruptions
	Wildfire	Opportunity costs from operational disruptions, reduced labor productivity, and costs arising from physical damage to facilities and equipment
	Pluvial, Fluvial, and Coastal Flooding	Repair and restoration costs arising from flooding and opportunity costs from operational disruptions
	Tropical Cyclone	Repair and restoration costs arising from tropical cyclones and opportunity costs from operational disruptions
Chronic	Water Stress	Water costs resulting from worsening water stress and opportunity costs from operational disruptions
	Temperature Extremes	Electricity costs incurred in response to rising average temperatures, maintenance costs for HVAC systems, and reduced labor productivity

Exposure to Each Climate Hazard

Unit: %

Category		Loss Rate (*1)							
Site	Risk Factor	SSP1-2.6				SSP5-8.5			
		2020s	2030s	2040s	2050s	2020s	2030s	2040s	2050s
Iksan Plants 1 and 2	Temperature Extremes	2.33	2.81	3.18	3.27	2.23	3.11	3.78	4.51
	Pluvial Flooding	0.20	0.25	0.28	0.30	0.19	0.27	0.37	0.48
	Wildfire	0.03	0.04	0.05	0.06	0.03	0.05	0.08	0.11
Malaysia Plant	Temperature Extremes	1.34	1.67	1.85	2.02	1.43	1.89	2.56	3.18
	Pluvial Flooding	0.22	0.28	0.32	0.34	0.22	0.30	0.42	0.55
	Drought	0.00	0.00	0.01	0.04	0.00	0.00	0.13	0.25

(*1) SSP1-2.6 represents a pathway toward an environmentally friendly, low-carbon society, while SSP5-8.5 represents a fossil fuel-centered, high-carbon society scenario

② Areas of Significant Uncertainty Considered in the Company's Assessment

Category		Description of Uncertainty
Physical Risk	Scenario Uncertainty	Uncertainty is inherent in the pathways and impacts of climate change under IPCC scenarios because of the complexity of the climate system and limitations in forecasting.
	Model Uncertainty	Simplifications and assumptions applied in financial modeling may result in differences between modeled and actual financial effects.

③ Assessment of the Level of Resilience

The scenario analysis found that the Iksan operations, which had the highest risk exposure, face physical risks associated with temperature extremes, including increased loads on HVAC systems, heat-related illness among workers, and reduced efficiency of outdoor equipment. To address physical risks such as temperature extremes, the Company conducts long-term analysis and monitoring of risk factors based on the locational characteristics of each site. Going forward, it plans to strengthen its HVAC maintenance framework and develop measures to address potential declines in productivity.

In particular, to prepare for temperature extremes, the Company operates air-conditioning systems in offices and rest areas, provides training on preventive measures against heat-related illness, and supplies personal cooling gear. It also manages the risk of productivity declines through regular inspections of on-site HVAC systems and replacement of aging equipment. The Company will continue to monitor the effects of temperature extremes on site operations and develop proactive response measures.

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Transition Risk

① Implications of the Company's Assessment for Its Strategy and Business Model

As domestic and international greenhouse gas reduction targets become more stringent and emissions allowance prices rise, entities subject to emissions trading schemes are expected to incur higher costs to purchase allowances for emissions exceeding their allocated amounts. As an entity subject to allowance allocation under the Korean Emissions Trading Scheme, LOTTE ENERGY MATERIALS identified emissions allowance purchase costs arising from the scheme as a key risk and analyzed the financial effects of the risk of rising carbon prices. The analysis applied the Stated Policies Scenario (STEPS), Announced Pledges Scenario (APS), and Net Zero Emissions by 2050 Scenario (NZE) published by the International Energy Agency (IEA). The proportion of allowances allocated through auctioning used in the financial effects analysis was calculated based on the industrial-sector reduction target under Korea's Nationally Determined Contribution (NDC). Free allocation was assumed to equal the average greenhouse gas emissions over the three years preceding designation as an entity subject to allocation, excluding the year immediately preceding designation, in accordance with the Act on the Allocation and Trading of Greenhouse-Gas Emission Permits.

(Annual Average)

Category	Unit	Medium Term (2027–2030)			Long Term (2031 Onward)		
		STEPS	APS	NZE	STEPS	APS	NZE
BAU (*1)	KRW million	3,826	10,351	11,559	18,959	52,996	63,271
After Implementing the Strategy (*2)	KRW million	102	216	238	2,484	7,074	8,307
Cost Savings (*3)	KRW million	3,724	10,134	11,321	16,475	45,922	54,965

The climate scenario analysis of transition risks indicates that emissions allowance trading costs are expected to arise over the medium term (2027–2030) and long term (2031 onward) as the share of free allocation decreases and carbon prices rise. In particular, the NZE Scenario assumes a carbon price of approximately USD 250 in the 2050s—the highest among the scenarios—with the potential for further increases.

② Areas of Significant Uncertainty Considered in the Company's Assessment

Category		Description of Uncertainty
Transition Risk	Scenario Uncertainty	Future carbon prices under the IEA scenarios are subject to uncertainty arising from country-specific volatility in the carbon-related prices reflected in their estimation.
	Model Uncertainty	Simplifications and assumptions applied in financial modeling may result in differences between modeled and actual financial effects.
	Auctioning Ratio	Because the auctioning of emissions allowances is prescribed by law and affected by domestic and international political and environmental factors, the auctioning ratio is subject to uncertainty.

③ Assessment of the Level of Resilience

LOTTE ENERGY MATERIALS has established a net-zero target and an RE100 implementation roadmap to respond to increasingly stringent domestic and international regulations, including rising emissions allowance prices and reductions in the share of free allocation. As key implementation measures, in addition to energy-saving initiatives, the Company is considering procuring electricity through PPAs at its Iksan operations in Korea and purchasing RECs for electricity used at its Malaysia operations, with partial REC procurement under consideration beginning in 2027. For further details of the Company's strategy, refer to "III. Strategy, 3. Strategy and Decision-Making, (a) Current Responses and Plans" on page 29 of this report.

Based on these considerations, the Company believes that it has established a certain level of strategic direction and implementation capability to address transition risks. In particular, the electronic components manufacturing industry, in which the Company operates, is classified as a sector exposed to carbon leakage and has been designated as eligible for 100% free allocation during the fourth allocation plan period under the Korean Emissions Trading Scheme. Taking the free allocation ratio into account, if an average annual emissions reduction of approximately 105,000 tCO_2eq from BAU is effectively achieved through 2030, the Company expects to mitigate potential cost burdens arising from higher allowance prices and reduced free allocation. The analysis indicates potential additional gains averaging approximately KRW 3.7–11.3 billion annually over the medium-term period from 2027 to 2030. However, the effect may vary depending on future allowance prices, changes in allocation volumes, and actual emissions reduction performance.

(*1) Represents the financial cost expected under each scenario if the Company does not implement its emissions reduction strategy, namely the cost of purchasing emissions allowances. It was calculated by multiplying the annual carbon price under each scenario by the allowance shortfall arising when LOTTE ENERGY MATERIALS' Scope 1 and Scope 2 emissions exceed the allocation based on the industrial-sector reduction target.
(*2) Represents the anticipated financial loss or gain, including gains from trading surplus allowances, if LOTTE ENERGY MATERIALS implements its greenhouse gas emissions reduction strategy. It was calculated by multiplying the annual carbon price under each scenario by the allowance shortfall or surplus relative to the allocated amount.
(*3) Calculated as the difference between the financial loss under the no-strategy case (*1) and the financial effect under the effective-strategy case (*2).

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(b) How and When Climate-Related Scenario Analysis Was Carried Out

① Information about the Inputs Used

Category		Details
Physical Risk	Scenarios and Sources	• SSP1-2.6 (<2°C) - Definition: A scenario in which global warming is limited to below 2°C through the achievement of net zero by 2050 - Source: IPCC Sixth Assessment Report • SSP2-4.5 (2–3°C) - Definition: A scenario in which current socioeconomic trends broadly continue and global warming reaches 2–3°C - Source: IPCC Sixth Assessment Report • SSP5-8.5 (>4°C) - Definition: A worst-case scenario in which global warming exceeds 4°C due to greenhouse gas emissions - Source: IPCC Sixth Assessment Report
	Relevance to Physical Risk	• Using the above scenarios, the Company assessed the effects of each climate-related physical risk with S&P Climanomics®.
	Alignment with the Latest International Agreement on Climate Change	• The scenarios are aligned with key international agreements, including the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement.
	Relevance to the Resilience Assessment	• The Company determined that the IPCC scenarios are the most appropriate for assessing resilience based on the physical effects of climate change because they provide scientifically grounded projections of future greenhouse gas emissions.
	Time Horizon Covered by the Analysis	• The analysis covers the period through 2050.
	Scope of Operations Covered by the Analysis	• Iksan Plants 1 and 2 and the Malaysia operations
Transition Risk	Scenarios and Sources	• NZE (Net Zero Emissions by 2050 Scenario) - Definition: Assumes a pathway to achieve net-zero CO_2 emissions from the global energy sector by 2050 • APS (Announced Pledges Scenario) - Definition: Assumes that all climate commitments, including national NDCs and long-term net-zero targets, are implemented as planned • STEPS (Stated Policies Scenario) - Definition: Assumes that policies already in force and policies announced by governments worldwide are implemented, based on a sector-by-sector assessment * Source: IEA World Energy Outlook 2025
	Relevance to Transition Risk	• The IEA scenarios were considered sufficiently relevant because they assess risks arising from policy, technology, and market changes during the transition to a low-carbon economy.
	Alignment with the Latest International Agreement on Climate Change	• The scenarios are aligned with key international agreements, including the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement.
	Relevance to the Resilience Assessment	• The IEA scenarios analyze changes in global energy markets and policy uncertainty and support resilience assessments by helping companies anticipate energy price volatility and regulatory changes, manage transition risks, and reduce their exposure to those risks.
	Time Horizon Covered by the Analysis	• The analysis covers the period through 2050.
	Scope of Operations Covered by the Analysis	• The analysis was conducted for the reporting entity.

② Key Assumptions Made in the Analysis (*1)

Climate-Related Policies in the Jurisdictions in Which the Company Operates

Assumed Gradual Increase in the Share of Auctioned Allowances under the Korean Emissions Trading Scheme:
Auctioning Ratio Assumed Based on the Cumulative Reduction Rate for the Industrial Sector

National- or Regional-Level Variables

Projected Carbon Prices for Korea under the Scenarios

Unit: USD/tCO_2eq

Category	2035	2050
STEPS	52	75
NZE	180	250

* The 2025 average exchange rate of KRW 1,437 per USD was applied.

(c) Reporting Period in Which the Climate-Related Scenario Analysis Was Carried Out

LOTTE ENERGY MATERIALS carried out the climate-related scenario analysis during the current reporting period.

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1. Climate-Related Risk and Opportunity Management Process

(a) Climate-Related Risk Management Process and Policies

① Identification

LOTTE ENERGY MATERIALS develops a standardized universe of climate-related risks using the categories in the TCFD framework and the STEEP(*1) analysis framework. In developing this universe, the Company refers to key risks and opportunities identified by industry peers corresponding to each business segment. It uses the following key inputs and parameters to identify climate-related physical risks. For detailed information on the inputs used in the physical risk management process, refer to "2.5.1. Climate Resilience Analysis for Physical Risk, (2) Climate Scenario Analysis Methodology."

Inputs and Parameters	Data Sources
Climate Parameters by Hazard	S&P Climanomics®
Asset Type	S&P Climanomics®
Asset Value and Location	Business Report
Physical Risk Scenarios	IPCC Sixth Assessment Report

The Company uses the following key inputs and parameters to identify climate-related transition risks.

Inputs and Parameters	Data Sources
Energy Use	Internal Data
Greenhouse Gas Emissions	Internal Data
Transition Scenarios	IEA World Energy Outlook 2023; IEA Net Zero by 2050: A Roadmap for the Global Energy Sector
Carbon Price Projections	Average Price of KAU24 Allowances under the K-ETS; IEA World Energy Outlook 2024

② Assessment

LOTTE ENERGY MATERIALS identifies and assesses climate-related physical risks through the following process.

Process	Details
Identification of Climate-Related Risks Based on Quantitative Scenario Analysis	- Selection of the analytical tool and climate scenarios (SSP1-2.6 and SSP5-8.5) for physical risk analysis - Selection of the assets to be analyzed* * Includes the carrying amounts of property, plant and equipment, investment property, and right-of-use assets reported in the consolidated financial statements for the current reporting period (collectively, "fixed assets") - Collection of data on asset type, asset value, and location - Input of the asset data into the analytical solution to extract financial loss data** ** Model Average Annual Loss (MAAL): the estimated annual financial loss attributable to climate change, including revenue expenditures, capital expenditures, incremental operating costs, and asset impairment - Development of a climate-related risk universe (Long List) if the analysis using the selected solution and climate scenarios identifies a financial loss for at least one asset
Assessment of the Significance of Climate-Related Risks	- Identification of significant risks (Short List) with financial loss amounts at or above the internally established quantitative materiality threshold

The Company identifies and assesses climate-related transition risks through the following process.

Process	Details
Identification of Climate-Related Risks	- Development of a climate-related risk universe based on interviews with internal personnel, external sustainability disclosure standards, legal and regulatory trends, benchmarking analysis, and other relevant inputs
Assessment of the Significance of Climate-Related Risks	- Internal stakeholders from relevant business functions who understand climate-related matters and the pathways through which climate change could give rise to financial effects assess each risk on a three-point scale for likelihood and a three-point scale for magnitude - Calculation of risk scores and identification of significant risks (Short List) exceeding the threshold (average score)

(*1) A framework for assessing five macro-level external environmental factors — Social, Technological, Economic, Environmental, and Political — that influence the long-term strategy of a company, organization, or policy.

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③ Prioritization

LOTTE ENERGY MATERIALS conducts a materiality assessment each year to identify key sustainability issues, including climate change. In the assessment for the current reporting period, climate-related risks received the highest rating among the sustainability-related risks and opportunities assessed. The Company reports the materiality assessment results and specific management approaches for the selected material topics to the ESG Committee, which oversees ESG risks.

④ Monitoring

LOTTE ENERGY MATERIALS identifies and assesses climate-related risks to determine whether new risks have emerged and whether the magnitude of their impacts has changed. It also reviews whether its key climate change response strategies remain effective in light of the current business environment and refines them as necessary. For details of this monitoring approach, refer to "Governance: (e) Management and Oversight of Target Setting and Progress" on page 25 of this report.

⑤ Changes in the Process Compared with the Prior Reporting Period

In the prior reporting period, the climate-related risk management process was carried out on a standalone basis for the parent company. Beginning in the current reporting period, the management scope was expanded to encompass LOTTE ENERGY MATERIALS, including its subsidiaries. Accordingly, the methodology used at the assessment stage of the overall management process was revised. Physical risks are now assessed using quantitative financial loss criteria on a consolidated basis, while key transition risks are selected through an internal materiality assessment of magnitude and likelihood using both quantitative and qualitative criteria.

(b) Climate-Related Opportunity Management Process

LOTTE ENERGY MATERIALS identifies, assesses, and monitors climate-related opportunities using the same procedures as those applied in its climate-related transition risk management process.

2. Integration with the Enterprise-Wide Risk Management Framework

Since joining LOTTE Group as an affiliate in 2023, LOTTE ENERGY MATERIALS has established an ESG risk management policy and has been identifying key ESG-related risks, including climate change, and reviewing response measures. However, the ESG risk management framework is not yet integrated with the enterprise-wide risk management framework. The Company is considering linking the two frameworks to enable integrated operation in the future.

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1. Climate-Related Metrics

(a) Greenhouse Gas Emissions

① Gross Greenhouse Gas Emissions

LOTTE ENERGY MATERIALS' Scope 1 and Scope 2 greenhouse gas emissions are presented below. The Company plans to progressively enhance the calculation and disclosure of Scope 3 emissions.

Unit: tCO_2eq

Category		2023	2024	2025
Domestic Operations	Scope 1	566	191	168
	Scope 2	107,410	98,770	78,761
	Subtotal (Scope 1, Scope 2)	107,974	98,960	78,928
Overseas Operations (*1)	Scope 1	2,204	5,292	4,766
	Scope 2	66,229	75,192	59,460
	Subtotal (Scope 1, Scope 2)	68,433	80,485	64,226
Total		176,407	179,445	143,154

(*1) Emissions from overseas operations are based on internally verified data and have not been subject to third-party verification.

② Approach to Measuring Greenhouse Gas Emissions

Measurement Approach

Category	Guidelines
Scope 1 and Scope 2	- 2006 IPCC Guidelines for National Greenhouse Gas Inventories - Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme (K-ETS Guidelines)

Inputs and Assumptions

Category		Input Variables		Key Assumptions and Rationale
		Activity Data	Parameters	
Scope 1	Stationary Combustion	Fuel consumption (LNG, etc.) and process emission quantities (AC Tar, ECH Tar, NaHCO3, etc.)	National LNG emission factor under the K-ETS Guidelines, internally developed emission factor for tar incineration, and theoretical value for NaHCO3 process emissions	Greenhouse gas emissions from each emissions activity are calculated in accordance with the K-ETS Guidelines
	Mobile Combustion	Fuel consumption (gasoline, diesel, etc.)	IPCC emission factors under the K-ETS Guidelines	Greenhouse gas emissions from each emissions activity are calculated in accordance with the K-ETS Guidelines
Scope 2	Purchased Electricity	Electricity consumption	National electricity emission factor under the K-ETS Guidelines and the electricity emission factor provided by Sarawak Energy	Electricity consumption × emission factor (excluding self-generated electricity)
	Purchased Steam	Steam consumption	Emission factors by steam supplier	Steam consumption × emission factor (excluding self-generated steam)

LOTTE ENERGY MATERIALS reviews its organizational boundaries and emissions activity criteria each year to reassess the scope included in its emissions measurement. The changes made to the Company's greenhouse gas emissions measurement approach during the current reporting period compared with the prior period are presented below.

Changes to the Measurement Methodology and Reasons for the Changes

Category	Changes
Setting the Organizational Boundary	During preparation of the 2025 greenhouse gas inventory, the Company conducted a site-level review of emission facilities at Iksan Plant 2 and additionally identified certain facilities within the existing operational-control boundary as emission facilities to be included in the calculation.
Identification of Emissions Activities	Beginning with the 2025 greenhouse gas inventory, emissions associated with the additionally identified kiln, waste-gas incineration facility, cafeteria, and other related activities were newly calculated and reported. The kiln was classified as process emissions, while the waste-gas incineration facility and cafeteria were classified according to their actual activity characteristics, including fuel combustion and waste incineration.

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(b) Assets or Business Activities Vulnerable to Climate-Related Transition or Physical Risks

LOTTE ENERGY MATERIALS identifies assets and business activities with a high likelihood of physical damage from climate-related natural hazards as vulnerable to climate-related physical risks. Among its domestic and overseas sites, the Malaysia operations were found to have the highest exposure to physical risks, with temperature extremes, pluvial flooding, drought, and wildfire identified as the principal risk factors.

Category	2025		
Vulnerable Assets	Financial Statement Line Item	Amount (KRW million)	Percentage (%)
Assets at the Malaysia operations	Property, Plant and Equipment (*1)	13,444	1.69%

(*1) Property, plant and equipment excluding land

(c) Assets and Business Activities Aligned with Climate-Related Opportunities

LOTTE ENERGY MATERIALS identified the following assets and business activities as aligned with climate-related opportunities.

Category		2025		
Opportunity	Aligned Business Activities	Financial Statement Line Item	Amount (KRW million)	Percentage (%)
Revenue Growth from the Expansion of Low-Carbon Energy and Technology Businesses	- (*1)	Revenue	-	-

(*1) The Company is currently establishing internal criteria for identifying assets and business activities aligned with climate-related opportunities.

(d) Capital Deployment

For detailed information on capital deployment in response to climate-related risks or opportunities, refer to “Strategy: 4. Financial Position, Financial Performance and Cash Flows” on page 32 of this report.

(e) Compensation (Executive Management)

For information on climate-related considerations linked to executive compensation, refer to “Governance: (e) Management and Oversight of Target Setting and Progress” on page 25 of this report.

(f) Internal Carbon Price

For information on the internal carbon price used by LOTTE ENERGY MATERIALS in decision-making, refer to “Governance: (d) How Climate-Related Risks and Opportunities Are Considered in Major Decision-Making Processes” on page 25. The Company introduced an internal carbon pricing system in August 2025 and sets an annual price per ton. The price is reset each year to reflect market conditions and policy and regulatory developments in the relevant countries.

(g) Industry-Based Metrics

For information on industry-based metrics, refer to the “SASB Index” on page 116 of this report.

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2. Climate-Related Targets

(a) Information about the Metrics Used to Set Targets (Target Metric, Objective, Scope, etc.)

LOTTE ENERGY MATERIALS set its greenhouse gas reduction targets using Scope 1 and Scope 2 emissions from all domestic and overseas operations on a standalone-company basis as the target metric. Accordingly, the Company established a medium-term target to reduce greenhouse gas emissions by 32.7% by 2030 from the 2022 base year. Taking into account Korea's Nationally Determined Contribution (NDC) and related policy direction, the Company also set a long-term target to achieve net zero by 2050 using the same scope and metric.

Metric	Scope	Base Year	Current-Year Emissions	Interim Target	Ultimate Target
		2022	2025	2030	2050
Scope 1 and Scope 2 Greenhouse Gas Emissions (tCO_2eq)	LOTTE ENERGY MATERIALS Domestic and Overseas Operations (Standalone Basis)	165,424	143,154 (*1)	111,289	0
Scope 1 and Scope 2 Greenhouse Gas Reduction Rate (Absolute Target)		(Base Year)	12.3% Reduction	32.7% Reduction	100% Reduction

(*1) Emissions from overseas operations are based on internally verified data and have not been subject to third-party verification.

(b) Review of Targets

① Whether the Established Targets Have Been Third-Party Verified

Scope 1 and Scope 2 emissions from LOTTE ENERGY MATERIALS' domestic operations are verified by an accredited third-party organization. However, the Company's greenhouse gas reduction targets have not been separately verified.

② Revisions to the Targets and Reasons for the Revisions

No revisions were made to the targets during the 2025 reporting period.

(c) Analysis of Performance against the Targets

LOTTE ENERGY MATERIALS continues to pursue enterprise-wide reduction efforts in line with its greenhouse gas emissions reduction targets. Performance against the targets for the reporting year is presented below.

Category	Unit	2023	2024	2025	2026 (Estimated)
Scope 1 and Scope 2 Emissions	tCO_2eq	176,407	179,445	143,154	199,253
Greenhouse Gas Emissions Reduction		-	-	3,084	6,265
Energy Use	TJ	3,525	3,543	2,841	3,954
Energy Savings (Energy-Saving Initiatives)		-	-	68	132

(d) Information Related to Greenhouse Gas Emissions Targets

① Greenhouse Gas Types and Scopes Covered by the Targets

Category	Greenhouse Gas Types						
	CO_2	CH_4	N_2O	HFCs	PFCs	SF_6	NF_3
Scope 1	O	O	O	N/A	N/A	N/A	N/A
Scope 2	O	O	O	N/A	N/A	N/A	N/A

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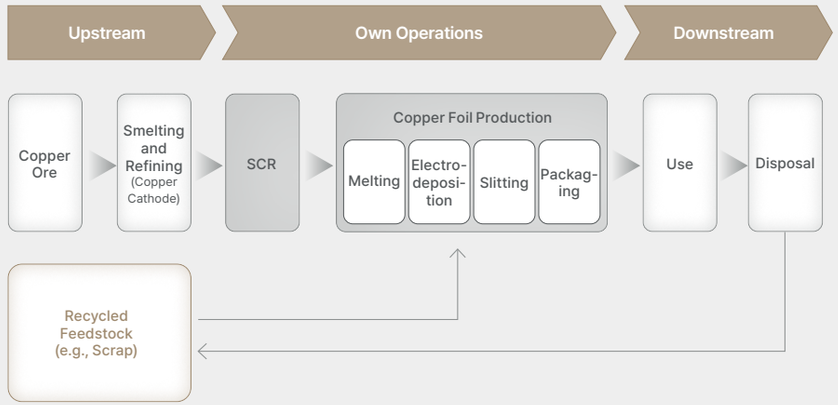
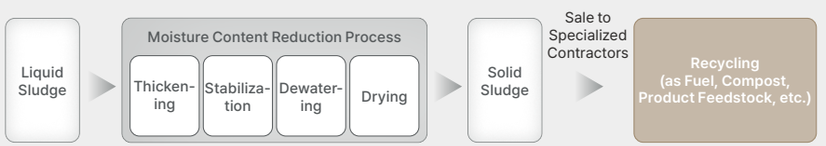
Resource Circularity Strategy

LOTTE ENERGY MATERIALS actively promotes resource circularity as part of its sustainable business strategy. The Company has established a framework to promote awareness of the importance of closed-loop resource use and encourage participation among all employees, with the aim of increasing the recovery rate of recyclable resources and reducing waste sent to landfill or incineration. In particular, the Company procures 100% recycled copper as the key feedstock for its products. By using copper scrap recovered from discarded cables, it reduces reliance on primary mining and contributes to energy savings and greenhouse gas emissions reductions during the refining process.



LOTTE ENERGY MATERIALS also focuses on minimizing the landfill disposal of wastewater sludge generated after wastewater treatment and increasing its recycling rate. By effectively recycling wastewater sludge, the Company aims to reduce environmental impacts and advance sustainable resource management.



Resource Circularity Activities

LOTTE ENERGY MATERIALS is actively expanding the use of recycled copper to minimize environmental and human rights issues that may arise from copper ore mining and smelting and to reduce the use of natural resources. The Company's domestic operations produce copper foil using 100% recycled copper, and its overseas operations plan to continue increasing the share of recycled copper used. The Company also sells sludge generated during wastewater treatment to specialized contractors for environmentally responsible recycling rather than sending it to landfill or incineration. In addition to wastewater sludge, the Company is reviewing additional recycling methods for various waste streams generated by its business activities and establishing a systematic management framework to increase the proportion of waste returned to productive use and continuously advance its resource circularity activities.

Recycling of Used Wooden Boxes

The Malaysia operations of LOTTE ENERGY MATERIALS plan to provide used wooden boxes, which were previously discarded after being used as product packaging, free of charge to wooden-box processors and pallet manufacturers. This initiative is expected to reduce waste disposal costs and promote resource circularity. The used boxes will be shredded and converted into raw materials for pallets, or reused as components and supplied back to box suppliers. Through this initiative, the Company plans to move beyond simple disposal, expand the resource recovery value chain, and strengthen the closed-loop resource use system at the site. Going forward, the Company plans to expand the recycling of used wooden boxes beyond the Malaysia operations to other production sites. By reducing waste disposal costs while establishing a circular production system, the Company aims to strengthen its leadership in sustainable operations.

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Waste Management Strategy

LOTTE ENERGY MATERIALS views advancing a circular economy as a core environmental responsibility and is pursuing a multifaceted waste management strategy to reduce waste generated at its sites and maximize recycling rates. The Company aims to raise its Zero Waste to Landfill (ZWTL) certification rating and achieve a waste recycling rate of at least 99%, thereby building a world-class resource circularity ecosystem.

Establishment of a Resource Circularity Framework

The Company actively participates in the Resource Circularity Council, launched in 2025 by LOTTE Group's Chemical Business Group to improve waste recycling rates and promote resource circularity.
Through close collaboration among affiliates and the sharing of best practices, the Company is strengthening its resource circularity capabilities and implementing practical waste reduction targets.

Improvement of Waste Treatment Processes

In 2025, the Company fully transitioned the treatment of waste wood generated at its sites from incineration with energy recovery to material recycling into sawdust.
This change converts waste previously used only for energy recovery into a new industrial feedstock, thereby creating greater tangible value through resource circularity.

System-Based Responsible Waste Management

The Company operates a waste generator traceability system linked to its EHS system, preventing unauthorized dumping and mixed disposal at source while ensuring transparency throughout the waste management process.
It also provides regular training to ensure that waste is accurately segregated by characteristics and type at each process and discharged accordingly.

Waste Management Activities

Obtaining ZWTL Certification

LOTTE ENERGY MATERIALS achieved a 99% recycling rate for general waste, including an 83% material recycling rate excluding energy recovery, and obtained Zero Waste to Landfill (ZWTL) certification in 2025. The Company plans to progressively pursue higher ZWTL certification ratings, beginning with Silver and ultimately reaching Platinum, the highest rating, by continuously reducing the proportion of waste recycled through incineration with energy recovery and actively introducing environmentally responsible recycling methods. It will rigorously monitor waste reduction performance by linking it to company-wide key performance indicators (KPIs), upcycle process by-products into high-value resources, and work with waste management partners to establish a circular ecosystem spanning the value chain from waste collection to resource recovery.



Responding to the EU Packaging and Packaging Waste Regulation

LOTTE ENERGY MATERIALS is preparing to comply with the EU Packaging and Packaging Waste Regulation (PPWR), which is scheduled to apply beginning in 2026. The EU PPWR has the potential to transform packaging management practices across industries by reducing packaging use across the EU, enhancing recyclability, restricting hazardous substances, and providing information to consumers. By 2026, the Company plans to transition to alternative packaging materials and strengthen its supply chain management framework. By 2027, it plans to establish a system for providing information on packaging and packaging waste to meet customer and regulatory requirements. The Company will also enhance its site-level packaging management framework to strengthen its capability to comply with EU regulations. Going forward, it will continuously monitor related policy and regulatory developments and strengthen its sustainability practices through proactive compliance measures.

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Water Management

LOTTE ENERGY MATERIALS has established a systematic water management and reuse framework to proactively address the global depletion of water resources caused by climate change. To minimize water scarcity risks, the Company operates two wastewater reuse facilities, each with a treatment capacity of 1,000 tons per day. Wastewater is treated and returned to production processes, thereby reducing water withdrawals. The Company also monitors water types and consumption across all sites, establishes appropriate water-use levels based on the characteristics of each process and point of use, and prevents unnecessary water consumption at source. Through these efforts, it seeks to improve water-use efficiency in its processes and advance sustainable water resource management.

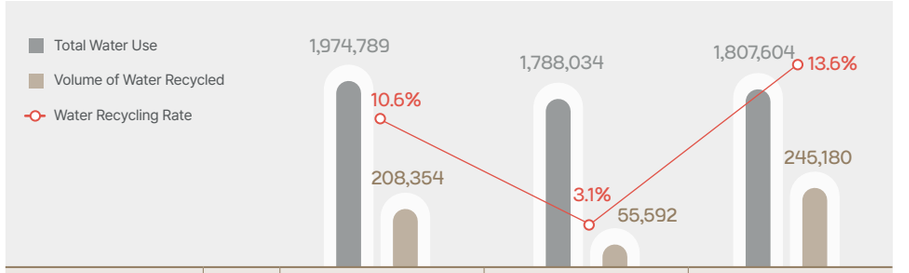


Water Management Activities

LOTTE ENERGY MATERIALS is implementing practical initiatives by integrating water treatment infrastructure with smart management systems to secure a stable water supply and protect ecosystems.

Improving the Efficiency of Wastewater Reuse Facilities	By optimizing process efficiency and facility operating rates, the wastewater recycling rate increased by more than 300% in 2025 compared with 2024.
Establishing an IT-Based Monitoring System	The Company links leak detectors in production processes with a real-time pH monitoring system to detect even minor changes in wastewater treatment. When an abnormality occurs, an automated anomaly detection system enables immediate action, providing a robust operational safeguard.
Internal Water Quality Controls	In addition to complying with statutory discharge limits, the Company has established a more stringent internal control threshold of less than 80% of the statutory limits. This helps minimize impacts on nearby water bodies and continuously reduce discharges of water pollutants.

Water Use and Recycling



Category	Unit	2023	2024	2025
Total Water Use	ton	1,974,789	1,788,034	1,807,604
Volume of Water Recycled	ton	208,354	55,592	245,180
Water Recycling Rate	%	10.6	3.1	13.6

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Water Risk Analysis

As the increasing frequency of extreme weather events due to climate change intensifies imbalances in precipitation, securing a stable water supply is becoming more difficult. Water shortages could result in production stoppages at the Company's operations, while wastewater discharged from production processes could adversely affect local ecosystems. Recognizing the growing importance of water management, LOTTE ENERGY MATERIALS analyzed water risks at its domestic and overseas operations for 2030 using the World Resources Institute (WRI) Aqueduct Water Risk Atlas 4.0 and the World Wide Fund for Nature (WWF) Water Risk Filter.

Water Risk Analysis Results

According to the WRI analysis, the Company's domestic operations are exposed to water stress risk, while the Malaysia operations were found to have a relatively stable water supply environment compared with the domestic operations. Seasonal and interannual variability and water depletion risks remain at stable levels across all operations. The WWF multidimensional risk filter analysis rated all domestic operations as High for flood risk, and the Company plans to develop specific response measures for physical climate hazards. Iksan Plants 1 and 2 were also rated High for water quality risk, prompting ongoing monitoring of wastewater treatment and effluent quality management. The Malaysia operations were rated Very Low for water availability, and the Company plans to secure a stable water supply going forward.

Risk Response Measures

Type	Medium- to Long-Term Response Measures
Flood	• Inspect stormwater drainage systems • Expand waterproofing and flood protection facilities
Water Quality	• Strengthen discharge standards • Optimize water treatment facilities
Water Stress	• Establish and implement water use reduction plans • Expand water reuse • Consider securing emergency water supplies

WRI Analysis Results

Type	Operations				
	Seoul	Uiwang	Iksan Plant 1	Iksan Plant 2	Malaysia
Water Stress	Medium-High	Medium-High	High	Medium-High	Low
Seasonal Variability	Low-Medium	Low-Medium	Low-Medium	Low	Low-Medium
Interannual Variability	Low-Medium	Low-Medium	Low-Medium	Low-Medium	Low-Medium
Water Depletion	Low-Medium	Low-Medium	Low-Medium	Low-Medium	Low

WWF Analysis Results

Type	Operations				
	Seoul	Uiwang	Iksan Plant 1	Iksan Plant 2	Malaysia
Water Availability	Medium	Medium	Medium	Medium	Very Low
Drought	Very Low	Very Low	Very Low	Very Low	Very Low
Flood	High	High	High	High	Medium
Water Quality	Medium	Medium	High	High	Low
Water Accessibility	Very Low	Very Low	Very Low	Very Low	Low
Ecosystem Services Status	Medium	Medium	Medium	Medium	Medium

Low / Very Low | Low / Low-Medium | Medium / Medium-High | High | Very High

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Pollutant Management Strategy

LOTTE ENERGY MATERIALS has established and operates an environmental management system to ensure compliance with environmental laws and regulations relating to air emissions, water quality, and hazardous substances while advancing sustainability. To enhance customer trust and strengthen ESG practices, the Company introduced an EHS system that enables enterprise-wide management and established a continuous monitoring framework. The Company manages pollutants under internal standards that are more stringent than statutory limits. In the short term, it plans to reduce emissions by at least 5% year on year. Over the medium to long term, it will continue to enhance internal management standards that exceed statutory requirements and pursue further pollutant reductions. Through these efforts, the Company aims to proactively control environmental risks, deliver tangible performance, and strengthen sustainable business practices.



Pollutant Reduction Activities

Reduction of Air Pollutants

LOTTE ENERGY MATERIALS conducts periodic pollutant concentration testing to comply with air pollutant emission limits in its production processes. The Company sets and manages internal air pollutant emission limits at no more than 80% of the statutory limits and monitors air pollutant emissions through periodic measurements of discharge concentrations at air pollution control facilities. In addition to substances covered by existing permits, the Company plans to measure all air pollutant parameters and continuously review whether any additional air pollutants are detected.

Reduction of Water Pollutants

LOTTE ENERGY MATERIALS sends wastewater to the wastewater terminal treatment plant within the industrial complex for final treatment to prevent hazardous substances from entering nearby rivers. The Company has established internal standards that are more stringent than statutory discharge limits and pre-treats wastewater to levels equivalent to 20–30% of those limits before discharging it to the terminal treatment plant. It also plans to reduce water pollutant discharges by at least 5% compared with 2024. Over the long term, the Company plans to advance water management through wastewater reuse, the use of cooling tower blowdown water, and other measures.

Wastewater Discharge Volume

	Unit	2024	2025
Wastewater Discharge Volume	ton	1,720,256	1,540,334 (▲179,922)
Reduction Target	ton		86,013

* Based on Iksan Plant 1; 5% reduction in 2025 compared with 2024

Hazardous Chemicals Management

LOTTE ENERGY MATERIALS proactively responds to increasingly stringent global regulations governing the registration and evaluation of chemicals and fully complies with applicable legal requirements. Chemicals used at its operations have been registered and reported in accordance with government guidelines, and the Company continuously monitors and reflects regulatory changes. In 2025, it introduced a chemical pre-assessment system and now applies a stringent handling approval process to newly purchased chemicals while systematically addressing changes involving chemicals already in use. The Company also strengthens systematic management based on the safe use, storage, and handling of chemicals and regulatory compliance, thereby supporting responsible supply chain management and sustainable operations.

Reduction of Soil Pollutants

LOTTE ENERGY MATERIALS operates a prevention-focused management framework to prevent soil contamination that could arise during the handling and transfer of chemicals. To strengthen work safety and environmental risk controls, the Company applies strict management procedures throughout process operations and material transfer, including issuing environmental work permits covering pre- and post-work controls. It also conducts periodic soil contamination testing to continuously assess impacts on its operations and surrounding areas. Based on the test results, the Company implements corrective measures as necessary, thereby strengthening both soil protection and regulatory compliance.

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Biodiversity Management Strategy

Amid growing concern over climate change, biodiversity conservation has emerged as a global priority. All economic activities depend on natural capital, and resource depletion directly affects business operations. LOTTE ENERGY MATERIALS recognizes that natural capital and biodiversity are closely linked to sustainable growth and supply chain operations and identifies and manages nature-related risks at each operation with reference to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and global assessment frameworks. In particular, the Company conducted an internal assessment based on the LEAP approach to understand its dependencies on natural capital and impacts on biodiversity in copper foil production. It is enhancing its management framework by linking the results to pollution reduction, resource efficiency, and environmental regulatory compliance activities. The Company used IBAT1, ENCORE2, and the WWF BRF3 to analyze natural capital dependencies and biodiversity risks at each operation. The analysis identified potential risks at certain operations, including pollution, ecosystem disturbance, and proximity to protected areas. It also highlighted the importance of managing impacts on water bodies, soil, and ecosystems given the characteristics of the basic metals manufacturing industry. The Company further confirmed links to ecosystem services such as water supply, water purification, and climate regulation. Based on these findings, LOTTE ENERGY MATERIALS plans to progressively enhance its nature-related risk management framework, taking into account the characteristics of each operation and the local environment.

Internal Assessment and Management Process Based on the LEAP Approach



1) IBAT (Integrated Biodiversity Assessment Tool): Provides integrated data on protected areas, species distributions, and areas of biodiversity importance worldwide
2) ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): Analyzes links between industry activities and ecosystem services
3) WWF BRF (Biodiversity Risk Filter): Assesses biodiversity risks by location

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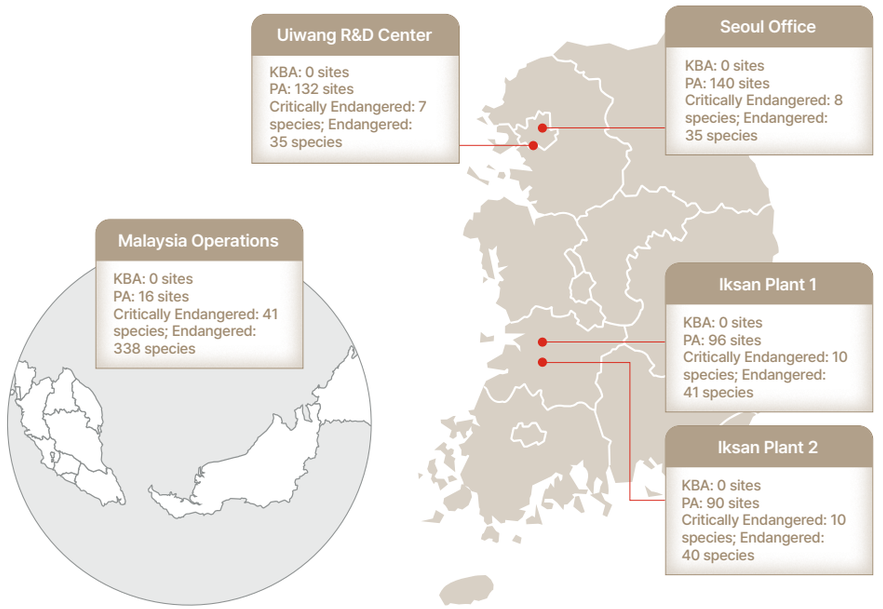
Identification of Sensitive Areas (IBAT Results)

Using IBAT, LOTTE ENERGY MATERIALS reviewed protected areas (PAs), Key Biodiversity Areas (KBAs), and the distribution of threatened species near its operations and identified potential interfaces with natural ecosystems within the defined radius around each operation.1 The analysis confirmed that internationally important ecological areas, including UNESCO biosphere reserves and Ramsar Sites, are located near certain operations, indicating a need to manage nature-related considerations in business operations. However, the results do not mean that the operations are located directly within protected areas; rather, they identify potential nature-related sensitivities through location-based analysis. Going forward, LOTTE ENERGY MATERIALS plans to progressively enhance its nature-related impact management framework, taking into account the operational characteristics of each location and the local environment.

Overview of Key Biodiversity Information Identified



1) The survey radius was set at 20 km for protected areas (PAs) and 50 km for threatened species around each operation.

Natural Capital Dependency Analysis (ENCORE Analysis)

Through the ENCORE analysis, LOTTE ENERGY MATERIALS reviewed the potential impacts of its principal business activities on the natural environment and their dependencies on ecosystem services. The analysis identified a degree of dependency on various ecosystem services, including water supply, water purification, flood mitigation, and climate regulation. In terms of impacts, ecosystem disturbance and the release of hazardous pollutants to water bodies and soil were assessed as relatively significant, reflecting the characteristics of the basic metals manufacturing industry. Non-greenhouse gas (non-GHG) air pollutant emissions, waste generation, and water use were also identified as impact drivers requiring management. Based on the analysis, the Company plans to continuously review potential nature-related impacts arising from its operations and strengthen its management framework in connection with pollution reduction and resource management activities.

Category		ISIC Classification
		Manufacture of Basic Metals – Manufacture of Basic Precious and Other Non-Ferrous Metals
Dependencies	Air Purification Service	Medium
	Flood Mitigation Service	Medium
	Rainfall Pattern Regulation Service (at the Subcontinental Scale)	Medium
	Storm Mitigation Service	Medium
	Water Flow Regulation Service	Medium
	Water Purification Service	Medium
	Water Supply Service	Medium
	Local Climate Regulation Service (Micro- and Meso-Scale)	Low
	Soil and Sediment Retention Service	Low
	Solid Waste Remediation Service	Low
Impacts	Global Climate Regulation Service	Very Low
	Ecosystem Disturbance	Very High
	Release of Hazardous Pollutants to Water and Soil	Very High
	Non-GHG Air Pollutant Emissions	High
	Generation and Release of Solid Waste	Medium
	Greenhouse Gas (GHG) Emissions	Medium
	Release of Nutrient Pollutants to Water and Soil	Medium
	Land Use Area	Low
	Water Use	Low

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WWF Biodiversity Risk Filter (BRF) Analysis

LOTTE ENERGY MATERIALS used the WWF Biodiversity Risk Filter (BRF) to analyze biodiversity-related physical and reputational risks at its domestic and overseas operations. The analysis indicated relatively elevated risk levels at certain operations in relation to pollution, proximity to protected areas, the stringency of local environmental regulations, and media scrutiny. In particular, high levels of potential risk were identified at certain overseas operations for factors such as forest canopy loss and exposure to protected areas. Based on the results, the Company plans to conduct further reviews in stages by linking the analysis with operational data and environmental management activities at each operation. LOTTE ENERGY MATERIALS recognizes nature-related risks as a key sustainability issue requiring medium- to long-term management and will continue to enhance its management framework in consideration of the characteristics of each operation and the local environment.

WWF Biodiversity Risk Filter Results

Category			Operations				
			Seoul	Uiwang	Iksan Plant 1	Iksan Plant 2	Malaysia
Physical Risk	Provisioning Services	- Water availability and forest productivity - Availability of wild flora and fauna	1.0	1.0	3.7	3.7	2.8
	Regulating & Supporting Services – Enabling	- Water quality, air quality, and soil / ecosystem condition - Pollination	2.7	2.7	3.0	3.0	2.0
	Regulating Services – Mitigating	- Landslides, wildfire, pests, and diseases - Extreme heat and tropical cyclones	3.3	3.3	3.5	3.5	3.5
	Pressures on Biodiversity	- Forest canopy loss - Pollution	2.3	2.3	3.8	3.8	4.6
Reputational Risk	Environmental Factors	- Protected areas and KBAs - Ecosystem condition and rare-species habitats	2.0	2.0	4.5	4.5	4.5
	Socioeconomic Factors	- Protection of Indigenous Peoples and labor/human rights - Financial inequality	2.0	2.0	3.3	3.3	3.6
	Additional Reputational Factors	- Media scrutiny and the international importance of the location - Political conditions and risk response capacity	2.1	2.1	4.3	4.3	4.2

※ This analysis is an assessment of potential risks based on location-based data and industry characteristics; the results may differ from the actual level of impact arising from business operations.

Very low (1.0-1.7)	Low (1.8-2.6)	Medium (2.7-3.4)	High (3.5-4.1)	Very High (4.2-5.0)

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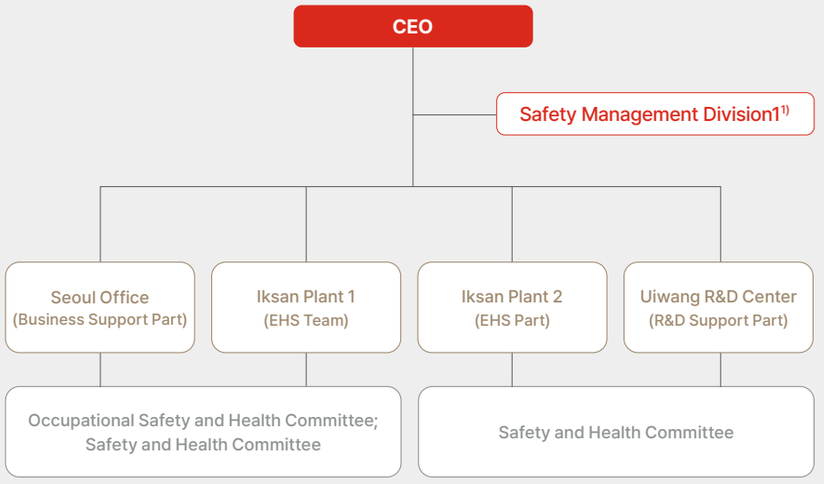
Occupational Health and Safety Management Framework

LOTTE ENERGY MATERIALS recognizes occupational health and safety as a core value in its business activities. To demonstrate its commitment to creating a safety-first work environment, the Company establishes and announces an occupational health and safety policy and objectives each year. The occupational health and safety functions at each operation work to prevent occupational accidents and systematically implement the established policy. The Company also operates a dedicated occupational health and safety management function that reports directly to the responsible management executive to ensure compliance with the Serious Accidents Punishment Act. In addition to the Occupational Safety and Health Committee, each operation convenes its Safety and Health Committee once a month to review the occupational health and safety management framework and related risks. The outcomes of these committee meetings are reported to the responsible management executive, thereby minimizing risks associated with occupational health and safety management.

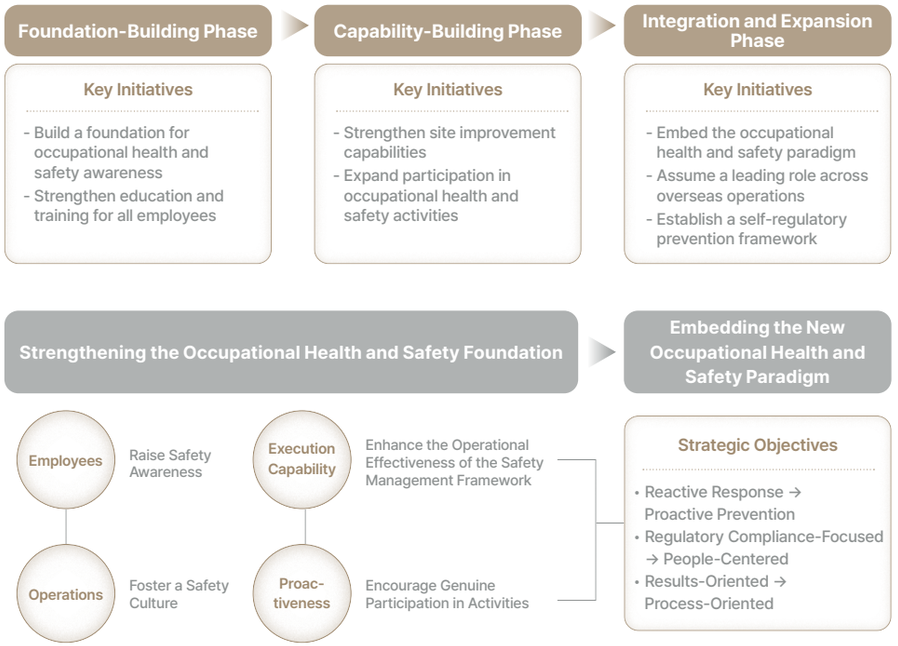


1) Safety Management Division: Oversees company-wide occupational health and safety management

Occupational Health and Safety Management Strategy

To strengthen its occupational health and safety foundation, LOTTE ENERGY MATERIALS is focusing on raising employees' safety awareness, fostering a safety culture across its operations, and strengthening execution capabilities. The Company is building a prevention-focused occupational health and safety management framework with the participation of all employees. In accordance with its roadmap, the Company is systematically advancing key initiatives to shift from reactive response to proactive prevention, from a focus on regulatory compliance to site-led self-management, and from a results-oriented approach to a process-oriented approach. Through these efforts, the Company will proactively prevent occupational accidents and continuously improve its occupational health and safety management performance.

Occupational Health and Safety Management Implementation Strategy



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Enhancement of the Occupational Health and Safety Management System

LOTTE ENERGY MATERIALS has obtained ISO 45001 certification for the occupational health and safety management systems at Iksan Plant 1 and the Malaysia Plant. Through annual surveillance and recertification audits, the Company reviews the effectiveness of system implementation and identifies improvement measures. It also communicates relevant rules and guidelines to all employees and monitors their implementation. Through these efforts, the Company continues to create a safe working environment aligned with global standards.

Occupational Health and Safety Management Certifications

Category	Certified Operations
ISO 45001	Iksan Plant 1, Malaysia

Establishment of the Absolute Safety Rules

To prevent serious accidents, LOTTE ENERGY MATERIALS designated 12 core safety rules tailored to its business characteristics and working environment as the "Absolute Safety Rules." The rules were developed by reviewing risks at the task level and focusing on items whose violation could lead to a serious accident. The Company provides training to employees and contractors and imposes strict sanctions for violations regardless of rank or position, thereby reinforcing its safety culture.



Operation of the Safety Reporting System

LOTTE ENERGY MATERIALS operates a Safety Reporting System to gather a wide range of employee views on occupational health and safety. Any stakeholder of LOTTE ENERGY MATERIALS may easily report occupational health and safety concerns through the system. Reported concerns are promptly investigated, and appropriate measures are taken. To ensure transparency, the reporter is kept informed throughout each stage of the reporting process, including receipt, investigation, action, and confirmation.



Occupational Health and Safety Risk Management

Operation of the Accident Investigation Committee

When a safety incident occurs, LOTTE ENERGY MATERIALS convenes an Accident Investigation Committee to ensure a prompt response, analyze the causes, and establish recurrence-prevention measures. Following an incident, the committee investigates the circumstances and causes and develops effective measures. The accident report is submitted to the responsible management executive, while the case and related improvements are shared through employee safety training to prevent similar incidents and raise safety awareness.

Occupational Health and Safety Incident Reporting Process

Initial Report and Convening of the Committee	Conduct the Accident Investigation	Accident Investigation Committee Meeting	Approval and Reporting of the Accident Report
Submit the initial report immediately and initiate the convening of the committee	Committee members participate in identifying the causes of the incident	Review the investigation results and establish recurrence-prevention measures	Approve the accident report and report it to the responsible management executive

Risk Assessment Management

LOTTE ENERGY MATERIALS conducts a regular risk assessment annually and implements improvements for identified hazards and risk factors. Preparatory work includes establishing an assessment plan, selecting the scope of the assessment, and collecting occupational health and safety information. The Company identifies hazards and risk factors using JSA[1] and KRAS[2] methodologies, assigns risk ratings to the identified factors, and establishes and implements risk reduction measures. The results are incorporated into actual work procedures to clearly specify reduction measures for hazardous tasks. Through these efforts, the Company continues to prevent occupational accidents and reinforce its safety culture.

2025 Risk Assessment Monitoring

Category		Unit	2025	Remarks
Risk Assessment Conducted		Once Annually		Iksan Plants1 and 2, Seoul Office, and Uiwang R&D Center
	Risk Factors	cases	865	Iksan Plant1: 634 cases; Iksan Plant 2: 205 cases Seoul Office: 10 cases; Uiwang R&D Center: 16 cases
	High-Risk Factors	cases	17	17 of 865 risk factors
	Improvement Rate for High-Risk Factors	%	94	Improvements completed for 16 cases; improvement of the remaining factor is underway in 2026

1) JSA (Job Safety Analysis): A method of studying a job by dividing it into key steps, identifying hazards, risk factors, and potential accidents at each step, and developing measures to eliminate, minimize, or prevent them.
2) KRAS (Korea Risk Assessment System): A method of analyzing hazards and risk factors across seven categories: mechanical, electrical, chemical, biological, work environment, work characteristics, and management-related factors.

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Occupational Health and Safety Activities

Occupational Health and Safety Training

LOTTE ENERGY MATERIALS regularly provides occupational health and safety training required by law. Training for new hires and training provided when work activities change enable employees to identify and prevent risk factors in advance. Iksan Plant 1 conducts first aid training in cooperation with a nearby university hospital to strengthen employees' emergency response capabilities and ensure a prompt and appropriate initial response to emergencies at the plant. Training completion is reviewed and reported monthly through the Safety and Health Committee and ultimately reported to the responsible management executive, enabling systematic oversight of occupational health and safety training.

2025 Occupational Health and Safety Training

Training Program	Target Participants	Frequency	Key Content	Number of Participants
Regular Occupational Health and Safety Training	All Employees	Semiannually (12 hours)	Industrial safety and accident prevention	519
Supervisor Training	Supervisors	Annually (16 hours)	Duties and responsibilities of supervisors	61
Training upon Changes in Work Activities	Relevant Employees	General Employees (2 hours)	Risk factors and changes in work activities	50
Training upon Hiring	Relevant Employees	General Employees (8 hours)	Industrial safety and accident prevention	6
First Aid Training	Iksan Plant	Annually (1 hour)	Cardiopulmonary resuscitation and AED use	343

Emergency Response Drills

LOTTE ENERGY MATERIALS conducts emergency response drills to ensure a prompt and systematic response to emergencies such as leaks of chemicals handled at its operations, fires, and asphyxiation incidents in confined spaces. Repeated drills enable employees to familiarize themselves with their respective roles and response procedures. The Company addresses deficiencies identified through the drill results and continuously strengthens its emergency response capabilities. Through these efforts, it is establishing a response framework that prevents secondary incidents and minimizes casualties through a prompt initial response in an actual emergency.





Occupational Health and Safety Technical Support for On-Site Contractors

In 2025, LOTTE ENERGY MATERIALS supported the establishment of safe work standards to improve occupational health and safety management capabilities not only at its own operations but also among on-site contractors. Through this support, a total of 26 safe work standards were established for eight contractors. These standards are incorporated into contractor occupational health and safety level assessments and continue to be promoted and applied.

Near-Miss Identification Contest

LOTTE ENERGY MATERIALS introduced a near-miss identification contest in 2025 to proactively prevent incidents and identify workplace risk factors. A total of 101 submissions were received through voluntary employee participation, and evaluation panels at each operation selected and awarded outstanding submissions. The submitted cases are linked to actual risk reduction measures and tracked accordingly. The Company plans to hold the contest annually to strengthen employee-driven safety measures.



Occupational Health and Safety Performance Evaluation

Occupational Health and Safety Metrics and Targets

LOTTE ENERGY MATERIALS uses the Lost Time Injury Rate (LTIR) as a key occupational health and safety metric. In 2025, the Company carried out various safety activities to achieve a sustained reduction in LTIR, including advancing its occupational health and safety management framework, strengthening the identification of workplace risk factors, and raising safety awareness. As a result, LTIR was 0.85 in 2025, approximately 67% lower than in 2024. Going forward, the Company aims to reduce LTIR by an additional 50% by systematically monitoring key occupational health and safety metrics and continuously implementing improvement activities for risk factors.

Supervisor Safety KPIs

LOTTE ENERGY MATERIALS introduced safety KPIs to clarify supervisors' occupational health and safety roles and strengthen execution at the workplace. The framework quantitatively evaluates the key activities of supervisors responsible for individual processes and designates position holders with the necessary understanding of and authority over those processes. The Company has also established evaluation criteria centered on objective indicators, including whether safety incidents occurred and the implementation performance of improvement activities, thereby enhancing evaluation reliability. Through this framework, the Company strengthens shared responsibility for occupational health and safety across its operations and contributes to establishing a safety culture throughout the organization.

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Supply Chain Management Strategy

LOTTE ENERGY MATERIALS has established and implements a Responsible Supply Chain Management Policy to prevent and mitigate human rights and environmental risks that may arise across its business activities and supply chain. The policy is regularly reviewed and revised based on applicable domestic and international laws and regulations and global standards, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and the Copper Mark.

Establishment of the Supplier Code of Conduct

LOTTE ENERGY MATERIALS established a Supplier Code of Conduct to share its ESG principles with suppliers. Reflecting international standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the ILO Core Conventions, and the RBA Code of Conduct, the Code sets out key principles relating to environmental protection, respect for human rights, safety management, quality management, compliance, and business ethics. In conducting business, suppliers are required to comply with environmental laws and regulations, promote resource circularity, reduce greenhouse gas emissions, protect human rights, prohibit discrimination, prevent safety incidents, maintain quality controls, and prohibit the provision of improper benefits. Through these requirements, they are expected to build a sustainable supply chain and fulfill their social responsibilities. Based on transparent and fair transactions with suppliers, LOTTE ENERGY MATERIALS is extending ESG principles across its supply chain and strengthening supply chain sustainability.

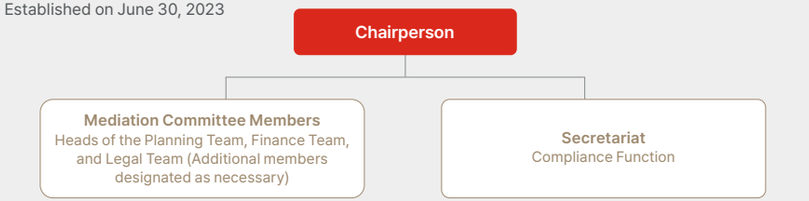
Environment	Social	Governance
• Operation of an Environmental Management System	• Protection of Human Rights	• Operation of a Business Ethics Framework
• Compliance with Environmental Laws and Regulations	• Compliance with Working Conditions and Labor Laws	• Anti-Corruption and Compliance
• Climate Change Response	• Operation of an Occupational Health and Safety Management System	• Compliance with Applicable Competition and Fair Trade Laws and Regulations
• Chemicals Management	• Safe Working Environment	• Financial Transparency
• Environmental Pollution Management	• Supply Chain ESG Management	
• Biodiversity Conservation	• Responsible Minerals Management	
	• Quality Management	

Operation of the Subcontract Payment Dispute Mediation Committee

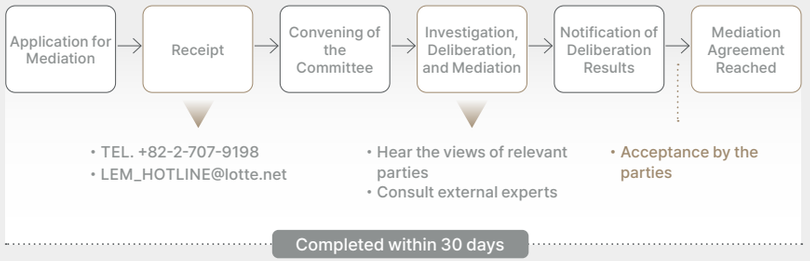
LOTTE ENERGY MATERIALS operates a Subcontract Transaction Review Body to establish fair transaction practices. The body conducts advance reviews of the fairness and legality of transactions above a prescribed threshold and other material transactions deemed to require review. The Company designates a chairperson, mediation committee members, and a secretariat and incorporates the views of suppliers.

• **Nature of the Body**
- An internal body that handles disputes raised by subcontractors concerning subcontract consideration
- Handles disputes concerning subcontract consideration under subcontract agreements governed by the Fair Transactions in Subcontracting Act, including the determination and reduction of subcontract consideration

• **Committee Composition**
- Established on June 30, 2023



• **Mediation Procedure**



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Supply Chain ESG Risk Management

Assessment and Management Process

LOTTE ENERGY MATERIALS has established a phased process to systematically manage supply chain ESG risks. The Company established and disclosed its Supplier Code of Conduct to share fundamental ESG principles with suppliers. In 2026, it plans to establish a Supply Chain ESG Management Policy and implement supplier tier classification, ESG risk assessment indicators, and risk management measures. Based on this framework, the Company will conduct pilot ESG risk assessments of two key suppliers to verify the effectiveness of the system. Over the medium to long term, it plans to expand ESG risk assessments to all suppliers and strengthen sustainability across the supply chain by improving and managing identified risks through due diligence.

Through 2025
- Establish and Disclose the Supplier Code of Conduct

2026
- Establish a Supply Chain ESG Management Policy
- Classify Suppliers by Tier
- Establish ESG Risk Assessment Indicators
- Establish ESG Risk Management Measures
- Conduct ESG Risk Assessments of Two Key Suppliers

Through 2030
- Conduct ESG Risk Assessments of All Suppliers
- Pursue Risk Improvements through Due Diligence

Supplier Classification Framework for Assessment

LOTTE ENERGY MATERIALS classifies suppliers in its supply chain into five tiers and applies differentiated levels of ESG risk management. Tier 1 consists of suppliers of key raw materials and chemicals directly used in product manufacturing. Tier 2 consists of engineering and construction service providers that directly affect production processes and facility development. Tier 3 comprises providers of operational and support services essential to production and business operations. Tier 4 consists of suppliers of consumable materials such as packaging materials, while Tier 5 comprises suppliers of R&D materials used for testing and development. Management measures will be differentiated based on supplier importance. Detailed ESG risk assessments will be applied to key suppliers, while suppliers with relatively lower impact will be managed primarily through compliance with the Supplier Code of Conduct. Through this approach, the Company plans to establish and operate a materiality-based supply chain ESG management framework.

Supply Chain Tier Classification (Business Relevance)

Tier 1. Production Input Materials	- Key materials directly used in product manufacturing and having the greatest impact on cost - Chemicals and other materials affecting product characteristics and quality
Tier 2. Production Facilities and Processes	- Key equipment directly affecting the configuration of production processes and production capacity - Engineering and construction services for equipment installation and improvement and plant construction
Tier 3. Operations and Support Services	- Essential services whose disruption would immediately halt production and business operations - Irregular and specialized support services
Tier 4. Consumable Materials	- Packaging materials and other consumables used to support product protection and transportation
Tier 5. R&D / Pilot	- Materials purchased on an occasional basis for testing and development

Annual Screening of Suppliers Subject to Risk Impact Assessment

Internal / External Classification | Importance | Transaction Frequency

Annual Risk Impact Assessment

Apply more granular assessment indicators to key suppliers

Annual Differentiation of Management Measures Based on Risk Impact

Risk Impact	Risk Management Measures
High	On-Site Assessment
Medium	Document-Based Assessment
Low	Periodic Rescreening

Corrective Actions and Improvement Support

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Responsible Supply Chain Management Activities

Raw Material Procurement Risk Management

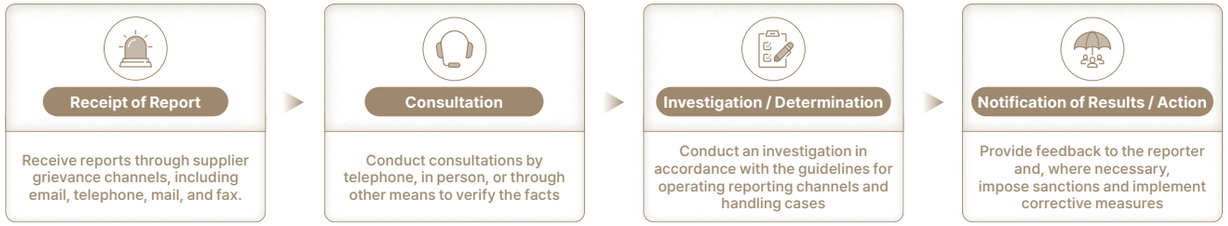
LOTTE ENERGY MATERIALS procures its raw materials from traders that buy and sell scrap. To manage procurement risks, it is essential to establish a stable supply chain by identifying multiple traders and maintaining ongoing relationships with them. The Company continues to collaborate with traders supplying various types of scrap to secure a more stable supply of raw materials in preparation for future demand. To establish a stable supply chain management (SCM) system, the Company is also continuously pursuing dual sourcing for auxiliary materials such as chemicals and additives that currently have a high reliance on sole-source suppliers. By steadily reducing the proportion of purchases from sole-source suppliers, the Company is contributing to cost reductions. LOTTE ENERGY MATERIALS will continue its efforts to secure stable supplies of raw and auxiliary materials and manage related risks.

Supplier Grievance Handling Process

LOTTE ENERGY MATERIALS works to enhance suppliers' sustainability practices to a global standard in order to fulfill broader and more proactive social responsibilities relating to labor, the environment, human rights, safety, and ethics. Beginning with the competitive bidding stage, the Company attaches a Fair Trade Compliance Consent Form to supplier contracts. It also receives supplier grievances through its supplier grievance channels. When a material supplier issue arises, the matter is reported to the CEO and reviewed in consultation with the Global Procurement Team. Where necessary, the Company initiates an investigation and conducts interviews.

2025 Supplier Grievance Handling Status

- Subsidiaries	3 Cases
- Overseas Subsidiaries	1 Case



Conflict Minerals Management

LOTTE ENERGY MATERIALS does not use minerals illegally mined in conflict-affected areas. To ensure responsible raw material sourcing, the Company verifies whether relevant suppliers comply with conflict minerals and responsible minerals requirements. It also plans to expand its management efforts to encourage suppliers to broaden their procurement of conflict-free and responsibly sourced minerals.

Progress Toward Obtaining the Copper Mark

Since February 2025, LOTTE ENERGY MATERIALS has been working toward obtaining the Copper Mark for its Malaysia Plant. The Copper Mark is a responsible sourcing assurance framework operated by the International Copper Association (ICA). Established in 2019, it is the copper industry's only global ESG assurance framework and assesses environmental protection, respect for human rights, management of community impacts, and business ethics practices throughout the supply chain, from ore extraction to product manufacturing and sales. By obtaining the Copper Mark, the Company plans to enhance its credibility as a battery materials company, build a responsible supply chain with global customers, and proactively respond to international supply chain standards and regulatory changes. Through these efforts, LOTTE ENERGY MATERIALS aims to strengthen its ESG practices, establish a foundation for sustainable growth, and enhance its competitiveness in the global market.



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Human Rights Governance Framework

LOTTE ENERGY MATERIALS operates a Human Rights Governance Framework underpinned by ESG governance to systematically prevent and manage human rights risks that may arise across its business activities. By involving senior management in the implementation of its human rights approach, the Company considers human rights issues not merely as compliance matters but as key factors in management decision-making. It is working to establish a responsible human rights framework across the operation of its sites, supply chain management, and stakeholder engagement. To enhance the effectiveness of its human rights activities, the Company regularly reviews and reports key human rights matters and continuously advances its framework by reflecting changes in the business environment and developments in global human rights standards and regulations.

Human Rights Policy

LOTTE ENERGY MATERIALS respects human dignity and values throughout all business activities and complies with internationally recognized human rights standards and applicable domestic and international laws and regulations. Based on international human rights standards, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the ILO International Labour Standards, the Company works to protect and promote the human rights of all stakeholders, including employees, suppliers, local communities, and customers.

Detailed Human Rights Policies	Respect for Human Rights	Child Labor and Young Workers
Working Hours and Wages	Non-Discrimination	Prohibition of Forced Labor
Workplace Safety	Freedom of Association and the Right to Collective Bargaining	Compliance with Conflict Minerals Regulations

Human Rights Strategy

LOTTE ENERGY MATERIALS operates a medium- to long-term roadmap to systematically advance its human rights framework and proactively manage human rights risks that may arise in the course of its business. Beginning in 2026, the Company plans to conduct human rights impact assessments of its own operations, analyze key human rights risks, and establish measures to prevent and mitigate those risks. It will subsequently expand and enhance the scope of human rights due diligence by conducting human rights impact assessments of suppliers with higher human rights risks, including child labor, forced labor, and safety risks, from a supply chain ESG management perspective, and by continuously monitoring and managing the identified risks.

2025

Establishment of a Human Rights Governance Framework

- Establish and Revise the Human Rights Policy and Related Rules
- Strengthen the Foundation and Internal Management Framework for Human Rights
- Establish the Operating Direction and Roles and Responsibilities for Human Rights

2026

Implementation of Human Rights Impact Assessments

- Establish an Operating Framework and Implementation Manual for Human Rights Management
- Establish a Stakeholder-Based Human Rights Risk Identification Framework
- Conduct Human Rights Impact Assessments
- Analyze Key Human Rights Risks Reflecting Business Characteristics
- Establish Measures to Prevent and Mitigate Human Rights Risks

2027-

Expansion and Enhancement of the Scope of Human Rights Due Diligence

- Expand Supply Chain-Focused Human Rights Due Diligence
- Strengthen Monitoring of Corrective Action Implementation and Effectiveness Assessments
- Operate Continuous Monitoring and Recurrence-Prevention Processes

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Human Rights Risk Management

LOTTE ENERGY MATERIALS has established and operates human rights policies and governance to proactively manage human rights-related risks that may arise in the course of its business. The Board of Directors and management regularly review human rights matters and internally assess potential risks in key business areas to identify improvement initiatives. Based on the results of its internal assessment of the Human Rights Governance Framework, the Company is advancing operating standards and policies to improve working conditions, strengthen supplier management, and expand stakeholder communication. It also plans to conduct human rights impact assessments in phases to review the effectiveness of its policies and systems. By transparently disclosing the results and the status of improvements, the Company will continue to strengthen its human rights risk management framework.

Embedding Human Rights Principles

Human Rights Training

LOTTE ENERGY MATERIALS regards respect for human rights as a core element of its corporate culture. To embed this value, the Company provides practical, case-based training on the prevention of workplace harassment as part of its annual statutory training. It also provides interviewers with training on human rights and non-discrimination to strengthen transparency and fairness in recruitment and foster a non-discriminatory hiring culture.

2025 Human Rights-Related Training

Training Program	Target Participants
Mandatory Employee Training (Offline) – Ethics, Personal Data Protection, Safety, etc.	All Employees
LOTTE Group Statutory Mandatory Training (Online)	All Employees
Pre-Interview Training	Interviewers
Anti-Corruption and Non-Discrimination Training – Compliance with Fair Recruitment Practices	Job Applicants



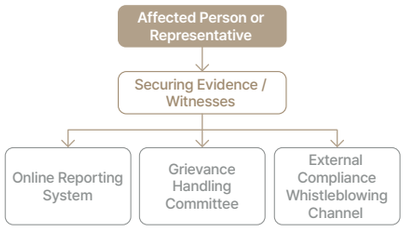
Value Creation Culture Survey

The LOTTE Value Culture Survey (L-VCS), LOTTE Group's Value Creation Culture Survey, is an annual organizational culture assessment conducted among all regular employees across the Company. The survey measures employees' understanding and internalization of the current state and level of three areas: creating employee happiness, creating corporate value, and creating social value. In 2025, 187 of the Company's 255 regular employees participated in the L-VCS, representing a participation rate of 73.3%.

Operation of Human Rights Grievance Channels

LOTTE ENERGY MATERIALS places the highest priority on protecting the identity of affected persons and operates reporting channels through which grievances may be raised freely. Reported cases are resolved through thorough investigations, and the Company rigorously follows procedures to restore the rights of affected persons. A total of two grievances were received in 2025, and the Grievance Handling Committee investigated and took appropriate action in both cases. The Company will further strengthen preventive activities and continue to conduct objective and fair investigations and take appropriate action on reported cases.

Human Rights Violation Reporting Channels



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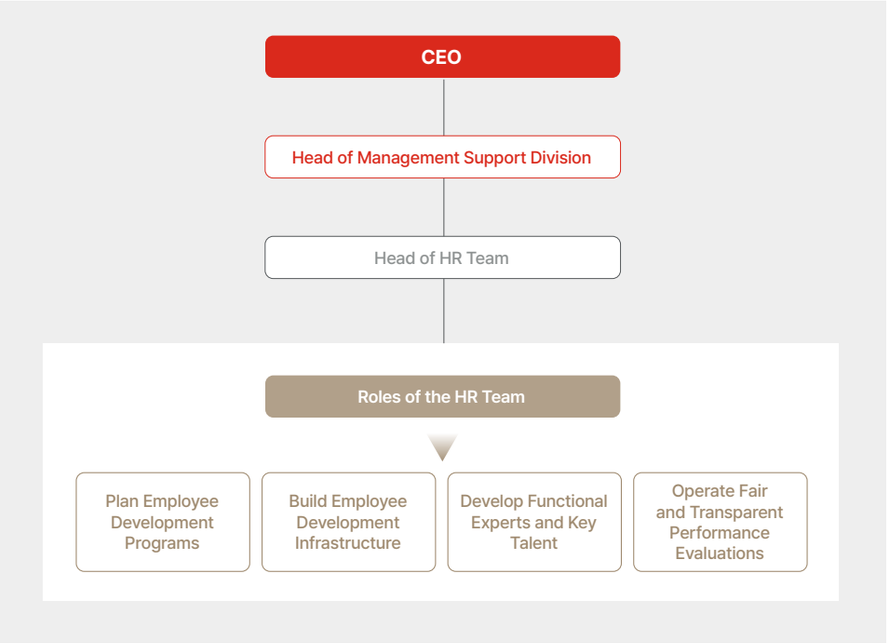
Organization and Human Resources Management Framework

LOTTE ENERGY MATERIALS continues to build and manage systematic infrastructure and plan and implement related programs for effective human resources management and talent development. The Company operates a structured talent development system to strengthen employees' professional expertise and job capabilities. It also seeks to improve employees' quality of life and well-being by creating a work environment that supports work-life balance. In addition, the Company provides appropriate rewards through fair performance evaluations, enabling employees to demonstrate their capabilities and remain engaged in their work.
Through this systematic approach to human resources management, LOTTE ENERGY MATERIALS plans to increase employee satisfaction and organizational commitment and continuously advance a performance-oriented and sustainable HR management framework.



Talent Recruitment

LOTTE ENERGY MATERIALS implements a range of recruitment strategies to attract outstanding talent. These multifaceted approaches help strengthen the talent base required for the Company to maintain its industry leadership.

Diverse Recruitment Channels

The Company leverages outstanding talent within LOTTE Group through the Group's internal mobility program, In-Career, and recruits talent through diverse channels, including entry-level, experienced, and disability-inclusive hiring.

Flexible Recruitment Process

By replacing periodic open recruitment with expanded rolling recruitment, the Company flexibly adjusts recruitment timing and frequency and creates an environment in which outstanding talent can be hired when needed.

Participation in Job Fairs and Recruitment Sessions

The Company attends a range of job fairs and holds recruitment information and consultation sessions at major universities to introduce the Company and engage directly with prospective talent.

Acquisition Events and Networking

The Company collaborates with battery-focused graduate programs through research and personnel exchanges and builds networks through the Chemical Business Group R&D Conference to proactively attract master's- and doctoral-level R&D talent.

2025 New Hires

Category	Unit	Regular Employees	Contract Employees	Total
Male	persons	11	1	12
Female	persons	3	3	6

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Talent Management Activities

Talent Development Programs

LOTTE ENERGY MATERIALS develops and actively supports programs that enable employees to grow toward the future together with the Company. In particular, to strengthen execution of the Company's strategies, it provides development programs focused on leadership, functional capabilities, and the use of AI, thereby supporting continuous employee capability building.

2025 Talent Development Programs

Group-Wide and Common Mandatory Training + Company-Specific and Specialized Optional Training

Career Level	Functional Capabilities	Key Talent	Organizational Culture
- Orientation for New and Experienced Hires - Mentoring - Leadership Training for Position Holders - Grade-Based Training	- AI Utilization Training - Outstanding AI Utilization Contest - Support for Job-Related Certifications (Safety)	- LOTTE MBA - Hi-Potential Leader Program - Overseas Assignee and Candidate Program	- Statutory Mandatory Training - Healthy Workplace Culture (Ethics and Personal Data Protection)

2025 Employee Training Outcomes

Annual Investment in Talent Development	Annual Training Participants	Total Training Hours
KRW 50 million	2,995 Persons	19,571 Hours

Rewarding High Performers

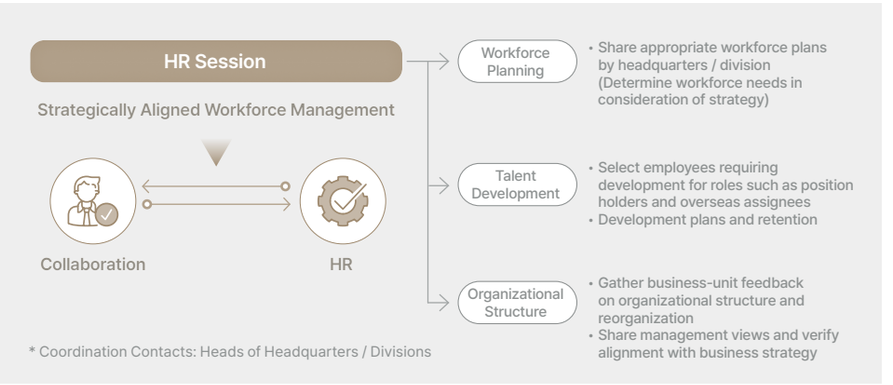
LOTTE ENERGY MATERIALS rewards high-performing employees through the annual LEM Awards, held in conjunction with the Company's anniversary, and the quarterly CEO Special Award. Award recipients are selected by the Rewards Review Committee. The LEM Awards recognize employees who have delivered outstanding performance and made significant contributions to enhancing corporate value, while the CEO Special Award recognizes employees for short-term achievements and constructive failures that generate learning and progress. Through these programs, the Company seeks to increase employee engagement and motivation, foster a culture of challenge and innovation, and support the retention and continued growth of outstanding talent.

HR Session

LOTTE ENERGY MATERIALS conducts an annual HR Session to identify key talent and determine development needs, thereby strengthening organizational competitiveness and supporting sustainable growth.

Successors to Leadership Positions	Outstanding Functional Talent
Select and develop successors for key positions, including executives, team leaders, and overseas assignees	Introduce a Professional Fellow Program (Retain irreplaceable talent in research and engineering roles)

HR Session Process



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Employee Benefits

Employee Benefits Programs

LOTTE ENERGY MATERIALS places importance on employee benefits programs that support employees' growth alongside the Company, helping employees take pride in the Company and remain engaged in their work. This approach is based on the belief that the well-being of employees and their families contributes to the Company's growth. The Company operates a range of employee benefits programs to support employees in leading healthy and comfortable lives. These programs help create a flexible and enjoyable workplace and focus on building a virtuous cycle in which employee well-being contributes to the well-being of the Company.

Key Employee Benefits Programs



Organizational Culture Initiative: LEM DAY

LOTTE ENERGY MATERIALS launched High-Five, a junior board, contributing to the development of a positive and flexible communication culture. LEM DAY, an employee-participation organizational culture initiative, fostered communication among employees through activities with a different theme each month.

Date	Theme	Activities
May 2025	LEM Lucky Draw DAY	• Employees wrote messages of encouragement to one another and placed them in a lucky-draw box • Encouraged colleagues with warm messages
June 2025	DAP DAY	• Promoted an AI-enabled work culture through AI training
July 2025	Cool DAY	• Provided ice cream with lunch to all employees working on Chobok, the first of Korea's three hottest summer days • Encouraged employees working in the summer heat
August 2025	Interview DAY	• Conducted interviews with junior employees at each operation • Carried out activities to enhance communication
September 2025	Oh! Sweet DAY	• Held a coffee and doughnut tea time for employees • Created an enjoyable opportunity for communication through a game event
October 2025	DAP Contest DAY	• Held a contest for outstanding AI use cases in work • Recognized award recipients and shared the winning cases
November 2025	Sharing DAY	• Donated coal briquettes to energy-vulnerable households in local communities







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Diversity, Equity and Inclusion Activities

Diversity, Equity and Inclusion Strategy

LOTTE ENERGY MATERIALS respects employee diversity and is committed to providing equal opportunities for all. The Company advances diversity policies focused on non-discrimination, the advancement of women, and dialogue across diverse employee groups. Through these initiatives, it seeks to create an environment in which all employees are respected and have equal opportunities, thereby supporting sustainable growth.

Non-Discrimination	Advancement of Women	Dialogue Across Diverse Employee Groups
The Company strictly prohibits discrimination based on gender, nationality, race, religion, cultural background, or other characteristics in recruitment, evaluation, promotion, and compensation, ensuring fair opportunities for all employees.	The Company actively supports the advancement of women by managing a range of indicators, including the proportion of women in management positions.	To minimize conflict among diverse employee groups and maximize organizational synergy, the Company holds dialogue sessions throughout the year involving employees from different operations, grades, positions, genders, and functions.

LOTTE Group Diversity Forum

LOTTE Group holds the LOTTE Diversity Forum annually to foster an inclusive organizational culture in which employees from diverse generational, gender, disability, and national backgrounds can work together. The forum seeks to promote an organizational culture in which diversity that transcends bias serves as a driver of future growth and contributes to a better today and tomorrow. Through the forum, the Group continues its efforts to foster a culture that respects and embraces diversity.

LOTTE Group Diversity Forum Message

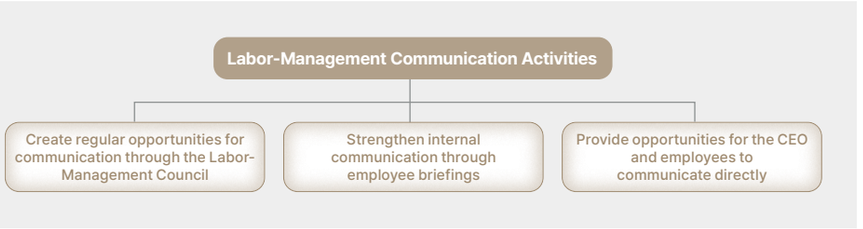
To date, LOTTE Group has built demographic diversity by recruiting and developing women, employees from different generations, persons with disabilities, and locally hired employees at its global operations. The Group must now move beyond quantitative growth and achieve qualitative growth by connecting diverse employees. Qualitative growth requires not only embracing diversity but also strengthening employees' sense of belonging and connection. The sense of belonging created through connections among diverse employees will become a source of future growth.

Enhancing Diversity

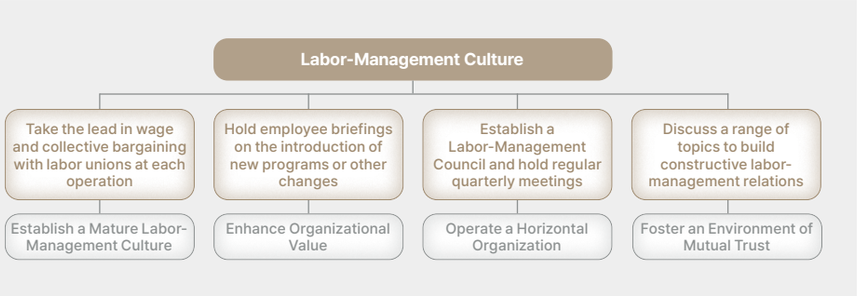
To improve the gender balance of its workforce, LOTTE ENERGY MATERIALS explicitly prohibits discrimination against women in its Human Rights Charter and Rules of Employment and is expanding the recruitment of women through fair evaluation and hiring practices. The Company also maintains employment of persons with disabilities in accordance with statutory requirements and practices non-discriminatory recruitment. To attract global talent, it provides international students with opportunities to gain practical work experience and is considering employment-linked internships, thereby working to ensure fair opportunities for talent from diverse backgrounds.

Operation of Labor-Management Communication Bodies

LOTTE ENERGY MATERIALS operates labor-management communication bodies to build collaborative relations based on mutual understanding and trust. By preventing potential sources of conflict in advance, the Company works to create a stable and productive work environment in which employees can work with confidence.



In addition, the Company strengthens two-way labor-management communication based on respect and trust, thereby enhancing corporate value and organizational cohesion.



Labor Union Status

Total Employees (Persons)	Employees Eligible for Union Membership (Persons)	Union Members (Persons)	Unionization Rate
386	273	271	70.2%

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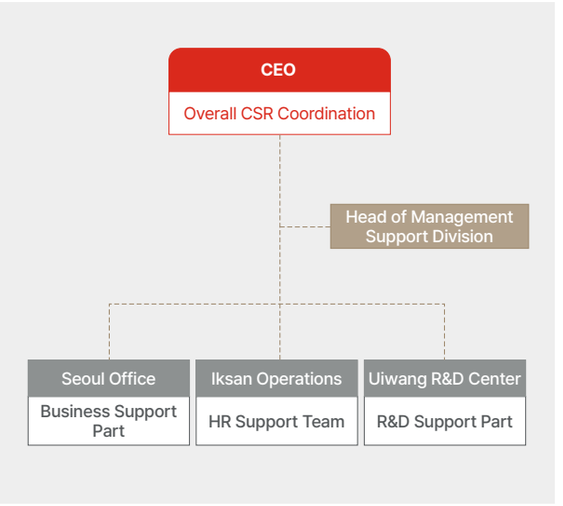
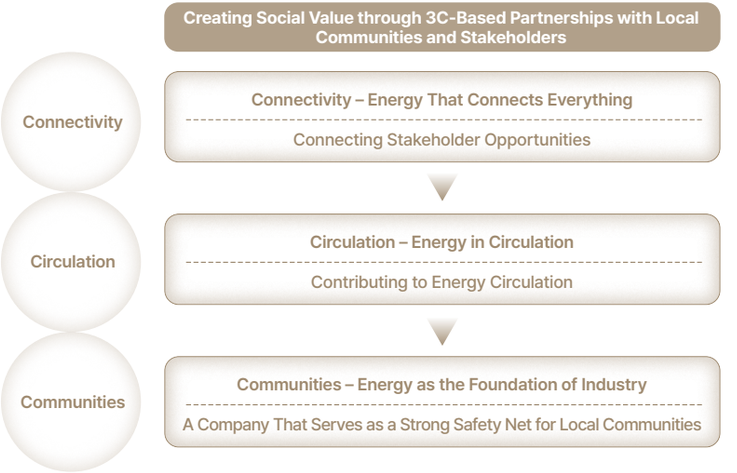
Community Engagement Operating Framework

LOTTE ENERGY MATERIALS has established operating functions at each operation to carry out community outreach programs, led by the Business Support Part at the Seoul Office and the HR Support Team at the Iksan Operations. The Business Support Part at the Seoul Office is responsible for the overall planning and operation of the Company's community outreach programs. The HR Support Team at the Iksan Operations carries out a range of community outreach programs for local communities in Iksan and encourages and supports employees' voluntary participation.

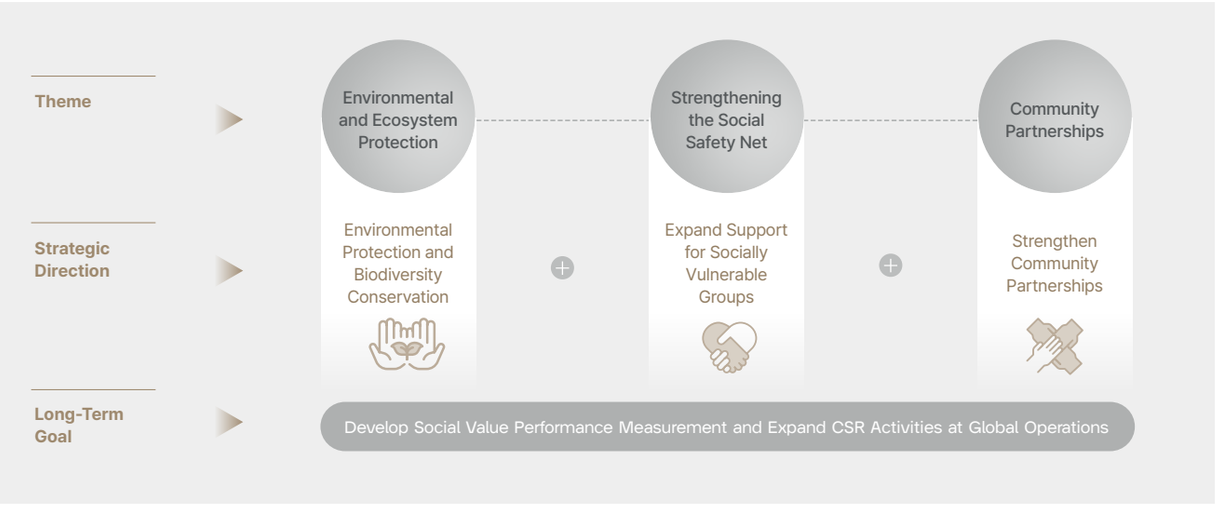


Community Engagement Strategy

LOTTE ENERGY MATERIALS systematically advances community outreach programs centered on three themes: environmental and ecosystem protection, strengthening the social safety net, and community partnerships. Under the environmental and ecosystem protection theme, the Company carries out activities that raise public awareness of biodiversity conservation and environmental protection. To strengthen the social safety net, it plans to provide tailored support programs for socially vulnerable groups. To build stronger community partnerships, the Company plans to provide direct support to local schools and welfare centers and implement supplier development support programs.



Community Engagement Framework



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Community Outreach Programs

Environmental and Ecosystem Protection Activities

- **Plogging for Environmental Conservation**
  LOTTE ENERGY MATERIALS conducts annual plogging activities at each operation. Employees from the Iksan Plant carry out the activities at a welfare center and an ecological wetland park, while employees from the Seoul Office work with the Seocho-gu Volunteer Center in and around Yongheori Neighborhood Park. These activities contribute to conserving the local environment and protecting wildlife habitats.

June 9, 2025 (Seoul); June 9, 2025 (Iksan)
21 Employees Participated (Seoul)
15 Employees Participated (Iksan)



- **Donation of Products Made from Recycled Plastic**
  At the Seoul Office, LOTTE ENERGY MATERIALS collected used clear plastic beverage cups and delivered them to the Seocho-gu Volunteer Center, where they were used to make recycled pencil cases. The pencil cases were filled with school supplies purchased with employee donations and delivered to underserved members of the local community in Seocho-gu.

September 3, 2025
Donation of School Supplies
100 Sets



- **LEM Forest Creation Campaign**
  The Charlotte Volunteer Group and the High-Five junior board at LOTTE ENERGY MATERIALS' Iksan Plant joined forces for a tree-planting volunteer activity at Sudosan Park in Iksan. The participants planted 60 eight-year-old cornelian cherry trees, contributing to the protection of the local ecosystem and the development of Iksan as a green city.

November 20, 2025
Planting of Eight-Year-Old Cornelian Cherry Trees
60 Trees



Strengthening the Social Safety Net

- **Support for External Hearing Devices for Children with Hearing Impairments**
  Copper foil, LOTTE ENERGY MATERIALS' core material, enables the flow of electric current in batteries. Inspired by the resemblance between the spiral structure of copper foil and the cochlea, the Company partnered with Snail of Love to provide customized external hearing devices.

Year-Round
Support for External Hearing Devices for Children with Hearing Impairments
KRW 8 million



- **Donation of Essential Items to Single-Mother Households**
  To mark Family Month, employees at LOTTE ENERGY MATERIALS' Seoul Office joined the Seocho-gu Volunteer Center in making baby swaddles for single-mother households. After disinfection, the completed swaddles were delivered together with other donated items to support the health and well-being of recipient families.

May 29–June 24, 2025
Donation of Essential Items to Households with Infants at Risk
100 Households



- **Home Appliance Support for Energy-Vulnerable Households**
  LOTTE ENERGY MATERIALS delivered 31 cooling appliances to energy-vulnerable households in Iksan to support their health and safety during the summer. The assistance provided practical support to residents experiencing hardship due to extreme heat and contributed to improving community welfare.

August 11, 2025
Donation of Essential Items to Energy-Vulnerable Households
31 Households



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Community Partnerships

- New Spring Kimchi Sharing Volunteer Program

The Charlotte Volunteer Group at LOTTE ENERGY MATERIALS' Iksan Plant gathered at the Busong General Social Welfare Center to participate in the New Spring Kimchi Sharing Volunteer Program for socially vulnerable residents at risk of missing meals during the spring. Employees prepared and packaged kimchi and delivered it to neighbors in need. By providing nutritious meals to economically vulnerable households, the program contributed to improving nutrition and quality of life among underserved groups in the community.

April 25, 2025

Employee Participation in the Sharing Volunteer Program

15 Employees



- Support for the National Pansori and Gobeop Competition

LOTTE ENERGY MATERIALS sponsored the 25th National Pansori and Gobeop Competition, held at the Iksan Somri Culture and Arts Center, to support the preservation and development of pansori, a treasured Korean cultural heritage recognized for its global value. Beyond serving as a competition, the event introduced younger generations to the importance of traditional arts and provided local residents with opportunities to experience a range of cultural activities, contributing to a more vibrant arts and culture ecosystem.

October 11–12, 2025

Support for the Preservation and Development of Pansori

KRW 5 million



- Coal Briquette Sharing Volunteer Program

The Charlotte Volunteer Group and the High-Five junior board at LOTTE ENERGY MATERIALS' Iksan Plant joined the Busong General Social Welfare Center in visiting energy-vulnerable households in Palbong-dong and Samgi-myeon, Iksan, to deliver coal briquettes as part of a volunteer program. Many employees participated to provide coal briquettes and encouragement to neighbors facing winter heating difficulties. Through this outreach, the Company provided practical support to the community and demonstrated its commitment to community partnership.

November 20, 2025

Coal Briquette Support for Socially Vulnerable Households

3,000 Briquettes



Recognition as a 2025 Community Contribution Company

LOTTE ENERGY MATERIALS was designated a "2025 Community Contribution Company" with a Grade A rating under the CSR in the Community recognition program, jointly operated by Korea's Ministry of Health and Welfare and the Korea Council on Social Welfare. The Company received a high evaluation for its sustained implementation of systematic community outreach programs centered on three themes: environmental and ecosystem protection, strengthening the social safety net, and community partnerships.



2025 Community Investment Unit: KRW million

Category	Description	Amount
Community Investment	Support for the 25th National Pansori and Gobeop Competition	5
Donations	Support for External Hearing Devices for Children with Hearing Impairments, etc.	57

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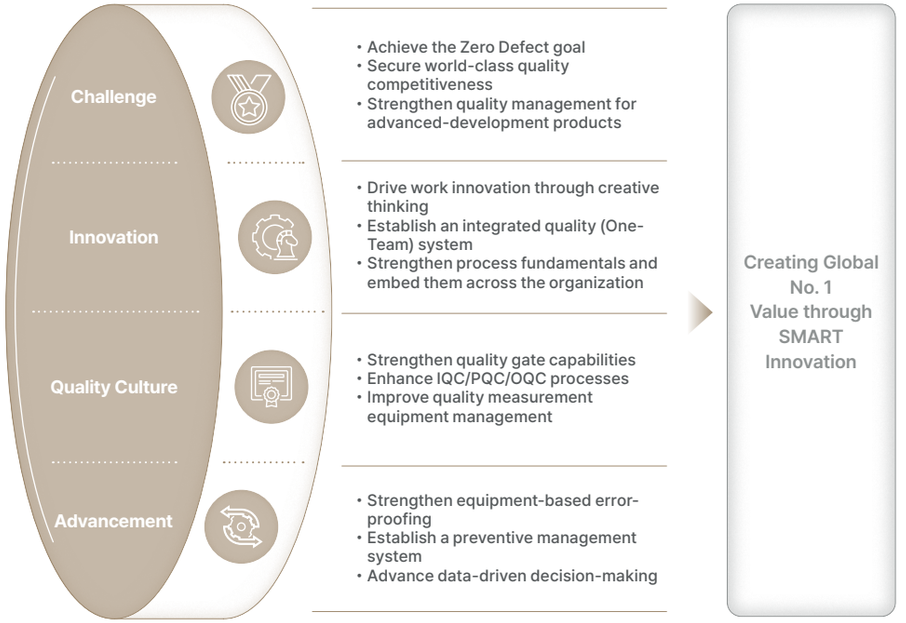
Quality Management

Quality Management Framework

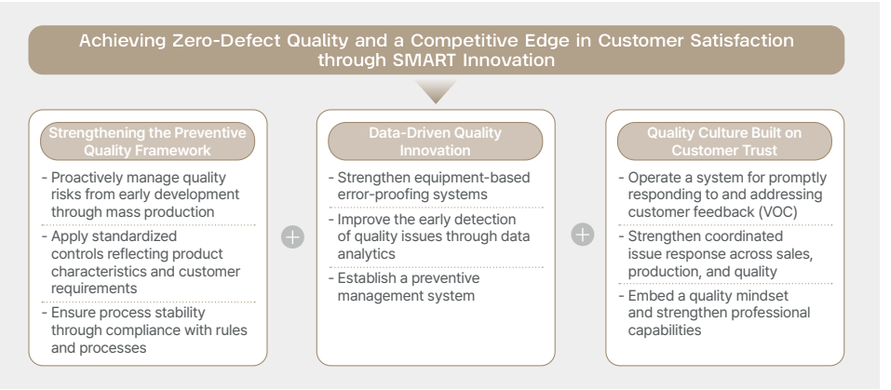
LOTTE ENERGY MATERIALS places the highest priority on customer satisfaction and seeks to achieve global quality leadership through SMART Quality Management. Its 2026 Quality Policy, "Creating Global No. 1 Value," is built around four pillars—Challenge, Innovation, Advancement, and Quality Culture—and aims to achieve zero defects by advancing quality management across all processes. The Company is strengthening key initiatives, including quality management for advanced-development products, error-proofing inspection systems, preventive controls, and data-driven decision-making. It is also fostering a culture in which all employees share common standards and goals through its One-Team quality system and by embedding a quality mindset. Through SMART Quality Management, the Company continues to build customer trust and strengthen the foundation for sustainable growth.

2026 Quality Policy



Quality Management Strategy

LOTTE ENERGY MATERIALS is strengthening its preventive quality framework from early development through mass production, with a focus on process stability and risk management. Through data-driven innovation that leverages analytics and inspection equipment, the Company is improving the early detection of quality issues and establishing preventive controls. It is also fostering a quality culture built on customer trust by strengthening responses to customer feedback and cross-functional collaboration, thereby pursuing zero-defect quality and a competitive edge in customer satisfaction.



Advancing Management Systems for Quality and Environmental Reliability

LOTTE ENERGY MATERIALS maintains consistent quality across its global operations through an ISO 9001-based management system and has obtained certification to IATF 16949, the automotive quality management system standard, thereby meeting stringent automotive industry requirements. The Company reviews and improves the conformity and effectiveness of these systems through periodic audits. In addition, its copper foil products produced using 100% recycled copper have received Environmental Claim Validation (ECV), supporting resource circularity and waste reduction.

Quality Management Certifications

Category	Certified Operations
ISO 9001	Iksan Plant 1 / Iksan Plant 2 / Malaysia
IATF 16949	Iksan Plant 1 / Iksan Plant 2 / Malaysia
ECV (Copper Foil)	Iksan Plant 1
ECV (UTC)	Iksan Plant 1

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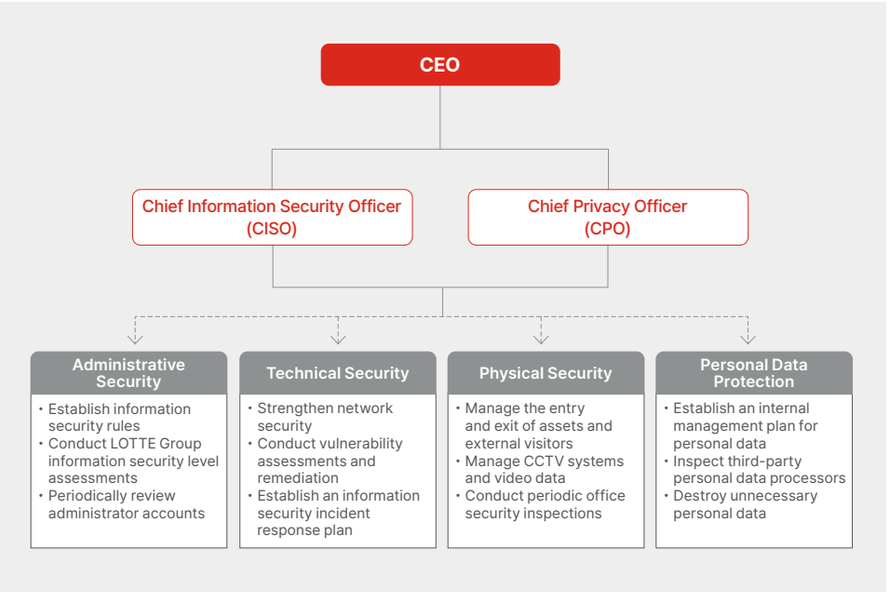
Information Security

LOTTE ENERGY MATERIALS has appointed a Chief Information Security Officer (CISO) and a Chief Privacy Officer (CPO) and continues to enhance its information security governance framework to proactively address potential information security risks, including sophisticated hacking attacks, cyberterrorism, and personal data breaches. The CISO and CPO are professionals who meet the relevant qualification requirements and oversee the development and implementation of information security strategies. They also lead and operate an information security consultative body to make decisions on key information security policies and regulations and discuss measures to strengthen security. Through these efforts, the Company continuously develops response measures for potential information security issues. In addition, it is advancing its information security management system with the goal of obtaining ISO 27001 certification in 2026. Through the operation of a comprehensive information security management system, the Company securely protects the information of its customers and employees and faithfully fulfills its responsibilities as a trusted company.



Information Security and Personal Data Protection Policies

Establishment and Revision of Information Security Regulations and Rules

LOTTE ENERGY MATERIALS establishes, reviews, and implements internal information security regulations, thereby setting the core standards that underpin company-wide information security activities and providing clear direction and criteria for information security and personal data protection activities. To ensure effective implementation of these regulations, the Company has also established and operates information security rules that specify responsible parties and procedures. These regulations and rules are announced and made available to all employees through the Company's groupware, improving access to and use of the relevant policies.

Personal Data Protection Management Policy

LOTTE ENERGY MATERIALS systematically manages personal data by establishing and implementing an internal management plan for personal data. When collecting personal data from employees and stakeholders, the Company collects only the minimum information necessary for the stated purpose and publishes its Privacy Policy on its corporate website and internal groupware. The Company collects employee consent forms for the collection and use of personal data annually, thereby reconfirming consent, keeping personal data up to date, and protecting the rights of data subjects.

Information Security	Regulations	• Information Security Regulations
	Rules	• Administrative Information Security Rules
		• Physical Information Security Rules
		• Technical Information Security Rules
		• Personal Data Protection Rules
Personal Data Protection		• Internal Management Plan for Personal Data

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Information Security Risk Management and Enhancement

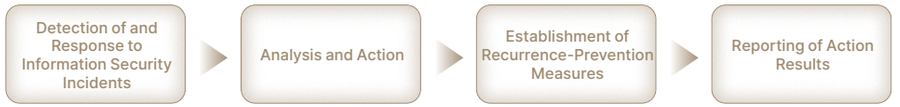
Information Security Incident Response

LOTTE ENERGY MATERIALS recognizes the growing importance of protecting corporate information and personal data amid increasing cybersecurity threats, including malware infections, hacking incidents, and information leakage. To ensure a prompt response to incidents, the Company operates a real-time security monitoring system in cooperation with LOTTE Group's Cybersecurity Monitoring Center. It also establishes a risk management plan and conducts regular risk assessments to identify and manage information security risks in advance. The Company has established and operates an information security incident response manual and recurrence-prevention measures to minimize damage and respond promptly when an incident occurs. It is also strengthening information security across the Company by deploying and operating a range of internal security solutions.

Information Security Incident Criteria and Response Activities

Level	Criteria	Response Activities
Attention	• Domestic cybersecurity incident trends or security advisories issued by relevant authorities • Identification of new vulnerabilities and threat factors	• Issue an internal notice and check contact lists • Strengthen monitoring
Caution	• Increase in malware infections or anomalous activity • Abnormal traffic, including a high volume of spam emails	• Report the status to the CISO • Conduct situation analysis and response through information security personnel • Conduct real-time monitoring
Alert	• Detection of attempted intrusions into public-facing systems and servers • Increased likelihood of malware spreading internally	• Activate the emergency response situation room • Report to the LOTTE Group Information Security Committee • Request deployment of the LOTTE Group Cybersecurity Incident Response Team
Severe	• Service disruption or information leakage caused by an information security incident • Disruption of system operations, including ransomware infection	• Activate the expanded emergency response situation room • Convene the Emergency Information Security Committee • Report to the LOTTE Group Information Security Committee and relevant external authorities

Information Security Incident Detection and Response Process



Information Security Enhancement Activities

LOTTE ENERGY MATERIALS regularly operates information security consultative bodies, including the Information Security Committee and Working-Level Committees, to ensure the stable and effective operation of its information security management system. The LOTTE Group-led Working-Level Committee brings together the CISOs and CPOs of all affiliates to discuss Group-wide information security issues and pursue improvement activities.

To prevent information security incidents and strengthen response capabilities, the Company conducts vulnerability assessments of web systems and IT infrastructure and uses Group-wide and internal information security level assessments to identify and remediate security vulnerabilities in advance. It also strengthens the security of equipment and networks in plant operational technology (OT) environments to improve operational stability. To raise employee awareness, the Company provides information security training to all employees and mandatory training to personnel who handle personal data. It further strengthens security awareness and practical response capabilities through email-based simulated malware drills and periodic security notices. In addition, the Company continuously improves personal data protection management among external service providers by inspecting third-party personal data processors.

Category	Operation of Information Security Consultative Bodies	Inspections and Assessments	Awareness-Raising	Incident Prevention Activities
Detailed Activities	• Internal information security consultative body: 4 times (quarterly) • LOTTE Group Working-Level Committee: 2 times (semiannually)	• LOTTE Group information security level assessment: once annually • Internal information security level assessment: once annually • Plant OT security enhancement activities • Vulnerability assessment of IT infrastructure, web systems, and applications: once annually	• Information security training for employees: once annually • Training for personal data handlers: once annually • Email-based simulated malware drills: 4 times (quarterly) • Employee security notices: as needed	• Inspection of third-party personal data processors: once annually • Information security incident response drill: once annually • Security checks for departing employees: as needed • Security monitoring: ongoing

Personal Data-Related Incidents

Category	Unit	2023	2024	2025
Personal Data (Data Breaches / Theft / Loss)	cases	0	0	0

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Corporate Governance Principles

In 2024, LOTTE ENERGY MATERIALS established and published its Corporate Governance Charter on its website to build a fair and transparent governance structure and share corporate value with a broad range of stakeholders. The Company also publishes a Corporate Governance Report as part of its efforts to enhance the transparency of its management and governance.

Enhancing Shareholder Value

Shareholders and Capital Structure

As of the end of December 2025, the total number of shares the Company was authorized to issue under its Articles of Incorporation was 200,000,000, and the total number of issued shares was 52,365,463, with a par value of KRW 500 per share. All issued shares are common shares, with equal voting rights granted in proportion to the number of shares held.

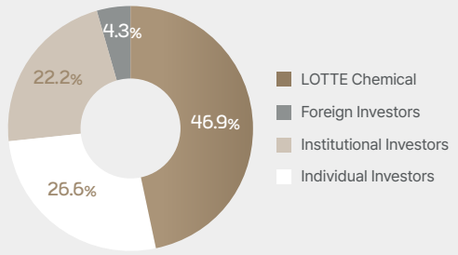
Protecting Shareholder Rights and Enhancing Shareholder Value

LOTTE ENERGY MATERIALS continues to enhance relevant policies to increase shareholder value and protect shareholder rights. For matters that could materially affect the Company's continued existence or shareholder rights, the Company makes decisions in a manner that protects shareholder rights to the greatest extent possible. All shareholders are granted equal voting rights in proportion to the number of shares they hold. To encourage the exercise of voting rights and enhance convenience, the Company amended its Articles of Incorporation to include electronic voting provisions and introduced electronic voting at the General Meeting of Shareholders held in March 2020. Shareholders may therefore exercise their voting rights electronically without attending the meeting in person.

LOTTE ENERGY MATERIALS determines dividends after considering dividend stability for shareholders, investments required for the Company's continued growth, operating performance, and cash flow conditions. The Company also amended its Articles of Incorporation to allow the dividend record date to be set after the General Meeting of Shareholders.

Shareholder Composition

Category	Shares Held (Shares)	Ownership (%)
LOTTE Chemical	24,578,512	46.9
Foreign Investors	2,228,547	4.3
Institutional Investors	11,627,965	22.2
Individual Investors	13,930,439	26.6
Total	**52,365,463**	**100**



General Meeting of Shareholders

Since the introduction of the program to disperse the dates of general meetings of shareholders, LOTTE ENERGY MATERIALS has held its General Meeting of Shareholders each year on a date other than the designated concentrated meeting dates. This supports the financial authorities' request to disperse meeting dates, helps secure the quorum required for resolutions, and facilitates shareholders' exercise of voting rights. Shareholders may exercise their right to submit shareholder proposals by proposing certain matters as agenda items in writing or by electronic document no later than six weeks before the General Meeting of Shareholders.

Corporate Information Disclosure

LOTTE ENERGY MATERIALS provides domestic and international shareholders with a wide range of detailed investor relations (IR) materials in Korean and English. In addition to quarterly earnings releases, the Company holds conference calls and in-person meetings with overseas institutional investors on an ongoing basis.

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Board Composition

As of the 39th Annual General Meeting of Shareholders held in March 2026, the Board of Directors of LOTTE ENERGY MATERIALS consisted of five members: two Executive Directors, two Independent Directors, and one Non-Executive Director. The Board comprises professionals with expertise in diverse fields, including the secondary battery industry, ESG, and investment, enabling in-depth deliberation on key agenda items and effective checks and oversight of management. Independent Directors account for 40% of the Board, strengthening management transparency and independence. The Company has also established a Board-Level ESG Committee to make informed decisions on material ESG matters and reinforce its ESG practices. In addition, the Company has introduced a Board Skills Matrix (BSM) to objectively assess the capabilities and expertise required of the Board and systematically manage its expertise and diversity.

Board Skills Matrix (BSM)



Category	Name	Gender	Area of Expertise	Key Career History	Term
Executive Director	Yeon-seop Kim	Male	General Corporate Management	- Head of ESG Management Division (CSO), Chemical Business Group HQ, LOTTE Group - Head of Management Planning Division, LOTTE Advanced Materials - Current: President and CEO / Executive Vice President, LOTTE ENERGY MATERIALS	Mar. 2025–Mar. 2027
Executive Director	Hoon Kim	Male	General Corporate Management	- IR Team, Chemical Business Group HQ, LOTTE Chemical - Head of Planning Team, LEM - Current: Head of Planning Division, LEM	Mar. 2026–Mar. 2028
Independent Director	Se-min Oh	Male	Secondary Battery Industry	- Specialist Executive (Managing Director), POSCO Chemical - Head of Anode Materials Business Office (Managing Director), POSCO Chemical	Mar. 2025–Mar. 2027
Independent Director	Pil-jae Lee	Female	ESG	- Chair of the Korea LPG Association - Chair of the Central Environmental Dispute Mediation Committee	Mar. 2026–Mar. 2028
Non-Executive Director	Jin-ho Chae	Male	Finance	- CEO, Goldenpole Co., Ltd. - Current: Head of PE Division, STIC Investments	Mar. 2025–Mar. 2027

Skills & Expertise	Yeon-seop Kim (Executive Director)	Hoon Kim (Executive Director)	Se-min Oh (Independent Director)	Pil-jae Lee (Independent Director)	Jin-ho Chae (Non-Executive Director)	Remarks
Leadership	●	●	●	●	●	5 of 5
Management / Accounting	●	●	●		●	4 of 5
Industry / Technology	●	●	●			3 of 5
Risk Management	●	●			●	3 of 5
ESG	●	●		●		3 of 5
Global Business	●	●				2 of 5
Legal / Policy				●		1 of 5

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Board Operations

Board Operations

LOTTE ENERGY MATERIALS exercises Board-led governance grounded in accountability and works to achieve sustainable growth and enhance corporate value. Pursuant to Article 9 of the Board Regulations, the Company holds Board meetings quarterly and may convene additional meetings as necessary. The Company proactively provides Independent Directors with management-related information and conducts advance briefings on major agenda items to support informed decision-making. In 2025, the Board held a total of 13 meetings. After each meeting, the Company disclosed major agenda items and matters reported to the Board and made them available on its corporate website, thereby enhancing transparency and strengthening the trust of shareholders and stakeholders. To enhance Independent Directors' understanding of the industry, the Company also provides information and training on the secondary battery materials business through site visits and briefings on current issues, supporting them in exercising their professional capabilities.

2025 Board Meeting Status

- Number of Meetings Held
  13 Meetings
- 31 Resolutions and 15 Reports
  46 Agenda Items

Board Transparency and Independence

When appointing directors, LOTTE ENERGY MATERIALS selects individuals who meet the qualification requirements under applicable laws and the Articles of Incorporation and demonstrate integrity and sound ethical judgment. As a matter of principle, the Company does not appoint individuals with a history of undermining corporate value or infringing shareholder rights. It secures Board independence by appointing Independent Directors who have no material relationship with the Company and are able to make decisions independently. In 2024, the Company introduced the Lead Independent Director system. The Lead Independent Director represents the Independent Directors, convenes and presides over Board meetings, requests reports from management on major matters, and facilitates communication. The system is expected to strengthen Board independence and its oversight function, thereby enhancing responsible management and transparency.

Board Evaluation and Compensation

LOTTE ENERGY MATERIALS operates various programs to strengthen governance and accountability. Under Article 39-2 of the Articles of Incorporation, directors' liability may be reduced or waived by resolution of the General Meeting of Shareholders, and directors' and officers' liability insurance supports sound decision-making. When considering reappointment, the Company comprehensively evaluates each director's experience, expertise, diligence, sense of responsibility, attendance, provision of advice, and contributions. Director compensation is paid within the limit approved by the General Meeting of Shareholders. Compensation for Executive Directors is determined based on the value of their duties, while Independent Directors receive the same amount.

Board-Level Committees

ESG Committee

The ESG Committee is a Board-level committee that serves as an oversight body for sustainability and ESG matters. Based on agenda items submitted by the lead ESG function, the Committee makes decisions on key issues such as Climate Change Response, human rights, and supply chain management. Pursuant to Article 6 of the ESG Committee Regulations, the Committee generally holds one regular meeting each quarter and convenes a special meeting of the ESG Committee as needed.



Key ESG Committee Agenda Items in 2025

Session	Date	Type	Agenda Item	Result
1st	Feb. 17, 2025	Resolution	Approval of the Community Engagement Strategy and Annual Business Plan	Approved
		Resolution	Establishment of Targets for the Use of Recycled Feedstock at Overseas Operations	Approved
2nd	Apr. 24, 2025	Resolution	Approval of the Sustainability Report Publication Plan * Including a report on the results of selecting a consulting firm	Approved
		Report	Report on the Results of the Double Materiality Assessment	Deliberation Completed
3rd	Jul. 29, 2025	Report	Report on the Results of Climate Change Response Consulting	Deliberation Completed
		Report	Report on the Development of the Net-Zero Roadmap and Implementation Strategy	Deliberation Completed
		Report	Report on the Publication of the 2024 Sustainability Report	Deliberation Completed
4th	Aug. 28, 2025	Report	Report on the ZWTL (Zero Waste to Landfill) Certification Outcome	Deliberation Completed
		Report	Report on the Application of the Internal Carbon Pricing System	Deliberation Completed

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Ethics and Compliance Framework

LOTTE ENERGY MATERIALS has established and operates an Ethics and Compliance Framework aligned with LOTTE Group's approach to business ethics to foster a transparent and fair corporate culture. Based on the Code of Conduct and internal compliance regulations, the Company's employees work to prevent corruption and misconduct and place the highest priority on compliance with applicable laws and regulations.

To strengthen the implementation of ethics and compliance, the Company operates a Compliance Department that reports directly to the CEO. Maintaining its independence, the Compliance Department serves as the central coordinating function for legal risk management and the internal control system and provides professional support to help employees make ethical decisions. The Company also regularly updates its internal regulations concerning key compliance matters, including anti-corruption, fair trade, and trade secret protection, and is expanding its global compliance system to ensure that its domestic and overseas operations and subsidiaries apply consistent internal control standards. In addition, it conducts regular online and in-person training for all employees to embed ethical awareness throughout the organization. LOTTE ENERGY MATERIALS will continue to build on its robust Ethics and Compliance Framework to become a trusted global advanced materials company.

Category	Initial (Through 2025)	Mid-Term (2026–2029)	Long-Term (2030 Onward)
Stage	Establishment of a Compliance Framework Based on Integrated ISO Certification	Global Expansion and Digital Governance	Establishment of a Globally Leading Compliance Culture
Key Objective	Operation of Anti-Bribery and Compliance Management Systems	Strengthening of Internal Controls and Risk Management	Establishment of a Globally Leading Compliance Culture
Key Initiatives	• Obtain and maintain integrated ISO 37001 and ISO 37301 certification • Enhance stakeholder whistleblowing channels • Establish regulations and processes aligned with global standards	• Establish an integrated risk management framework • Extend the compliance system to subsidiaries and global operations • Strengthen IT-based internal control monitoring • Conduct regular assessments of ethics indicators linked to ESG management	• Achieve a globally leading level of compliance awareness • Support and assess suppliers' compliance practices within the supply chain • Continuously eliminate risks of unethical conduct and corruption

Ethics and Compliance Strategy

To promote anti-corruption and ethical awareness, LOTTE ENERGY MATERIALS obtained certifications for its anti-bribery and compliance management systems in 2025. The Company is also embedding its process for handling stakeholder reports and establishing policies and procedures aligned with global standards. Under its medium- to long-term plan, the Company will advance its integrated anti-bribery and compliance framework, roll it out across overseas operations, and strengthen IT-based internal controls. It also aims to establish a Global Top-Tier and eliminate risks of unethical conduct and corruption through stronger supply chain management and enhanced professional capabilities.

Advancement of the Ethics and Compliance Framework

To obtain objective verification of and build confidence in its efforts to strengthen its compliance management system, LOTTE ENERGY MATERIALS obtained ISO 37001 certification for its anti-bribery management system and ISO 37301 certification for its compliance management system in September 2025. These certifications provide a foundation for strengthening compliance over the medium to long term. The Company plans to continue advancing its compliance framework and concentrate its efforts on strengthening employees' compliance awareness and embedding a compliance culture, including by providing training on major fair trade and other applicable laws and compliance matters.

Ethics and Compliance Certifications

Category	Certified Operations
ISO 37001	Domestic Operations
ISO 37301	Domestic Operations

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Activities to Strengthen Business Ethics

Internal and External Whistleblowing Channels and Whistleblower Protection

LOTTE ENERGY MATERIALS operates internal and external channels through which stakeholders may seek advice or report concerns relating to business ethics, while ensuring fairness and anonymity. Human rights violations, including sexual harassment and workplace harassment, are promptly investigated and addressed through the Company's Grievance Handling Committee, and all reports are strictly managed in accordance with the Compliance Rules. The Company applies a zero-tolerance policy to unethical conduct and strictly maintains the confidentiality of whistleblowers and prohibits retaliation, thereby fostering a transparent corporate culture built on trust.

2025 Business Ethics Reports, Investigations, and Actions

- Number of reports / investigations: 14 cases
- Number of cases resolved: 14 cases
- Number of cases resulting in corrective or disciplinary action for unethical conduct: 6 cases

Reporting Channel Operation

Whistleblower Protection Principles	- Whistleblowers' identities are strictly protected, and whistleblowers shall not be subject to any disadvantage. - If a whistleblower reports conduct in which they were personally involved, their responsibility may be mitigated in consideration of the circumstances.
Matters Subject to Whistleblowing Reports	- Employee violations of business ethics, including the acceptance of money, entertainment, or favors - Unfair trade practices involving suppliers, including abuse of bargaining power, collusion, and unfair support - Labor and employment matters, including workplace harassment and sexual harassment - Employee disclosure of trade secrets and other matters requiring improvement
Whistleblowing Method	- Email: LEM_HOTLINE@lotte.net - Mail: Management Improvement Team, LOTTE ENERGY MATERIALS, 11F, LOTTE Tower, 51 Boramae-ro 5-gil, Dongjak-gu, Seoul 07071, Republic of Korea
Whistleblowing Process	Receipt of Report → Fact Verification → Investigation → Reporting of Investigation Results and Action → Notification of Results

Business Ethics Assessments and Improvements

Based on the LOTTE Group Code of Conduct, LOTTE ENERGY MATERIALS has embedded workplace-oriented business ethics guidelines across all its operations. The Company continuously operates function-specific assessment processes designed to proactively identify risks in key functions, including sales, procurement, and production, thereby enhancing both operational efficiency and fairness. It also uses the Group-wide annual compliance assessment to conduct a detailed, data-driven analysis of ethical awareness among all employees. By promptly incorporating the resulting improvement initiatives into its management strategy, the Company continues to advance its sustainable business ethics management framework.

Business Ethics Training

LOTTE ENERGY MATERIALS operates a customized training framework tailored to different functions and organizational levels to embed ethical values among all employees. In 2025, the Company completed all 11 planned professional training programs, strengthening compliance awareness across the organization. By making these programs a regular part of its training framework, it had established a mature ethical culture as of 2026. The programs are designed to enhance expertise among their respective target groups and include Code of Conduct training led by the CEO, compliance training for executives, function-specific process training, and new employee training. In particular, in connection with its integrated ISO 37001 and ISO 37301 certification, the Company develops practical risk management capabilities in areas such as the prohibition of improper solicitation, information protection, and global business ethics, thereby ensuring the effectiveness and transparency of its training.

Business Ethics Training in 2025

Category	Training Program	Month
CEO-Led Training	Code of Conduct Training	September
Executive Training	Compliance Training	July
Employee Training	Function-Specific Compliance Regulations and Compliance Processes	March
	Compliance Regulations and Compliance Processes for New Employees	March and August
	Workplace Discipline Training	April
	Training Focused on Compliance Violation Cases	April
	Workplace Discipline Training	May
	Compliance Pledge Training	May
	Anti-Bribery and Compliance Internal Auditor Training (twice)	July
	Business Ethics Training	September
Compliance Practitioner Training	External Training (twice), Group Training (six times), and Customer-Provided Training	As needed

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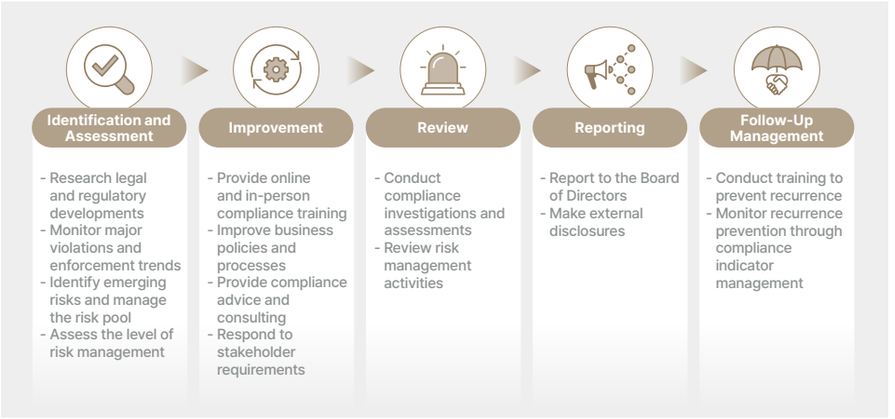
Compliance Framework

LOTTE ENERGY MATERIALS operates a compliance framework to systematically manage compliance risks across all its business activities. The Company monitors changes in applicable laws and regulations and conducts regular training and internal communications to strengthen employees' compliance awareness. It also strengthens its compliance system by improving and reviewing internal regulations and business processes and conducting periodic online and in-person training.

Compliance Risk Management

LOTTE ENERGY MATERIALS operates an advanced risk identification process to proactively and systematically manage compliance risks across the Company. In particular, it has established a data-driven framework to closely analyze domestic and international laws and regulatory environments and has identified and rolled out 1,523 compliance requirements across the Company. The Company's compliance process is structured to cover every stage, from preliminary identification through training, review, reporting, and follow-up. Regular reporting to the highest governance body, such as the Board of Directors, strengthens the effectiveness and transparency of its governance.

Risk Management Process



Internal Control System Management

To respond to the rapidly changing business environment, LOTTE ENERGY MATERIALS is advancing its economic, social, and environmental risk management framework and shifting from a response-oriented approach to proactive management. In line with increasingly stringent global ESG and compliance regulations, the Company is developing manuals for each risk area, expanding proactive monitoring, and strengthening its control functions by conducting internal risk reviews and operating an ongoing advisory system led by the Compliance Officer. To ensure the transparent operation of its internal control over financial reporting, the Company annually reports its operating status to the General Meeting of Shareholders, the Board of Directors, and the Audit Committee pursuant to Article 8 of the Act on External Audit of Stock Companies and ensures transparency through rigorous audits by an external auditor. In addition, based on the tier classification of its 15 subsidiaries, the Company introduced a consolidated internal control over financial reporting system in 2024, establishing comprehensive internal controls across the Group.

Overseas Operations Compliance Report

LOTTE ENERGY MATERIALS is establishing a compliance framework for its overseas operations in response to increasingly stringent global regulations. The Company plans to maintain global-standard governance by proactively responding to ESG regulations and compliance requirements in major regions, including Europe and North America, and applying the same compliance control standards used at its headquarters. Through these efforts, the Company will minimize the risk of legal and regulatory violations at its overseas operations, enhance its brand value as an ESG leader trusted by investors and global customers, and strengthen its management stability and sustainability.

Compliance Programs

Category	Description	Implementation Program
Transparency Review of Donations and Sponsorships	The Compliance Department conducts an advance review of all donations and sponsorships in accordance with internal guidelines	Verify the legitimacy of the purpose, the eligibility of the recipient organization, the applicability of the Improper Solicitation and Graft Act, and the appropriateness of any consideration received in return
Operation of an Anti-Bribery Monitoring System	Operate a corruption risk prevention framework based on applicable laws and internal regulations	Require reports on contact with public officials and advance approval for the provision of money or valuables
Strengthening Supply Chain Compliance	Proactively identify and monitor domestic and international supply chain risks	Communicate anti-bribery messages, require fair trade pledges, and expand the use of standard-form contracts and electronic procurement systems
Participatory Compliance Culture Programs	Operate employee participation programs	Embed legal and ethical requirements and foster compliance awareness in everyday work through compliance quiz competitions and Compliance Week events
Compliance Training	Provide customized online and in-person training by function	Improve accessibility and understanding through content such as CEO messages, newsletters, and webtoons

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Embedding a Fair Trade Culture

CEO Compliance Message and Letter

Based on the belief that a culture of fair trade provides the foundation for sustainable growth, LOTTE ENERGY MATERIALS works with its suppliers to uphold compliance. Through regular letters from the CEO, the Company calls for business partnerships founded on integrity and provides specific guidelines for eliminating unfair demands and practices in the course of business. It continues to strengthen transparent communication channels so that these efforts extend beyond internal standards and foster strong trust with all stakeholders.

Operation of the Fair Trade Compliance Program

To enhance the effectiveness of its Fair Trade Compliance Program (CP), LOTTE ENERGY MATERIALS maintains an updated Fair Trade Compliance Manual that reflects newly enacted and amended laws and regulations. Going beyond the distribution of manuals, the Company disseminates function-specific guidelines and "Dos & Don'ts" throughout the organization to proactively prevent legal and regulatory violations in day-to-day operations. It also addresses potential gaps in risk management through a regular monitoring system and establishes transparent governance, thereby demonstrating global-standard compliance leadership.

Management of Unfair Trade Practices

LOTTE ENERGY MATERIALS adheres to fair trade principles and operates a systematic Compliance Program (CP) to meet stringent fair trade requirements. The Company applies its internal Fair Trade Code of Conduct as a key guideline throughout the entire business process to prevent risks of legal violations at the source, including unlawful concerted practices (cartels), unfair trade practices, and unfair support. In particular, by applying practical fair trade guidelines tailored to day-to-day operations, including guidance on compliance with the Subcontracting Act, the Company promotes fair market practices and strengthens transparent governance, thereby earning the trust of shareholders and customers.

Intra-Group Transaction Management

LOTTE ENERGY MATERIALS has established and operates internal standards—the Intra-Group Transaction Management Guidelines—that specify requirements for intra-group transactions. The Company requires rigorous advance review by the Compliance Department of matters such as the reasonableness of transaction terms and the grounds for sole-source contracting, thereby enhancing the effectiveness of its compliance framework. Going beyond legal compliance, the Company continuously updates its management guidelines to ensure that the value of fair competition is upheld throughout every transaction and to foster a transparent corporate culture.

Fair Trade Management for Suppliers

To promote awareness of fair trade compliance throughout the supply chain, the Company focuses on proactive risk management by providing regular compliance training to suppliers and reviewing cases of unfair trade practices. In particular, to ensure transparency in subcontracting transactions, the Company has strengthened job-specific training on the Subcontracting Act for relevant internal departments and standardized all subcontracting agreements to enhance legal compliance. Through this systematic management process, the Company is building a transparent and equitable business environment together with its suppliers.

Compliance with Subcontracting and Mutually Beneficial Cooperation Laws

To put fair trade principles into practice, the Company requires advance review by the Compliance Department at every stage before entering into a subcontracting agreement. It reviews the appropriateness of subcontract prices, the presence of unfair special terms, and the use of standard-form agreements to prevent potential risks and uses monitoring to promote continuous, complementary, and balanced development. To comply with the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises, the Compliance Department also provides ongoing advice and monitoring concerning consignment transactions. These efforts provide a strong foundation for establishing sound trading practices with suppliers and practicing transparent management.

Establishment and Operation of the Subcontract Payment Dispute Mediation Committee

LOTTE ENERGY MATERIALS has established and operated the Subcontract Payment Dispute Mediation Committee since June 2023 to ensure the reasonable and transparent adjustment of subcontract payments. The Committee is an internal body recommended to be established for the mediation of subcontract payment disputes under Article 13-3(1) of the Fair Transactions in Subcontracting Act and Article 8-2 of its Enforcement Decree. The Company proactively established and has operated the Committee since introducing the system to ensure fair and transparent mediation of subcontract payment disputes.

Fair Trade Training

To raise awareness of the importance of fair trade compliance and embed a culture of compliance, LOTTE ENERGY MATERIALS operates a Company-wide training system led by the Compliance Department. Beyond imparting specialized knowledge concerning laws, regulations, and adjudication precedents, the training maximizes effectiveness through curricula tailored to different organizational levels, including executives, new hires, and experienced hires, as well as to specific functions, including expatriates and employees responsible for sales and subcontracting. Through these efforts, the Company strengthens employees' capacity to put compliance into practice and plays a leading role in establishing fair trade practices.

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Indicator Category	Indicator	Unit	Scope	2023	2024	2025	Remarks
Climate Change Response	Percentage of Zero-Emission Vehicles	%	All Domestic Operations	10.0	9.1	8.7	
	Number of Zero-Emission Vehicles	vehicles	All Domestic Operations	2	2	2	
	Total Number of Vehicles	vehicles	All Domestic Operations	20	22	23	One HEV added in 2025 compared with 2024
Energy	Total Energy Consumption Target Within the Organization	TJ	All Domestic Operations	-	-	2,630	Newly disclosed in 2025
	Progress Against the Energy Consumption Target Within the Organization	%	All Domestic Operations	-	-	66	Newly disclosed in 2025
	Total Energy Consumption Within the Organization	TJ	All Domestic Operations	2,335	2,153	1,734	
	Energy Intensity Within the Organization	TJ/KRW billion	All Domestic Operations	7.12	7.53	6.35	
	Total Renewable Energy Consumption Within the Organization	TJ	All Domestic Operations	85.3	91.2	90.6	Biomass used as a feedstock for steam; corrected data for 2023 and 2024
	Total Non-Renewable Energy Consumption Within the Organization	TJ	All Domestic Operations	2,246	2,060	1,638	
	Percentage of Renewable Energy Consumption	%	All Domestic Operations	3.8	4.3	5.6	
	Percentage of Grid Electricity Consumption	%	All Domestic Operations	100	100	100	
	Energy Savings Within the Organization	TJ	All Domestic Operations	85	182	419	Corrected data for 2023 and 2024; savings compared with the previous year
	Total Energy Consumption Within and Outside the Organization	TJ	All Domestic Operations	2,335	2,153	1,734	Based on energy consumption within the organization
	Energy Costs as a Percentage of Total Operating Expenses	%	All Domestic Operations	-	10.5	11.8	
	Energy Costs	KRW million	All Domestic Operations	-	35,506	31,678	

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Indicator Category	Indicator	Unit	Scope	2023	2024	2025	Remarks
Greenhouse Gas Emissions	Annual GHG Emissions Target	tCO_2eq	All Domestic Operations	122,416	121,269	119,721	
	Performance Against the Annual GHG Emissions Target	%	All Domestic Operations	88	82	66	
	Scope 1 and Scope 2 Emissions	tCO_2eq	All Domestic Operations	107,974	98,960	78,928	
	Scope 1 and Scope 2 GHG Emissions Intensity	tCO_2eq/KRW billion	All Domestic Operations	329.12	346.09	288.81	
	Operations Included in Direct GHG (Scope 1) Data Collection	sites	All Domestic Operations	2	2	2	Iksan Plant 1 / Iksan Plant 2
	Operations Included in Indirect GHG (Scope 2) Data Collection	sites	All Domestic Operations	4	4	4	Iksan Plant 1 / Iksan Plant 2 / Seoul / Uiwang
	Direct GHG (Scope 1) Emissions	tCO_2eq	All Domestic Operations	566	191	168	
	Indirect GHG (Scope 2) Emissions	tCO_2eq	All Domestic Operations	107,411	98,770	78,761	
	Monetized Cost of GHG Emissions	KRW million	All Domestic Operations	1,217	935	947	Based on Scope 1 and Scope 2
	Monetized Cost of Scope 1 and Scope 2 Emissions	KRW million	All Domestic Operations	1,217	935	947	Based on Scope 1 and Scope 2
	Percentage of Direct GHG (Scope 1) Emissions Subject to Emissions Regulations (e.g., K-ETS)	%	All Domestic Operations	100	100	100	
	Indirect GHG (Scope 2) Emissions Associated with Electricity Purchased as a Bundle with Instruments Such as Guarantees of Origin or Renewable Energy Certificates	tCO_2eq	All Domestic Operations	0	0	0	
	Total Investment in GHG Emissions Reduction Activities	KRW million	All Domestic Operations	-	822	324	
	GHG Emissions Subject to the Internal Carbon Pricing System	tCO_2eq	All Domestic Operations	-	-	0	No investments subject to the System in 2025
	Percentage of GHG Emissions Subject to the Internal Carbon Pricing System	%	All Domestic Operations	-	-	0	No investments subject to the System in 2025

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ENVIRONMENTAL

Indicator Category	Indicator	Unit	Scope	2023	2024	2025	Remarks
Air Pollution	Air Pollutant Emissions Target	M/T	Iksan Plant 1	-	-	3.018	Newly disclosed in 2025; target to reduce SOx, NOx, and PM emissions by 5% year on year
			Iksan Plant 2	-	-	0.048	
	Operations Included in Air Pollutant Emissions Data Collection	sites	All Domestic Operations	2	2	2	Iksan Plant 1 / Iksan Plant 2
	Air Pollutant Emissions_NOx (Nitrogen Oxides)	M/T	Iksan Plant 1	0	0	2.075	
			Iksan Plant 2	0.675	0.044	0.042	
	NOx Emissions Intensity	ton/KRW billion	Domestic Basis	0.002057	0.000154	0.007745	
	Air Pollutant Emissions_SOx (Sulfur Oxides)	M/T	Iksan Plant 1	0.195	0	0.396	Corrected data for 2023
			Iksan Plant 2	0.220	0.001	0.001	
	SOx Emissions Intensity	ton/KRW billion	Domestic Basis	0.001264	0.000004	0.001452	
	Air Pollutant Emissions_VOCs (Volatile Organic Compounds)	M/T	Iksan Plant 1	-	-	-	Not applicable
			Iksan Plant 2	0.053	0.131	0.097	
	Air Pollutant Emissions_HAPs (Hazardous Air Pollutants)	M/T	Iksan Plant 1	-	-	-	Not applicable
			Iksan Plant 2	0.053	0.131	0.097	
	Air Pollutant Emissions_PM (Particulate Matter)	M/T	Iksan Plant 1	2.014	3.177	4.552	Corrected data for 2023 and 2024
			Iksan Plant 2	0.140	0.006	0.019	
	Air Pollutant Emissions_CO (Carbon Monoxide)	M/T	Iksan Plant 1	-	-	-	Not applicable
			Iksan Plant 2	0.057	0.396	0.036	

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Indicator Category	Indicator	Unit	Scope	2023	2024	2025	Remarks
Water	Operations Assessed for Employee WASH	sites	All Domestic Operations	2	2	2	Iksan Plant 1 / Iksan Plant 2
	Total Water Withdrawal	ton	Iksan Plant 1	1,974,789	1,788,034	1,807,604	
			Iksan Plant 2	3,769	3,474	2,052	
	Water Withdrawal Intensity	m^3/KRW billion	All Domestic Operations	6,030.9	6,265.4	6,621.9	
	Operations with Regular Measurement of Water Withdrawal	sites	All Domestic Operations	2	2	2	Iksan Plant 1 / Iksan Plant 2
	Operations with Regular Measurement of Water Withdrawal by Source	sites	All Domestic Operations	2	2	2	Iksan Plant 1 / Iksan Plant 2
	Total Water Consumption	ton	Iksan Plant 1	1,974,789	1,788,034	1,807,604	
			Iksan Plant 2	3,769	3,474	2,052	
	Water Consumption Intensity	ton/KRW billion	All Domestic Operations	6,030.9	6,265.4	6,621.9	
	Volume of Water Recycled	ton	Iksan Plant 1	208,354	55,592	245,180	
			Iksan Plant 2	-	-	-	Data management planned
	Operations with Regular Measurement of Water Consumption	sites	All Domestic Operations	2	2	2	Iksan Plant 1 / Iksan Plant 2
	Operations with Regular Measurement of Water Recycled	sites	All Domestic Operations	1	1	1	Iksan Plant 1
	Wastewater Discharge Reduction Target	ton	Iksan Plant 1	-	-	86,013	Newly disclosed in 2025; target to reduce wastewater discharge by 5% year on year
			Iksan Plant 2	-	-	-	Data management planned
	Operations with Regular Measurement of Wastewater Discharge	sites	All Domestic Operations			2	Iksan Plant 1 / Iksan Plant 2
	Operations with Regular Measurement of Wastewater Discharge by Discharge Destination	sites	All Domestic Operations			2	Iksan Plant 1 / Iksan Plant 2
	Operations with Regular Measurement of Wastewater Discharge Quality	sites	All Domestic Operations			2	Iksan Plant 1 / Iksan Plant 2
	Wastewater Discharge Volume	ton	Iksan Plant 1	1,678,273	1,720,256	1,540,334	
			Iksan Plant 2	307	332	834	
Water Pollution	Total Water Pollutant Discharges	ton	Iksan Plant 1	87.491	47.217	58.062	
			Iksan Plant 2	0.009	0.149	0.139	Corrected data for 2023 and 2024
	Water Pollutant Discharges_TOC	ton	Iksan Plant 1	0.149	16.655	23.163	
			Iksan Plant 2	0.003	0.086	0.042	Corrected data for 2023 and 2024
	Total Water Pollutant Discharges_SS	ton	Iksan Plant 1	8.463	17.623	7.550	
			Iksan Plant 2	0.005	0.006	0.025	Corrected data for 2023 and 2024
	Total Water Pollutant Discharges_BOD	ton	Iksan Plant 1	33.543	12.939	27.349	
			Iksan Plant 2	0.001	0.057	0.073	Newly disclosed for 2023, 2024, and 2025

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ENVIRONMENTAL

Indicator Category	Indicator	Unit	Scope	2023	2024	2025	Remarks
Water Risk	Operations Located in Water-Stressed Areas	sites	All Domestic Operations	2	2	2	Iksan Plant 1 / Iksan Plant 2
	Percentage of Cost of Sales from Operations Located in Water-Stressed Areas	%	All Domestic Operations	100	100	100	
	Total Water Withdrawal in Water-Stressed Areas	ton	Iksan Plant 1	1,974,789	1,788,034	1,807,604	
			Iksan Plant 2	3,769	3,474	2,052	
	Percentage of Water Withdrawal in Water-Stressed Areas	%	All Domestic Operations	100	100	100	
	Total Water Consumption in Water-Stressed Areas	ton	Iksan Plant 1	1,974,789	1,788,034	1,807,604	
			Iksan Plant 2	3,462	3,142	1,218	
	Percentage of Water Consumption in Water-Stressed Areas	%	All Domestic Operations	100	100	100	
	Total Wastewater Discharge to Water-Stressed Areas	ton	Iksan Plant 1	1,678,273	1,720,256	1,540,334	
			Iksan Plant 2	307	332	834	
Waste	Waste Generation Target	ton	Iksan Plant 1	-	4,710	4,324	Targets: 90% of the previous year's waste generation in 2024 and 95% in 2025; newly disclosed for Iksan Plant 2 in 2025
			Iksan Plant 2	-	-	140	
	Performance Against the Waste Generation Target	%	Iksan Plant 1	-	103	145	
			Iksan Plant 2	-	-	206	
	Operations Included in Waste Generation Data Collection	ton	All Domestic Operations	2	2	2	Iksan Plant 1 / Iksan Plant 2
	Total Waste Generated	ton	Iksan Plant 1	5,233	4,551	2,975	
			Iksan Plant 2	82	147	68	
	General Waste Generated	ton	Iksan Plant 1	4,638	3,915	2,594	
			Iksan Plant 2	80	134	22	
	Designated Waste Generated	ton	Iksan Plant 1	595	637	381	
			Iksan Plant 2	2	13	46	
	Waste Generation Intensity	ton/KRW billion	All Domestic Operations	16.2	16.4	11.1	Iksan Plant 1 / Iksan Plant 2
	Percentage of Waste Recycled	%	Iksan Plant 1	87	86	87	
	Percentage of Waste Recycled	%	Iksan Plant 2	98	91	67	
	Percentage of Hazardous Substances in Waste	%	Iksan Plant 1	-	-	12	Newly disclosed in 2025; For this indicator, hazardous substances in waste are defined as spent adsorbents and spent absorbents within the designated waste category.
			Iksan Plant 2	-	-	0	

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Indicator Category	Indicator	Unit	Scope	2023	2024	2025	Remarks
Hazardous Chemicals	Amount of Hazardous Chemicals Used	ton	Iksan Plant 1	2,166	2,125	1,880	
			Iksan Plant 2	2.170	4.347	8.544	
	Hazardous Chemical Releases	ton	Iksan Plant 1	0.195	0.126	14.323	
			Iksan Plant 2	0	0	0	
Reused Products	Total Products Manufactured	ton	Iksan Plant 1	14,799	11,694	7,890	
	Reused Products	ton	Iksan Plant 1	844	453	566	
	Percentage of Products Reused	%	Iksan Plant 1	5.70	3.88	7.17	
Environmental and Low-Carbon Investment	Operations Subject to Low-Carbon Investment	sites	All Domestic and Overseas Operations	-	3	3	Iksan Plant 1 / Iksan Plant 2 / Malaysia
	Low-Carbon Investment Expenditure	KRW million	All Domestic Operations	-	3,058	11,164	
	Expenditures Incurred for Spills or Leaks of Major Pollutants (Air / Soil / Water)	KRW million	All Domestic Operations	0	0	0	
Raw Materials	Value of Renewable and Non-Renewable Raw Materials Used in Product Manufacturing and Packaging	KRW 100 million	Iksan Plant 1	1,556	1,434	1,793	
	Total Weight of Recycled Raw Materials Used in Product Manufacturing	ton	Iksan Plant 1	14,094	11,697	12,982	
	Percentage of Recycled Raw Materials Used in Product Manufacturing	%	Iksan Plant 1	100	100	100	
	Total Packaging Materials	ton	Iksan Plant 1	-	241	109	
	Recovered Packaging Materials	ton	Iksan Plant 1	-	421	185	
	Percentage of Products and Packaging Materials Recovered	%	Iksan Plant 1	-	174	170	
Biodiversity	Number of Operations Subject to Biodiversity Impact Assessments	sites	All Domestic and Overseas Operations	-	-	5	Newly disclosed in 2025; Iksan Plant 1 / Iksan Plant 2 / Seoul / Uiwang / Malaysia

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SOCIAL

Indicator Category	Indicator	Unit	Scope	2023	2024	2025	Remarks
Employee Information and Composition	Total Number of Employees	persons	All Domestic Operations	564	642	591	Excluding registered executives (based on the Business Report)
	Total Number of Male Employees	persons	All Domestic Operations	525	585	532	
	Total Number of Female Employees	persons	All Domestic Operations	39	57	59	
	Total Number of Workers Who Are Not Employees	persons	All Domestic Operations	79	68	70	Workers employed by suppliers and stationed at the Company's operations
	Total Number of Male Permanent Employees	persons	All Domestic Operations	509	541	489	
	Total Number of Female Permanent Employees	persons	All Domestic Operations	31	43	48	
	Total Number of Male Fixed-Term Employees	persons	All Domestic Operations	16	44	43	Fixed-term employees: full-time and part-time
	Total Number of Female Fixed-Term Employees	persons	All Domestic Operations	8	14	11	
	Total Number of Male Full-Time Employees	persons	All Domestic Operations	12	40	39	
	Total Number of Female Full-Time Employees	persons	All Domestic Operations	0	4	1	
	Total Number of Male Part-Time Employees	persons	All Domestic Operations	4	4	4	
	Total Number of Female Part-Time Employees	persons	All Domestic Operations	8	10	10	
Employee Diversity	Percentage of Women in Management Positions	%	All Domestic Operations	5.3	5.7	8.2	Based on position holders (executives, team leaders, and unit leaders)
	Percentage of Men in Senior Management (Executives)	%	All Domestic Operations	100	100	100	Based on executives
	Percentage of Women in Senior Management (Executives)	%	All Domestic Operations	0	0	0	
	Percentage of Women in Junior Management	%	All Domestic Operations	19.4	21.2	28.2	
	Number of Employees from Minority Groups (Persons with Disabilities)	persons	All Domestic Operations	12	14	16	
	Number of Employees Eligible for Veterans' Benefits	persons	All Domestic Operations	5	5	5	Newly disclosed in 2025
Employee Recruitment	Number of Newly Hired Male Permanent Employees	persons	All Domestic Operations	-	-	11	Newly disclosed in 2025
	Number of Newly Hired Female Permanent Employees	persons	All Domestic Operations	-	-	3	
	Number of Newly Hired Male Fixed-Term Employees	persons	All Domestic Operations	-	-	1	Newly disclosed in 2025
	Number of Newly Hired Female Fixed-Term Employees	persons	All Domestic Operations	-	-	3	

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SOCIAL

Indicator Category	Indicator		Unit	Scope	2023	2024	2025	Remarks
Employee Turnover	Total Number of Employees Who Left the Company		persons	All Domestic Operations	66	45	64	
Employee Tenure	Average Tenure of Male Employees		years	All Domestic Operations	12.4	13.8	14.6	Newly disclosed in 2025 Excluding registered executives (based on the Business Report)
	Average Tenure of Female Employees		years	All Domestic Operations	4.8	5.8	6.3	
Employee Performance Evaluation	Number of Employees Subject to Management by Objectives (MBO) Evaluations		persons	All Domestic Operations	170	222	230	
Employee Parental Leave	Number of Employees Who Took Parental Leave		persons	All Domestic Operations	4	8	8	
	Number of Male Employees Who Returned from Parental Leave		persons	All Domestic Operations	2	2	5	Newly disclosed in 2025
	Number of Female Employees Who Returned from Parental Leave		persons	All Domestic Operations	1	2	1	
	Number of Employees Retained for 12 Months After Returning from Parental Leave		persons	All Domestic Operations	5	3	2	Newly disclosed in 2025
Employee Training	Average Training Hours per Employee		hours	All Domestic Operations	30	38	75	Average training hours: total training hours / number of managerial employees
Human Rights Risk	Number of Grievances Filed Through Formal Mechanisms / Procedures (by Channel)		cases	All Domestic Operations	1	2	1	
Lost-Time Injuries	Employees	Number of Lost Workdays Due to Injuries	days	All Domestic Operations	442	529	335	
		Number of Lost-Time Injury Cases	cases	All Domestic Operations	25	20	6	
		Lost-Time Injury Severity Rate	%	All Domestic Operations	0.33	0.34	0.24	
		Lost-Time Injury Rate (LTIR)	cases / 200,000 work hours	All Domestic Operations	3.69	2.60	0.85	
		Annual Target for Lost-Time Injury Rate (LTIR)	cases / 200,000 work hours	All Domestic Operations	-	-	0.10	
		Lost-Time Injury Frequency Rate (LTIFR)	cases / 1,000,000 work hours	All Domestic Operations	18.47	12.98	4.23	
	Suppliers	Number of Lost Workdays Due to Injuries	days	All Domestic Operations	167	24	67	
		Number of Lost-Time Injury Cases	cases	All Domestic Operations	2	2	1	
		Lost-Time Injury Rate (LTIR)	cases / 200,000 work hours	All Domestic Operations	2.11	2.45	1.19	
		Lost-Time Injury Frequency Rate (LTIFR)	cases / 1,000,000 work hours	All Domestic Operations	10.55	12.25	5.95	
		Percentage of Suppliers Included in the Collection of Occupational Health and Safety Metrics, Including LTIR (On-Site Suppliers)	%	All Domestic Operations	100	100	100	

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SOCIAL

Indicator Category	Indicator		Unit	Scope	2023	2024	2025	Remarks
Injuries and Illnesses	Employees	Number of High-Consequence Injuries	cases	All Domestic Operations	0	0	0	
		Rate of High-Consequence Injuries	%	All Domestic Operations	0	0	0	
		Number of Fatalities Due to Illness	cases	All Domestic Operations	0	0	0	
		Number of Fatalities Due to Injuries	cases	All Domestic Operations	0	0	0	
		Fatality Rate Due to Injuries and Illnesses	%	All Domestic Operations	0	0	0	
		Number of Occupational Accident Cases	cases	All Domestic Operations	1	4	6	
		Number of Recordable Injuries	cases	All Domestic Operations	31	33	14	
		Number of Recordable Illness Cases	cases	All Domestic Operations	14	11	1	
		Total Recordable Incident Rate (TRIR)	cases / 200,000 work hours	All Domestic Operations	6.65	5.71	2.12	
		Number of Near-Miss Incidents	cases	All Domestic Operations	-	3	1	
		Near-Miss Frequency Rate (NMFR)	cases / 200,000 work hours	All Domestic Operations	-	0.39	0.14	
		Total Hours Worked	hours	All Domestic Operations	1,353,600	1,540,800	1,418,400	
	Suppliers	Number of High-Consequence Injuries	cases	All Domestic Operations	0	0	0	
		Rate of High-Consequence Injuries	%	All Domestic Operations	0	0	0	
		Number of Fatalities Due to Illness	cases	All Domestic Operations	0	0	0	
		Number of Fatalities Due to Injuries	cases	All Domestic Operations	0	0	0	
		Fatality Rate Due to Injuries and Illnesses	%	All Domestic Operations	0	0	0	
		Number of Recordable Injuries	cases	All Domestic Operations	5	5	1	
		Number of Recordable Illness Cases	cases	All Domestic Operations	0	0	0	
		Total Recordable Incident Rate (TRIR)	cases / 200,000 work hours	All Domestic Operations	5.27	6.13	1.19	
		Total Hours Worked	hours	All Domestic Operations	189,600	163,200	168,000	

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Indicator Category	Indicator		Unit	Scope	2023	2024	2025	Remarks
Occupational Health and Safety Management	Operations Certified to ISO 45001 Occupational Health and Safety Management System		operations	All Domestic and Overseas Operations	1	1	2	Iksan Plant 1, Malaysia
	Number of Occupational Health and Safety Management Process (Risk Assessment) Implementations		times	All Domestic Operations	2	2	1	
	Operations Implementing the Occupational Health and Safety Management Process (Risk Assessment)		operations	All Domestic Operations	4	4	4	Iksan Plant 1, Iksan Plant 2, Seoul, Uiwang
	Employees	Number of Employees Represented by the Occupational Safety and Health Committee	persons	All Domestic Operations	12	12	20	Iksan Plant 1
		Percentage of Total Employees Represented by the Occupational Safety and Health Committee	%	All Domestic Operations	2.94	2.89	4.02	
		Number of Workers Covered by the Occupational Health and Safety Management System	persons	All Domestic Operations	408	415	383	Iksan Plant 1
		Percentage of Workers Covered by the Occupational Health and Safety Management System	%	All Domestic Operations	72	65	65	
		Number of Workers Covered by an Internally Audited Occupational Health and Safety Management System	persons	All Domestic Operations	564	642	591	
		Percentage of Workers Covered by an Internally Audited Occupational Health and Safety Management System	%	All Domestic Operations	100	100	100	
		Number of Workers Covered by an Occupational Health and Safety Management System Audited / Certified by an External Organization	persons	All Domestic Operations	408	415	383	Iksan Plant 1
		Percentage of Workers Covered by an Occupational Health and Safety Management System Audited / Certified by an External Organization	%	All Domestic Operations	72	65	45	
	Suppliers	Number of Workers Covered by the Occupational Health and Safety Management System	persons	All Domestic Operations	0	0	0	
		Percentage of Workers Covered by the Occupational Health and Safety Management System	%	All Domestic Operations	0	0	0	
		Number of Workers Covered by an Internally Audited Occupational Health and Safety Management System	persons	All Domestic Operations	79	68	70	
		Percentage of Workers Covered by an Internally Audited Occupational Health and Safety Management System	%	All Domestic Operations	100	100	100	
		Number of Workers Covered by an Occupational Health and Safety Management System Audited / Certified by an External Organization	persons	All Domestic Operations	0	0	0	
		Percentage of Workers Covered by an Occupational Health and Safety Management System Audited / Certified by an External Organization	%	All Domestic Operations	0	0	0	
Products / Services	Operations Certified to a Quality Management System (e.g., ISO 9001)		operations	All Domestic and Overseas Operations	2	2	3	Iksan Plant 1, Iksan Plant 2, Malaysia
	Total Number of Products (Based on MSDS)		products	All Domestic Operations	-	3	3	Iksan Plant 1 (Battery Copper Foil, Circuit Copper Foil, LDN)
	Percentage of Products Subject to Information and Labeling Procedures and Related Assessments		%	Iksan Plant 1	100	100	100	
	Percentage of Products Assessed for Health and Safety Impacts for Improvement Purposes		%	Iksan Plant 1	100	100	100	
Supplier Management	Number of Supplier Grievances Handled		cases	All Domestic and Overseas Operations	-	-	4	Newly disclosed in 2025 Three cases at subsidiaries and one case at an overseas entity
Grievance Channel Operation	Number of Consumer Comments or Complaints Handled		cases	All Domestic Operations	13	10	10	
Information Protection / Security	Frequency of Audits of Information Security Policies and Systems		times	All Domestic Operations	2	3	3	

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Indicator Category	Indicator	Unit	Scope	2023	2024	2025	Remarks
Corporate Ownership Structure	Aggregate Ownership Interest of the Controlling Shareholder and Relatives	%	All Domestic Operations	0	0	0	
	Number of Shares Held by the Controlling Shareholder and Relatives	shares	All Domestic Operations	0	0	0	
	Aggregate Ownership Interest of Registered Executives Other Than the Controlling Shareholder and Relatives	%	All Domestic Operations	0.01	0.01	0.01	
	Number of Shares Held by Registered Executives Other Than the Controlling Shareholder and Relatives	shares	All Domestic Operations	2,500	6,600	5,800	
	Aggregate Ownership Interest of Affiliates in the Company	%	All Domestic Operations	0	0	0	
	Number of Shares in the Company Held by Affiliates	shares	All Domestic Operations	0	0	0	
	Ownership Interest of Shareholders Holding 5% or More, Excluding the Largest Shareholder and Related Parties (Including Executives and Affiliates)	%	All Domestic Operations	5.89	5.69	18.32	
	Number of Shares Held by Shareholders Holding 5% or More, Excluding the Largest Shareholder and Related Parties (Including Executives and Affiliates)	shares	All Domestic Operations	2,718,220	2,621,762	9,593,416	
Related-Party Transactions	Total Investments in Affiliates as a Percentage of Equity	KRW million	All Domestic Operations	149,517	136,217	579,743	
Regulatory Compliance	Total Number of Incidents of Non-Compliance with Laws and Regulations	cases	All Domestic Operations	0	0	0	
Business Ethics	Percentage of Employees Receiving Anti-Corruption Training	%	All Domestic Operations	100	100	100	
Committee Operations	Percentage of Non-Audit Services Provided by the External Auditor	%	All Domestic Operations	0	0	0	
	Number of ESG Committee Meetings	times	All Domestic Operations	-	4	4	
Board Structure and Composition	Number of Board Meetings	times	All Domestic Operations	13	15	13	
	Number of Female Registered Executives Who Are Neither the Controlling Shareholder nor Relatives	persons	All Domestic Operations	0	1	1	
	Percentage of Female Directors on the Board	%	All Domestic Operations	0	25	20	
	Percentage of Independent Directors on the Board	%	All Domestic Operations	25	50	40	
	Total Number of Directors	persons	All Domestic Operations	4	4	5	
	Number of Independent Directors Above the Statutory Minimum	persons	All Domestic Operations	0	1	0	2024 data restated
	Total Compensation per Executive Director	KRW million	All Domestic Operations	443	465	272	
	Total Compensation per Independent Director	KRW million	All Domestic Operations	56	53	60	
	Total Compensation per Other Non-Executive Director	KRW million	All Domestic Operations	0	0	0	
Articles of Incorporation—Board Matters	Advance Notice Period for the Annual General Meeting	days	All Domestic Operations	Mar. 7, 2024	Mar. 7, 2025	Mar. 3, 2026	
Tax Information	Effective Tax Rate	%	All Domestic Operations	N/A	N/A	N/A	Corporate income tax benefit recognized
Shareholder Dividend Management	Cash Dividend per Share	KRW	All Domestic Operations	200	-	-	

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FINANCIAL

Summary Consolidated Financial Information[1)]

Unit: KRW million

Category	2023	2024	2025
Assets			
Current Assets	1,262,000	1,031,452	958,898
Cash and Cash Equivalents	551,987	418,623	105,057
Short-term Financial Instruments	20,034	76,437	343,988
Trade and Other Receivables	202,540	170,653	172,121
Contract Assets	9,296	11,969	10,676
Other Current Financial Assets	104,592	0	7,263
Current Income Tax Assets	1,193	2,486	4,322
Other Current Non-financial Assets	27,324	14,193	16,654
Inventories	345,033	333,180	298,817
Assets Held for Sale	0	3,911	0
Non-current Assets	1,130,247	1,250,571	1,249,783
Long-term Deposits with Financial Institutions	71,344	4,978	6,157
Long-term Trade and Other Receivables	2,784	2,036	1,924
Other Non-current Financial Assets	24,449	18,515	19,803
Deferred Tax Assets	18,093	66,762	101,450
Investments in Associates	0	0	0
Property, Plant and Equipment	1,000,401	1,127,894	1,080,997
Investment Property	915	891	868
Intangible Assets	12,208	29,485	37,653
Other Non-current Assets	54	10	931
Total Assets	2,392,247	2,282,023	2,208,681
Liabilities			
Current Liabilities	332,800	117,641	202,276
Non-current Liabilities	93,614	262,426	212,940
Total Liabilities	426,414	380,067	415,216
Equity			
Equity Attributable to Owners of the Parent	1,433,495	1,333,628	1,655,962
Share Capital	23,055	23,055	26,183
Other Contributed Capital	1,137,696	929,178	1,348,922
Retained Earnings	243,419	237,456	83,681
Other Components of Equity	29,325	143,939	197,176
Non-controlling Interests	532,337	568,328	137,503
Total Equity	1,965,833	1,901,956	1,793,465
Total Equity and Liabilities	2,392,247	2,282,023	2,208,681

Summary Consolidated Statement of Comprehensive Income[1)]

Unit: KRW million

Category	2023	2024	2025
Revenue	809,006	902,252	677,531
Cost of Sales	739,598	890,793	744,321
Gross Profit	69,408	11,459	(66,790)
Selling and Administrative Expenses	57,602	75,904	78,436
Operating Profit	11,805	(64,445)	(145,226)
Finance Income	52,466	83,294	23,232
Finance Costs	106,241	38,337	73,923
Other Non-operating Income	21,497	24,271	11,099
Other Non-operating Expenses	17,352	20,926	10,331
Share of Profit of Associates	446	0	0
Profit Before Income Tax	(37,378)	(16,143)	(195,149)
Income Tax Expense	7,742	(44,941)	(27,999)
Profit for the Year	(45,120)	28,798	(167,150)
Other Comprehensive Income	34,620	158,399	58,806
Total Comprehensive Income	(10,501)	187,198	(108,344)

Common ESG Indicators[2)]

Category	2023	2024	2025
Overseas Sales Ratio	76%	71%	55%
R&D Investment (KRW million)	11,252	16,857	15,561
R&D Investment as a Percentage of Revenue[3)]	1.39%	1.87%	2.30%

1) Principal subsidiaries included in consolidation: LOTTE EcoWall Co., Ltd., LOTTE EM GLOBAL CORPORATION, LOTTE EM EUROPE S.A R.L., LOTTE EM Malaysia SDN. BHD., and LOTTE ENERGY MATERIALS SPAIN S.L.
2) All domestic and overseas operations of LOTTE ENERGY MATERIALS.
3) Includes government grants.

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ESG POLICY BOOK

LOTTE ENERGY MATERIALS publicly discloses its ESG-related policies and guidelines to set out the direction of its ESG management and has established aligned internal standards and management procedures.

91 **Environmental Management and Cccupational Health and Safety**
93 **Biodiversity Policy**
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Environmental Management and Cccupational Health and Safety

Environmental Management Charter

We place environmental value at the heart of our management to contribute to humanity's sustainable development and a prosperous quality of life. To this end, we have established this Environmental Management Charter for all employees to observe. The Charter is founded on applicable domestic and international laws and regulations—including the Constitution of the Republic of Korea, the Framework Act on Environmental Policy, and the Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis—as well as international agreements such as the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity. We pledge to faithfully uphold and implement this Charter.

- We will respect the right of all people to live in a healthy and pleasant environment and work to conserve the environment throughout our management and business activities.
- We will comply with domestic and international environmental laws and regulations and prevent environmental pollution by establishing and applying internal environmental standards that exceed legal requirements.
- We will pursue environmentally responsible management by conserving and efficiently using resources and energy, thereby minimizing greenhouse gas emissions and environmental pollution and fulfilling our social responsibilities.
- We will reduce pollutant emissions by using environmentally responsible raw materials and improving processes throughout our business activities, while minimizing the adverse environmental impacts arising from the use and disposal of our products.
- We recognize the climate crisis as a global challenge and will cooperate with the international community to limit the rise in the global average temperature and support the transition to a carbon-neutral society.
- We recognize the importance of biodiversity conservation and will strive to prevent biodiversity loss resulting from our business activities and minimize our impacts on biodiversity.
- We will periodically and transparently disclose environmental management information—including greenhouse gas emissions, reduction performance, and sustainable development outcomes—to improve stakeholders' access to information.
- We will strengthen mutually beneficial relationships and pursue shared growth by working with suppliers to share environmental management systems and performance and promote the adoption of environmental management systems.

We pledge to make every effort to embed and advance environmental management throughout our organization and beyond.

Safety, Health and Environment Policy

LOTTE ENERGY MATERIALS regards safety, health and the environment as core management values and hereby declares the following Safety, Health and Environment Policy to establish a strong safety culture and an environmentally responsible production system.

1	We will comply with all applicable safety, health and environmental laws and regulations and establish and rigorously observe internal standards that exceed statutory requirements.
2	We will actively raise employees' safety awareness and foster a strong safety culture across our operations through occupational health and safety management grounded in fundamentals and principles.
3	To enhance the effectiveness of the occupational health and safety management system, every employee will clearly understand their respective roles and responsibilities and actively participate in occupational health and safety activities.
4	Based on our occupational health and safety and environmental management systems, we will systematically establish and operate safe and environmentally responsible production systems.
5	We will set targets to reduce environmental pollutants and greenhouse gas emissions and strengthen our capacity to take effective action on climate change.
6	We will communicate openly with employees, suppliers, shareholders, local residents and other stakeholders and strengthen our collaborative framework.

January 1, 2026

Yeon-seop Kim, Chief Executive Officer

ESG POLICY BOOK

Environmental Management Policy

Establishment and Operation of an Environmental Management Framework	LOTTE ENERGY MATERIALS Corporation (hereinafter "LOTTE ENERGY MATERIALS" or the "Company") seeks to establish and implement an environmental management framework—including the formulation of objectives and action plans and the establishment of relevant organizational structures—to realize management that fulfills its social and ethical responsibilities while conserving and efficiently using resources and energy and minimizing greenhouse gas emissions and environmental pollution ("Environmental Management").
Prevention of Environmental Pollution	LOTTE ENERGY MATERIALS implements the following policies to reduce pollutant emissions at source by using raw materials with lower environmental impacts, improving processes, conserving resources and promoting recycling throughout all stages of its business activities, and to minimize the adverse environmental impacts arising from the use and disposal of its products.
Reduction of Greenhouse Gas Emissions and Prevention of Air Pollution	To respond to the climate crisis and reduce fine particulate matter, LOTTE ENERGY MATERIALS makes every effort to minimize greenhouse gas emissions from its business activities and prevent air pollution, including by establishing and enforcing internal environmental standards that are more stringent than statutory emission limits.
Water Resource Management and Prevention of Water Pollution	LOTTE ENERGY MATERIALS efficiently manages and uses water resources through water conservation and recycling and makes every effort to prevent water pollution, including by establishing and enforcing internal environmental standards that are more stringent than statutory discharge limits in the operation of wastewater treatment facilities at its sites.
Prevention of Soil Contamination	LOTTE ENERGY MATERIALS makes every effort to prevent soil contamination by not only complying with statutory requirements but also conducting periodic inspections of facilities that may cause soil contamination in accordance with its internal soil contamination prevention guidelines.
Resource Circulation	LOTTE ENERGY MATERIALS endeavors to reduce waste generation by improving the efficiency of resource inputs and energy use and enhancing the materials and structures of processes and products, thereby minimizing the extent to which products, raw materials, other materials and containers required for business activities become waste. LOTTE ENERGY MATERIALS makes every effort to facilitate circular use by reusing or recycling waste itself or by separating waste for discharge according to type and intended use.
Safe Management of Chemicals	Recognizing that the impacts of chemicals on human health and the environment during their use may affect the competitiveness of its products and the Company, LOTTE ENERGY MATERIALS: (i) reduces the use of hazardous chemicals to prevent or minimize harm to public health or the environment; (ii) adopts innovative approaches, including the development of substitute substances and new technologies; and (iii) faithfully implements necessary measures—including the proper maintenance of facilities and equipment, employee training, technology development and information exchange—to prevent harm to public health or the environment from chemicals.
Environmental Due Diligence	When reviewing new businesses and investments, LOTTE ENERGY MATERIALS conducts prior environmental due diligence where necessary to identify their potential impacts on the values pursued under the Environmental Management Charter—including the climate crisis, biodiversity and water resources—and endeavors to reduce adverse impacts.

ESG POLICY BOOK

Biodiversity Policy

Biodiversity Policy

Article 1. Purpose

LOTTE ENERGY MATERIALS (hereinafter the "Company") makes every effort to protect biodiversity throughout its business operations, including the purchase and procurement of raw and auxiliary materials, site operations, and product distribution and sales. To this end, the Company establishes this Biodiversity Policy (hereinafter the "Policy") to prevent biodiversity degradation and loss that may arise from its operations and to comply with legal requirements applicable to biodiversity conservation areas. The Company does not operate within World Heritage Sites and complies with restrictions and protection requirements applicable to Key Biodiversity Areas (KBAs), Ramsar Sites, Indigenous and Community Conserved Areas, other legally or internationally designated protected areas, and their buffer zones. The Company also respects and complies with prohibitions on mining, development and exploration activities under applicable laws or international standards.

Article 2. Scope of Application

① This Policy applies to all employees and stakeholders in Korea and overseas and shall be implemented in compliance with the local laws and regulatory environment of each country.
② Suppliers and contractors that have business relationships with the Company are encouraged to comply with this Policy or maintain policies of an equivalent standard.
③ The Company's biodiversity activities shall be governed by this Policy, except where otherwise stipulated by applicable laws and regulations, the Articles of Incorporation or other internal regulations.

Article 3. Detailed Biodiversity Policy

- The Company identifies threats to biodiversity arising from its corporate activities and endeavors to minimize adverse impacts on biodiversity.
- The Company monitors areas potentially affected by its biodiversity impacts and continuously undertakes activities to protect endangered species and assess biodiversity risks.
- The Company undertakes investments and activities necessary to conserve and restore biodiversity in areas near its operations and expands ecosystem protection activities through cooperation with local communities and stakeholders.
- The Company complies with international biodiversity and land protection conventions and applicable legal requirements in the regions where it operates. Where necessary, it works with external expert organizations to carry out biodiversity protection activities.
- The Company actively considers participating in international biodiversity conservation initiatives and continuously provides relevant information and training to employees and stakeholders to enhance their understanding and awareness of biodiversity.

Article 4. Review and Revision of the Policy

The Company may periodically review and, where necessary, revise this Policy in consideration of changes in applicable laws and regulations, international standards, the business environment and stakeholder requirements.

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Respect for Human Rights

Human Rights Charter

We are committed to respecting human rights in ways that create positive change not only in our customers' lives but also in society and contribute to a prosperous life for humanity. To become a company that adds value to people's lives, we hereby establish the LOTTE ENERGY MATERIALS Human Rights Charter as the standard of proper conduct and value-based judgment to be observed by all employees in the course of management and business activities. This Charter is founded on international human rights principles and standards, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the UN Convention on the Rights of the Child.

- We pledge to faithfully observe and implement this Charter.
- We respect the dignity and value of every person in conducting our business and place respect for human rights at the highest priority.
- We respect international human rights standards and norms, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, and the UN Convention on the Rights of the Child.
- We establish and implement relevant systems and policies, including a human rights governance framework, so that respect for human dignity and value is reflected throughout our management activities and embedded in our organizational culture.
- We work to protect and promote the human rights of socially vulnerable groups and respect the human rights of all stakeholders and employees, including customers, relevant institutions, suppliers and local communities.
- We do not discriminate in employment or the workplace on the basis of race, gender, educational background, age, disability, religion, place of birth, political opinion or any other status, and we foster an organizational culture of mutual respect and consideration.
- We prohibit all forms of forced labor and child labor and comply with the minimum working age prescribed by the laws of the countries in which we operate and by international standards.
- We comply with statutory working-hour requirements and guarantee the applicable minimum wage in the countries in which we operate.
- We provide a working environment that places the highest priority on employees' occupational health and safety.
- We guarantee the three fundamental labor rights stipulated in the Constitution, including freedom of association, to protect and promote employees' labor rights.
- We prevent human rights violations such as workplace harassment and sexual harassment and actively work to provide remedies to victims.
- We pursue mutually beneficial development with suppliers as equal partners and support and cooperate with them in respecting human rights.
- We do not use raw materials produced through illegal or unethical means or methods that may involve human rights violations.
- We protect personal information obtained in the course of management and business activities.
- We comply with domestic and international environmental laws and regulations and endeavor to advance carbon neutrality, environmental conservation, biodiversity and resource circulation.
- We work to prevent human rights violations throughout our management processes and provide prompt and appropriate remedies for any human rights violations that occur.

We pledge to make every effort to embed and advance respect for human rights throughout our organization and beyond.

ESG POLICY BOOK

Human Rights Policy

Chapter 1. General Provisions

Article 1. Purpose

LOTTE ENERGY MATERIALS (hereinafter the "Company") establishes this Human Rights Policy (hereinafter the "Policy") to respect human dignity and value throughout all business activities and comply with the human rights standards expected by the international community.

LOTTE ENERGY MATERIALS makes every effort to: (i) respect the human rights of employees, supply-chain workers, local residents, consumers and other stakeholders affected by its corporate activities; (ii) avoid infringing stakeholders' human rights through its domestic or overseas business activities or becoming involved in human rights abuses committed by third parties; and (iii) provide appropriate means of remedy, including by establishing grievance and remediation procedures in advance for potential human rights violations arising from its corporate activities.

This Policy supports global human rights and labor norms and standards, including the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the International Labour Organization (ILO) core conventions, and the EU Corporate Sustainability Due Diligence Directive (CSDDD), and complies with applicable labor laws and regulations in each country.

Article 2. Scope of Application

① This Policy applies to all employees and stakeholders in Korea and overseas and shall be implemented in compliance with the local laws and regulatory environment of each country.

② Suppliers and contractors that have business relationships with the Company are encouraged to comply with this Policy or maintain policies of an equivalent standard.

③ The Company's human rights practices shall be governed by this Policy, except where otherwise stipulated by applicable laws and regulations, the Articles of Incorporation or other internal regulations.

Chapter 2. Detailed Human Rights Provisions

Article 3. Basic Principles

In addition to the human rights matters stipulated in the Human Rights Charter, LOTTE ENERGY MATERIALS seeks to protect the human rights of local residents—including those in regions where overseas subsidiaries and plants are located—and consumers' human rights, including by ensuring product safety and protecting their various rights and interests.

LOTTE ENERGY MATERIALS periodically reviews and supplements its detailed human rights provisions concerning the rights it must protect and respect.

Article 4. Respect for Human Dignity

The Company respects as human beings all persons affected by its corporate activities, including its employees and supplier employees, and takes steps to prevent any act constituting a human rights violation.

Harsh or inhumane treatment—including verbal abuse, physical violence, sexual abuse, and mental or physical coercion—is prohibited under all circumstances, and measures for sanctioning such conduct are clearly prescribed and implemented.

Article 5. Prohibition of Child Labor and Protection of Young Workers

The Company does not employ children or young persons who are below the minimum employment age prescribed by the laws of the country governing the workplace, below the age at which compulsory education ends, or under the age of 15.

Where young workers under the age of 18 are employed, the Company complies with the laws of the country governing the workplace and ensures that they do not perform hazardous or harmful work, including night work and overtime.

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Article 6. Working Hours and Wages
The Company complies with working-hour standards prescribed by the labor laws of the country governing the workplace.
Where workers perform overtime, they are appropriately compensated in accordance with applicable labor laws.
The Company pays wages above the minimum level prescribed by the labor laws of the country governing the workplace.
The Company manages dormitories and accommodations provided to workers in compliance with applicable laws and international standards and provides an environment that ensures safety, hygiene, privacy and basic living conditions.

Article 7. Non-Discrimination
The Company does not discriminate against workers in employment or working conditions on any grounds, including race, color, gender, educational background, age, disability, religion, nationality, place of birth or political opinion.

Article 8. Prohibition of Forced Labor
The Company does not compel employees to work against their free will through mental or physical restraint, including slavery or human trafficking. It endeavors to eradicate all forms of forced labor and takes appropriate measures to ensure that no forced labor occurs in its operations.

Article 9. Workplace Health and Safety
The Company creates a safe and pleasant working environment and takes necessary measures to prevent accidents by complying with international labor-environment standards, applicable laws and regulations, and internal rules.
The Company provides workers with the protective equipment essential to performing their duties and sufficient occupational safety training. It provides periodic health examinations to protect and maintain workers' health and establishes programs to support workers in the event of workplace accidents.

Article 10. Freedom of Association and the Right to Collective Bargaining
The Company guarantees freedom of association and the right to collective bargaining in accordance with the labor laws of the country governing the workplace.
The Company respects workers' right to establish or join trade unions or other worker representative organizations and to participate through them in negotiations concerning employment conditions.
The Company does not directly or indirectly interfere with workers' participation in trade unions or other worker organizations and prohibits workplace interference in the election of worker representatives.
The Company does not subject workers to disadvantageous treatment because of trade union membership, activities or formation.

Article 11. Diversity, Equity and Inclusion
The Company respects individuals' diverse backgrounds and characteristics and endeavors to ensure that diverse perspectives and experiences contribute to the organization's sustainable growth and innovation.
The Company provides fair opportunities and treatment to all employees and creates equitable systems and working environments that take individual circumstances and characteristics into account.
Based on mutual respect and human dignity, the Company fosters an inclusive organizational culture in which all employees may express their opinions safely and freely and participate equally in organizational activities.

Article 12. Compliance with Conflict Minerals Requirements
Recognizing that human rights violations and environmental destruction caused by mineral extraction in conflict-affected and high-risk areas are serious issues, the Company does not use conflict minerals—including tin, tantalum, tungsten and gold—that are illegally mined in such areas. Where necessary, it conducts supply-chain due diligence and makes disclosures concerning suppliers in accordance with applicable standards.

Article 13. Community Health and Safety
The Company considers the human rights, social and environmental impacts that its management activities may have on local communities and endeavors to protect local residents' rights, health and safety.
The Company implements measures necessary to prevent adverse impacts on community health and safety. Where such impacts occur, it listens to the views of local communities and reviews and implements appropriate corrective and remedial measures in accordance with applicable laws and internal procedures.

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Chapter 3. Human Rights Governance and Due Diligence

Article 14. Human Rights Governance

The Company operates a department responsible for human rights to systematically advance its human rights commitments and to formulate policies, manage implementation, monitor performance and undertake improvement activities.

The department is responsible for human rights activities, including human rights training, information disclosure, human rights due diligence, grievance handling and victim remediation procedures. When major human rights risks or serious issues arise, it reports the relevant matters to the ESG Committee under the Board of Directors or an equivalent decision-making body and reviews and implements necessary measures.

Through its human rights governance framework, the Company endeavors to comply with international human rights standards and applicable laws and regulations by preventing and mitigating human rights risks and continuously monitoring and improving its activities.

Article 15. Human Rights Due Diligence and Identification and Assessment of Adverse Impacts

① The Company identifies, assesses and manages actual and potential adverse human rights impacts that may arise in connection with its business activities, supply chains and business relationships.

② The Company considers stakeholders who may be affected by its business activities, particularly those with high social, economic or environmental vulnerability or who may be exposed to risks of discrimination or marginalization.

③ The Company prioritizes impacts based on their severity and likelihood and implements necessary measures.

④ Human rights due diligence is conducted based on international human rights standards and applicable laws and regulations and may, where necessary, use external experts and stakeholder consultation procedures.

Article 16. Prevention, Mitigation and Corrective Action

① The Company implements measures to prevent, mitigate and correct identified potential or actual adverse impacts.

② The Company encourages suppliers and other supply-chain business partners to adopt and implement human rights policies and provides necessary support, including the LOTTE ENERGY MATERIALS Supplier Code of Conduct.

③ Where serious human rights risks persist, the Company may review the business relationship, require improvements or take other necessary measures.

Article 17. Stakeholder Engagement and Communication

① The Company may seek stakeholder input, to the extent necessary, in the course of human rights due diligence and preventive, mitigating and corrective measures.

② The Company may disclose its human rights initiatives and the status of major responses through appropriate channels, including its sustainability report and website.

③ The Company provides regular human rights training to executives and employees to raise awareness of human rights protection and respect.

④ The Company may take measures necessary to protect and advance human rights and may provide support to human rights institutions or organizations and suppliers.

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Article 18. Grievance Mechanism

① LOTTE ENERGY MATERIALS operates reporting channels through which any person, including stakeholders, may report actual or suspected human rights violations related to its corporate activities.

- **Email:** LEM_HOTLINE@lotte.net
- **By mail:** Management Improvement Team, LOTTE ENERGY MATERIALS, 11F, LOTTE Tower, 51 Boramae-ro 5-gil, Sindaebang-dong, Dongjak-gu, Seoul 07071, Republic of Korea

② The Company protects the confidentiality of reporters, victims and persons cooperating with investigations and prohibits disadvantageous treatment or retaliation arising from reports or related participation.

③ The Company may investigate grievances received and undertake corrective action, victim remediation and measures to prevent recurrence.

Article 19. Monitoring and Reporting

① The Company periodically monitors and evaluates the implementation status and effectiveness of human rights due diligence and related measures.

② The Company may continuously improve its human rights policies and procedures to reflect changes in applicable laws and regulations, international standards and the business environment.

③ The Company may disclose its human rights initiatives and the status of responses to major risks through its sustainability report or other disclosure channels.

Product Safety Policy

LOTTE ENERGY MATERIALS places product safety at the highest priority and strictly complies with product safety standards applicable throughout product manufacturing and distribution. These efforts are intended to ensure product safety and minimize harm if product use causes an incident. Where domestic and international product safety standards are deemed insufficient, LOTTE ENERGY MATERIALS independently establishes and rigorously implements more stringent internal product safety standards.

LOTTE ENERGY MATERIALS closely manages the potential impacts of its products on people and the environment from the raw-material stage and transparently discloses relevant information. This approach is intended to enhance product safety, proactively reduce regulatory risks and strengthen customer trust. LOTTE ENERGY MATERIALS continuously endeavors to ensure product safety and enhance customer trust.



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Green Procurement

Green Procurement Policy

As part of its sustainable business strategy, LOTTE ENERGY MATERIALS actively implements its Green Procurement Policy to protect the environment and strengthen resource circularity. The Policy considers environmental impacts throughout product manufacturing and business operations and supports the procurement of environmentally certified products and services. Environmental impacts are considered in all procurement planning, and procurement-related departments are encouraged to purchase green products. Based on this Policy, LOTTE ENERGY MATERIALS seeks to expand the use of sustainable resources, including recycled copper and renewable energy.

Information Security

Information Security Policy

To comply with international information security standards, applicable domestic and international laws, and the LOTTE Group Information Security Policy, and to effectively protect its information assets, LOTTE Energy Materials establishes and operates an information security management system. The information security management system is applied comprehensively to all areas of security management and is updated annually to reflect developments including the enactment and amendment of applicable laws and regulations. The Company treats all information relating to its stakeholders—including corporate management information, trade secrets, and intellectual property, as well as the personal data of employees, customers, and suppliers—as critical information assets and protects it accordingly. Because security risks, including security threats and information leakage, can seriously affect the Company's growth and development, the Company strives to minimize these risks and ensure efficient security management.

ESG POLICY BOOK

Corporate Governance

Corporate Governance Charter

LOTTE ENERGY MATERIALS Corporation (the "Company") contributes to a prosperous life for humanity by providing products and services that earn trust and appreciation.
As a company valued by the public, it pursues sustainable growth in corporate value.
To establish sound corporate governance as a foundation for sustainable growth, the Company adopts this Corporate Governance Charter and operates a framework of checks and balances that ensures fairness, transparency and independence.

Chapter 1. Shareholders

Article 1. Shareholder Rights

① Shareholders have fundamental rights under the Commercial Act and other applicable laws, including the right to participate in profit distributions and to attend and vote at general meetings of shareholders.
② Matters that materially affect the Company's continued existence or shareholder rights shall be decided in a manner that provides the greatest possible protection for shareholder rights.
③ The Company shall determine the date, time and venue of general meetings to facilitate maximum shareholder participation and provide shareholders with information on the date, time, venue and agenda sufficiently in advance.
④ Shareholders may propose agenda items in accordance with the Commercial Act and other applicable laws and may ask questions and request explanations regarding agenda items at general meetings.

Article 2. Equitable Treatment of Shareholders

① Each common share carries one vote, except where voting rights may be restricted by law.
② The Company provides shareholders with necessary information in a timely, equitable and sufficient manner.
③ The Company protects shareholders from unfair intra-group or self-dealing transactions, management interference and other misconduct by controlling shareholders or other shareholders.

Article 3. Shareholder Responsibilities

① Shareholders shall recognize that the exercise of voting rights may affect the Company's management and shall actively exercise those rights to support the Company's development.
② A controlling shareholder that exercises influence over management shall act in the interests of the Company and all shareholders and shall avoid conduct that causes damage to the Company or other shareholders.

Chapter 2. Board of Directors

Article 4. Functions of the Board

① The Board has comprehensive authority over the Company's management and performs management decision-making and oversight functions.
② The Board may delegate authority to the Chief Executive Officer or a Board committee, except for material matters reserved by laws, the Articles of Incorporation or the Board Regulations.

Article 5. Board Composition and Appointment of Directors

① The Board shall be of a size that enables effective and prudent deliberation and decision-making and shall include enough directors to support effective Board committees.
② The Board shall include Independent Directors capable of acting independently from management and controlling shareholders. Independent Directors shall account for at least one-quarter of all directors so that the Board maintains substantive independence.
③ The Board shall comprise competent individuals with expertise that enables meaningful contributions to management. Appointed directors shall serve their full terms unless grounds for disqualification arise.
④ The Company shall not appoint as a director any person responsible for impairing corporate value or infringing shareholder rights.
⑤ The Company promotes diversity in Board composition to respond flexibly to changes in the business environment through varied perspectives and experience.
⑥ The Company provides shareholders with sufficient information and time to assess director candidates before exercising voting rights.

Article 6. Board Operations

① The Board shall meet regularly at least once every three months and may convene extraordinary meetings when necessary.
② The Company maintains Board Regulations governing the Board's authority, responsibilities and operating procedures.
③ Minutes shall be prepared, maintained and retained for each meeting.
④ The Company discloses individual directors' attendance and voting records on major matters subject to disclosure.
⑤ Directors may participate in Board meetings through remote communication methods.

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Article 7. Board Committees

① The Board may establish committees with specified functions and roles to support prompt and efficient decision-making.
② Each committee's composition, operation and authority are governed by its respective regulations.
③ A committee shall notify the directors of its resolutions. Any director receiving notice may request that the Board be convened, and the Board may reconsider the committee's resolution.

Article 8. Duties of Directors

① Directors shall perform their duties in accordance with the duty of due care and duty of loyalty.
② Directors shall not exercise their authority for their own or a third party's benefit and shall always pursue outcomes in the best interests of the Company and its shareholders.
③ Directors shall not disclose corporate secrets learned in the course of their duties or use them for their own or a third party's benefit.

Article 9. Liability of Directors

① In making a business judgment, directors shall collect and sufficiently review reliable and adequate materials and information and perform their duties in the Company's best interests based on good-faith and reasonable judgment.
② A director who causes damage to the Company by violating laws or the Articles of Incorporation or neglecting duties is liable to the Company for damages. A director who acts intentionally or with gross negligence is also liable to third parties.
③ To ensure effective accountability and attract qualified directors who can contribute to the Company's development, the Company may purchase Directors and Officers Liability Insurance at its expense.

Article 10. Independent Directors

① Independent Directors participate in major decisions through Board activities and oversee and support management as Board members.
② Independent Directors are nominated based on expertise, independence and diversity and appointed at a general meeting of shareholders.
③ Independent Directors may request information needed to perform their duties and, where necessary, obtain advice from external experts through appropriate procedures at the Company's expense.
④ The Company regularly reports or provides management information, including the status of business execution, so Independent Directors can understand the Company's management promptly and accurately, and it operates continuing education and training programs for them.

Article 11. Evaluation and Compensation

① The Board's management activities shall be fairly evaluated, and the results shall be appropriately reflected in compensation.
② The Board and Independent Directors shall be evaluated regularly to improve Board effectiveness.
③ The Board determines whether and how much compensation or business expenses are paid to directors within the limit approved by the general meeting of shareholders.
④ Director compensation shall be reasonably proportionate to duties, appropriate in light of the Company's financial condition, and aligned with the long-term interests of the Company and its shareholders.

Chapter 3. Audit Function

Article 12. Statutory Auditor

① To perform duties professionally and independently, the Statutory Auditor works at the Company on a full-time basis and performs duties under an annual plan established for efficient execution.
② The Statutory Auditor reviews the legality of directors' and management's activities, the soundness and appropriateness of financial activities, and the accuracy of financial reporting; approves the appointment and dismissal of the External Auditor; and subsequently reports these matters to the general meeting of shareholders.
③ The Statutory Auditor may inspect or copy accounting books and documents at any time, require directors to report on business matters, and investigate the Company's operations and financial condition.
④ Where necessary, the Statutory Auditor may obtain advice from external institutions or experts at the Company's expense.

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Article 13. External Auditor

① The Company ensures that the External Auditor maintains legal and substantive independence from the Company, management and controlling shareholders.
② The External Auditor attends the general meeting of shareholders and explains matters concerning the audit report in response to shareholder questions.
③ The External Auditor checks whether audited financial statements and periodic disclosures contain information inconsistent with audit findings.
④ During the audit, the External Auditor determines whether fraud or unlawful acts have occurred.
⑤ The External Auditor also considers the Company's ability to continue as a going concern as required by the Act on External Audit of Stock Companies and other applicable laws.
⑥ The External Auditor reports material matters identified during the external audit to the Statutory Auditor.

Chapter 4. Stakeholders

Article 14. Protection of Stakeholder Rights

① The Company contributes to shared growth and greater value creation with customers, executives and employees, suppliers and other stakeholders.
② The Company respects workers' rights and seeks to improve their quality of life.
③ The Company values cooperation with suppliers and promotes fair market order and balanced national economic development by complying with fair trade laws.
④ The Company complies with creditor protection procedures for mergers, capital reductions, demergers and other matters that materially affect creditors.
⑤ Where a stakeholder is also a shareholder, the Company protects that party's rights in both capacities.
⑥ Within the scope permitted by law and contracts with third parties, the Company provides information necessary to protect stakeholder rights and supports stakeholder access to relevant information.

Chapter 5. Market-Based Oversight of Management

Article 15. Disclosure

① The Company regularly prepares and publishes business, quarterly and semi-annual reports and discloses Company information faithfully, promptly and honestly to shareholders and stakeholders.
② In addition to legally required disclosures, the Company makes timely, detailed and accurate disclosure of matters that have or may have a material effect on shareholder or stakeholder decisions.
③ Disclosures are prepared in an understandable and accessible manner.
④ The Company appoints a Disclosure Officer and maintains an internal information reporting framework that promptly delivers material information to that officer.
⑤ The Company does not favor or discriminate among persons regarding the scope or timing of material corporate information and discloses it so all stakeholders can access it simultaneously.

Article 16. Market for Corporate Control

① Acquisitions, mergers, demergers, transfers of material businesses and other transactions that change corporate control shall follow transparent and fair procedures.
② The Company shall not take action to maintain the control of particular shareholders or management at the expense of the Company or its shareholders.
③ The Company enables shareholders opposing a merger, transfer of a material business or other significant restructuring to exercise appraisal rights at a fair value reflecting the substantive value of their shares, as provided by law.

Supplementary Provisions

Article 1. Effective Date

This Charter was enacted and took effect on August 23, 2024.

ESG POLICY BOOK

Compliance

Compliance Rules

Article 1. Purpose
These Compliance Rules (the "Rules") establish management principles that LOTTE ENERGY MATERIALS Corporation (the "Company") must follow to comply with all laws applicable to its business operations and put the LOTTE Code of Conduct into practice, thereby contributing to the Company's sustainable growth.

Article 2. Scope of Application
① These Rules apply to all Company executives and employees and, in principle, equally to executives and employees of overseas entities and subsidiaries.
② These Rules apply to all Company business activities.

Article 3. Relationship with Other Rules
① These Rules provide the standards for decision-making and employee conduct in all management activities. Executives and employees shall comply with these Rules and the field-specific Codes of Conduct that elaborate on them.
② The field-specific rules under these Rules are:
1. Anti-Corruption Code of Conduct and subordinate guidelines;
2. Fair Trade Code of Conduct and subordinate guidelines;
3. Trade Secret Management Rules and subordinate guidelines; and
4. Compliance Operations Rules and subordinate guidelines.

Article 4. Definitions
Definitions in the Codes of Conduct apply mutatis mutandis to terms used in these Rules.

Article 5. General Principles: Responsibilities of the Company
① The Company shall act in accordance with international standards of corporate conduct and foster a compliance culture.
② The Company shall enact and revise these Rules and the Codes of Conduct to reflect the enactment and amendment of applicable laws.
③ The Company shall establish, oversee and maintain an internal framework for internal audits or reviews of compliance with these Rules.
④ The Company shall provide regular Compliance Training.
⑤ Upon becoming aware of a violation, the Company shall initiate an audit and discipline executives or employees based on the findings.
⑥ The Company shall protect persons who report violations of these Rules from disadvantageous treatment.

Article 6. General Principles: Duties of Executives and Employees
① Executives and employees shall comply with these Rules and proactively prevent legal compliance risks in performing Company duties.
② They shall participate diligently in Compliance Training.
③ They shall comply with these Rules and applicable Codes of Conduct, use standard contract forms, and consult relevant guidelines. If compliance is uncertain, they shall consult the Compliance Department in advance.
④ Supervisors shall not direct subordinates to perform improper work that violates laws or Company rules. Subordinates may refuse such instructions.
⑤ Executives and employees shall self-assess compliance with laws and internal rules and submit review results for designated work to the Compliance Department.
⑥ Upon receiving a request for explanation from the Compliance Department, they shall verify the legality of their work and submit supporting materials within the prescribed period.

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Compliance Policy

Article 7. Anti-Corruption Principles

① Executives and employees shall not offer or promise public officials or other stakeholders any money, gifts or other benefits not authorized by the Company.
② They shall not request or accept from stakeholders any economic benefit, money, gift or other item that may impair impartial performance of duties.
③ They shall not make improper solicitations to public officials or other stakeholders or comply with improper solicitations made by others.
④ Donations and sponsorships, whether initiated by the Company or requested by a third party, may be made only after due diligence on the counterparty under Company rules.

Article 8. Fair Trade Principles

① The Company and its executives and employees shall not engage with competitors or other businesses in conduct that unfairly restricts competition.
② They shall not engage in unfair trade practices or cause affiliates or other businesses to do so.
③ They shall not provide unfair support to affiliates or related parties.
④ When subcontracting under the Fair Transactions in Subcontracting Act, they shall use the Company's Standard Subcontracting Agreement and comply with that Act and related rules.
⑤ They shall not exploit a superior bargaining position in transactions with customers, vendors, contractors or other suppliers.
⑥ Before engaging in any transaction or conduct covered by this Article, executives and employees shall consult the Compliance Department as required by Company rules.

Article 9. Safety and Environmental Principles

① The Company and its executives and employees assess environmental impacts and risks and systematically manage and analyze environmental performance to operate the Environmental Management Framework effectively and achieve environmental objectives.
② They share environmental issues with local communities, environmental organizations and other stakeholders and conduct environmental protection activities together.
③ They seek to improve environmental impacts throughout product development, production and use and minimize pollutant emissions through environmentally responsible production processes and best available technologies.
④ They prevent environmental harm from chemicals, manage chemicals appropriately, and respond promptly to chemical incidents to protect life, property and the environment.
⑤ They prevent occupational accidents and create a safe and pleasant workplace to maintain and improve workers' occupational health and safety.

Article 10. Protection of Intellectual Property and Trade Secrets

① Executives and employees actively protect non-public Company information and Information Assets, including intellectual property, business information and technical information, and prevent their misuse for improper gain.
② They provide equivalent protection to third-party intellectual property and promptly communicate material information to persons who need it for work.
③ They shall not disclose Company information or Trade Secrets externally without prior approval or provide them to unauthorized persons, including insiders.
④ They shall not leak or disclose to third parties any stakeholder's bidding information, technical information, Trade Secrets or personal information.

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Article 11. Operation of the Whistleblowing System and Confidentiality Protection

① Any executive or employee who becomes aware of a violation of law, these Rules or a Code of Conduct shall promptly report it to the Compliance Department through the most convenient available method so the issue can be resolved and the Company and its personnel protected.

② The Compliance Department shall promptly verify and investigate a report. It may close a report without investigation where:

1. the matter is outside scope or too minor to justify investigation;
2. the report is vague and evidence insufficient;
3. the same matter has been re-reported without valid reason after the outcome was notified; or
4. a government investigation has commenced or concluded.

③ Reports are handled confidentially. The Whistleblower's identity and related information are strictly protected, and no disadvantage may result from reporting. Any attempted retaliation is subject to disciplinary action.

④ Personnel involved in receiving and handling reports shall strictly protect the Whistleblower's identity.

⑤ Where a Whistleblower requests reassignment or a change of position to avoid inconvenience or disadvantage arising from a report, the Company shall accommodate the request to the greatest extent possible.

⑥ If a Whistleblower suffers disadvantage, the Head of Compliance may require the Company and relevant executives or team leaders to restore the Whistleblower to the prior position or condition.

Article 12. Compliance Review

① The Compliance Department shall conduct a Regular Review of implementation and compliance with these Rules at least annually.

② In addition to Regular Reviews, it may conduct Ad Hoc Reviews with the Chief Executive Officer's approval.

③ It shall report review results directly to the Chief Executive Officer and may request an investigation by Internal Audit, external counsel, accountants or other experts where warranted.

Article 13. Reporting Investigation Results and Conducting Disciplinary Proceedings

① The Compliance Department shall report investigation and review results under Articles 11 and 12 directly to the Compliance Officer and Chief Executive Officer and retain relevant records.

② If findings show that an executive or employee violated law or these Rules, the Compliance Department shall request Human Resources to initiate Disciplinary Proceedings. If proceedings do not commence without valid reason, it may report the matter to the Compliance Officer and Chief Executive Officer and directly convene the Disciplinary Committee.

ESG POLICY BOOK

Business Ethics Policy

Chapter 1. General Provisions

Article 1. Purpose

LOTTE ENERGY MATERIALS establishes and operates this Business Ethics Policy to publicly affirm its commitment to Business Ethics, build a transparent ethical culture and continuously strengthen ethical awareness among executives and employees.

Article 2. Scope of Application

① This Policy applies to all executives, employees and stakeholders in Korea and overseas and is implemented in compliance with local laws and regulatory environments.
② Suppliers and contractual counterparties are encouraged to comply with this Policy or a Business Ethics Policy of an equivalent standard.
③ The Company's Business Ethics practices are governed by this Policy, except where otherwise stipulated by law, the Articles of Incorporation or other internal rules.

Chapter 2. Establishment and Operation of the Business Ethics Framework

Article 3. Business Ethics Framework and Organization

Based on the LOTTE Code of Conduct, LOTTE ENERGY MATERIALS establishes and operates a Business Ethics Framework comprising a Code of Ethics, Code of Conduct and Implementation Guidelines tailored to its business characteristics and operating environment.
The Company operates guidelines and responsible functions that support ethical judgment and decision-making and maintains whistleblowing channels for reporting and consultation. Reports are investigated and handled under applicable procedures.

Article 4. Business Ethics Training

LOTTE ENERGY MATERIALS provides online, in-person and other forms of Business Ethics Training to all executives and employees to embed Business Ethics.
Training may include domestic compliance requirements, international norms and overseas laws. The Company continuously reviews and improves training topics and target groups.

Article 5. Regular and Special Audits

LOTTE ENERGY MATERIALS conducts Regular Audits and Special Audits using standardized procedures based on internal rules that document audit standards and processes.
Based on audit findings, the Company may grant rewards or impose disciplinary measures under internal rules and undertake improvements to prevent recurrence of the same or similar cases.

Article 6. Reporting Business Ethics Violations and Whistleblower Protection

① Reporting Business Ethics Violations:
Executives and employees who become aware of a Business Ethics Violation shall report it to the organizational leader or department responsible for Business Ethics. The leader shall consult that department in handling the matter. The department receives reports concerning violations of laws or internal rules, Acts Detrimental to the Public Interest, and other unlawful or improper conduct, and conducts investigations and Follow-Up Action under internal procedures. The Company takes necessary Corrective Action and appropriately notifies the Whistleblower of the outcome.
② Whistleblower Protection:
LOTTE ENERGY MATERIALS protects Whistleblowers from any disadvantage arising from good-faith reports, statements or submission of materials and provides the same protection to witnesses and other persons cooperating with an investigation. The Company maintains confidentiality so identities, report details and related information are not disclosed against the relevant person's wishes.

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Chapter 3. Detailed Business Ethics Provisions

Article 7. Anti-Corruption Policy

LOTTE ENERGY MATERIALS complies with domestic and international anti-corruption laws and standards, including the United Nations Convention against Corruption, the OECD Anti-Bribery Convention, the Act on Combating Bribery of Foreign Public Officials in International Business Transactions, and the Improper Solicitation and Graft Act. Executives and employees shall not offer, receive, request or promise any bribe or improper benefit or make improper solicitations to public officials. They shall conduct transactions and contracts fairly and in good faith in compliance with applicable laws and internal rules.

The Company prohibits donations or sponsorships intended for political purposes or to exert improper influence. Donations and sponsorships may be made only when approved under applicable laws and internal procedures.

The Company reviews in advance the appropriateness of donation purposes, the eligibility of beneficiary organizations, and the legitimacy of sponsorships to prevent corruption risks and ensure that donations and sponsorships do not lead to improper influence.

Article 8. Fair Competition and Antitrust Policy

LOTTE ENERGY MATERIALS respects fair and free market competition and complies with domestic and international fair competition and antitrust laws.

The Company does not engage in abuse of a dominant market position, Anti-Competitive Concerted Practices or other Unfair Trade Practices and prohibits conduct that impairs fair dealing through the misuse of bargaining position.

The Company does not enter into improper agreements or exchange information with competitors concerning competitively sensitive matters, including prices, supply volumes, sales territories and transaction terms. Relevant information is obtained only from public sources or through lawful procedures.

Article 9. Anti-Money Laundering Policy

LOTTE ENERGY MATERIALS complies with domestic and international anti-money laundering laws and international standards to prevent Money Laundering, Terrorist Financing and other Illicit Financial Transactions.

The Company operates an Internal Control Framework to prevent, identify and manage Money Laundering Risk and does not directly or indirectly participate in the introduction, concealment, conversion or use of illicit funds.

In transactions with counterparties, business partners and third parties, the Company may conduct appropriate verification procedures concerning the purpose of the transaction, source of funds, transaction structure and Beneficial Owner. Where Money Laundering or illicit transaction risk is identified, the Company may impose transaction restrictions, conduct additional review, or suspend or terminate the transaction.

Executives and employees shall immediately report to the relevant department any indicators of Money Laundering Risk identified in the course of their duties, including abnormal or unexplained fund flows, nominee or indirect transactions, fictitious contracts, unusual cash transactions, or transactions with Sanctioned Persons. Where necessary, the Company investigates and takes responsive measures in accordance with applicable laws and internal procedures.

ESG POLICY BOOK

ESG Risk Management Policy

Article 1. Purpose

LOTTE ENERGY MATERIALS (the "Company") establishes this ESG Risk Management Policy (the "Policy") to systematically identify, prevent, mitigate and manage environmental, social and governance risks that may arise in the course of its business operations, thereby minimizing adverse impacts on stakeholders and establishing a sustainable management framework.

The Company recognizes that ESG risk management extends beyond regulatory compliance and is essential to long-term value creation and the development of a responsible supply chain. Accordingly, it operates a prevention-focused risk management framework across its operations, supply chain and business relationships. This Policy supports international human rights and labor norms and standards, including the UN Guiding Principles on Business and Human Rights, the United Nations Global Compact, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the ILO Core Conventions and the EU Corporate Sustainability Due Diligence Directive (CSDDD), and complies with the labor laws and applicable regulations of each country.

Article 2. Scope of Application

① This Policy applies to all executives, employees and stakeholders in Korea and overseas and is implemented in compliance with the local laws and regulatory environment of each country.
② Suppliers and contractors that have business relationships with the Company are encouraged to comply with this Policy or a policy of an equivalent standard.
③ The Company's ESG risk management is governed by this Policy, except where otherwise stipulated by applicable laws, the Articles of Incorporation or other internal rules.

Article 3. ESG Risk Management Principles

3.1 Stakeholder-Centered Approach

Throughout the ESG risk management process, the Company respects the views of stakeholders who are or may be affected and operates its risk response framework based on meaningful engagement and communication.

3.2 Risk-Based Approach

Priorities shall be determined based on severity and likelihood. Severity shall be assessed by considering scale, scope and irremediability.

3.3 Prevention-Focused Risk Management

The Company proactively identifies, assesses and manages both actual and potential risks and gives priority to measures designed to prevent severe adverse impacts.

3.4 Continuous Improvement

The Company regularly reviews the effectiveness of its ESG risk management framework and continuously improves it by reflecting due diligence findings, stakeholder feedback, incident cases and regulatory changes.

Article 4. ESG Risk Management Governance

Where an actual adverse impact or potential risk is identified, LOTTE ENERGY MATERIALS reports the relevant circumstances to the ESG Committee and establishes and implements an action plan for improvement.

To manage ESG risks effectively, the Company may operate a collaborative framework among the ESG Committee, relevant functional departments and business units and establish reporting and response procedures appropriate to the level of risk. Following improvement measures, the Company also operates a recurrence-prevention framework through company-wide employee training and other preventive activities.

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Article 5. ESG Risk Management Process

5.1 ESG Risk Assessment

The Company defines the scope necessary to understand ESG issues associated with industry-, product-, location- and operation-specific risk factors and, where necessary, conducts iterative and in-depth risk assessments. It also establishes priorities for addressing all ESG issues, sets a baseline, operates a management framework and may provide relevant information to stakeholders.

5.2 ESG Risk Identification

The scope of risk identification may include the following:

- Governance: Business Ethics and Business Integrity (Bribery, Money Laundering and Anti-Competitive Conduct), Compliance with Laws and Regulations, Responsible Supply Chain Management, Information Security and Compliance
- Social: Prohibition of Child Labor and Forced Labor; Freedom of Association and Collective Bargaining; Prohibition of Discrimination and Harassment; Diversity, Equity and Inclusion (DEI); Working Conditions; Occupational Health and Safety; Emergency Preparedness and Response; and Community Health and Safety
- Environmental: Climate Change Response; Greenhouse Gas Emissions Management; Water Management; Waste Management; Circular Economy; Biodiversity Conservation; Management of Pollutants and Hazardous Substances; and Prevention of and Response to Environmental Emergencies

5.3 Stakeholder Identification and Engagement

The Company identifies and manages stakeholders directly or indirectly associated with ESG risks.
The Company gathers views through stakeholder interviews, surveys, on-site meetings and grievance channels and may reflect them in ESG risk assessment and response processes.
The Company may operate a grievance mechanism through which local communities, executives and employees, suppliers and other stakeholders may report ESG-related concerns or adverse impacts. It observes the principles of whistleblower protection and confidentiality.

5.4 Corrective Action and Remediation

Where an actual or potential adverse impact is identified through an ESG risk assessment or grievance mechanism, the Company may take measures to prevent, mitigate and correct the impact.
Where necessary, the Company establishes a corrective action plan and monitors its implementation.
If a severe adverse impact occurs, it may consult relevant stakeholders and consider appropriate remediation and recurrence-prevention measures.

Article 6. Establishment and Operation of an ESG Risk Management System

The Company establishes and operates an ESG Risk Management System. For each ESG issue, it applies an integrated and systematic approach covering: (1) policy development; (2) risk assessment; (3) governance; (4) development and implementation of an action plans; (5) establishment of a management framework; (6) corrective action; and (7) disclosure and reporting.
The Company may document, record and manage material matters related to ESG risk management activities and, where necessary, conduct internal reviews and training to strengthen the effectiveness of the management framework.

Article 7. Review and Revision of the Policy

The Company regularly reviews this Policy in consideration of changes in applicable laws, international standards, the business environment and stakeholder requirements and may revise it as necessary.

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Supply Chain ESG Management

Preamble

LOTTE ENERGY MATERIALS strives to fulfill its corporate social responsibility through a policy centered on conducting due diligence on adverse human rights and environmental impacts that may arise from its business activities and within its supply chain. This Policy was established with reference to relevant international standards and domestic and international laws, including the UN Guiding Principles on Business and Human Rights (UNGPs); the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct; the Five-Step Framework and Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas; and applicable requirements of the Copper Mark Risk Readiness Assessment (RRA) and the Copper Mark Joint Due Diligence Standard (JDDS). It is reviewed and revised regularly to reflect changes in the business environment and regulations.

LOTTE ENERGY MATERIALS recognizes the Annex II risks that may arise in mineral supply chains, including serious human rights abuses associated with the extraction, transport or trade of minerals; direct or indirect support to non-state armed groups; direct or indirect support to public or private security forces and related risks; bribery and fraudulent misrepresentation of the origin of minerals; money laundering; and non-payment of taxes, fees and royalties due to governments. The Company seeks to prevent and mitigate these risks. In conducting mineral supply chain due diligence, it considers Annex II risks together with material risks relevant to the mineral supply chain that are identified through supply chain due diligence or ESG risk assessments.

Senior Management allocates the resources and makes the key decisions necessary for the effective implementation of this Policy and regularly reviews the operating results of the supply chain ESG management framework and areas requiring improvement.

Scope of Application

This Policy applies to LOTTE ENERGY MATERIALS' domestic and overseas operations and supply chain. The supply chain may include both direct and indirect suppliers. Suppliers are managed in two categories: mineral suppliers and general suppliers.

Supply Chain Risk Identification and Assessment

LOTTE ENERGY MATERIALS establishes and implements a process for identifying, assessing and managing adverse human rights and environmental impacts arising from its domestic and overseas business activities. The adverse impacts subject to identification include both impacts that have already occurred and those that may potentially occur, and are continuously updated to reflect changes in the Company's business activities and operating environment.

Due diligence on adverse impacts covers LOTTE ENERGY MATERIALS' major domestic and overseas operations as well as its supply chain, including major suppliers, and may be conducted through appropriate methods such as document-based due diligence, on-site due diligence and stakeholder interviews.

Adverse impact assessments of the general supply chain are conducted regularly, with additional assessments or on-site due diligence performed where necessary. For the mineral supply chain, a separate risk assessment is conducted regularly or when a material supplier-related change occurs. Mineral supply chain risk assessments consider OECD Annex II risks and material human rights, environmental and business ethics risks identified through supply chain due diligence or supply chain ESG assessments. They also include determining whether the country of origin or transport route is in a conflict-affected and high-risk area (CAHRA) and identifying red flags. The Company identifies upstream actors in the mineral supply chain and establishes and operates a system of controls and transparency to enhance supply chain transparency.

Supplier Engagement

LOTTE ENERGY MATERIALS urges suppliers to conduct their business in compliance with the Company's Supply Chain ESG Management Policy and Supplier Code of Conduct, based on relevant global standards and frameworks established by the OECD, UN and ILO. As a mandatory requirement for new supplier registration, suppliers must acknowledge the Company's Code of Conduct and comply with its core principles concerning the protection of and respect for human rights, occupational health and safety, environmental protection and Business Ethics.

For general suppliers, the Company assesses environmental, social and governance (ESG) risks and may, where necessary, support efforts to strengthen their responsible supply chain management capabilities.

For mineral suppliers, the Company communicates its due diligence expectations under its Supply Chain ESG Management Policy and Responsible Mineral Sourcing Standards and, where necessary, incorporates relevant requirements into contracts or transaction terms. LOTTE ENERGY MATERIALS may request and verify information needed to determine the country of origin, whether the material is recycled feedstock, the presence of red flags and risks of adverse impacts. If a red flag is identified, mineral suppliers shall cooperate in verifying additional information, assessing risks and taking necessary follow-up action.

To the extent reasonably practicable, LOTTE ENERGY MATERIALS identifies specific points in the mineral supply chain, such as smelters, refiners or mineral processors, and verifies whether those entities participate in independent third-party assurance or certification programs for responsible mineral sourcing. Where necessary, the Company may recommend or request, through directly contracted suppliers, the provision of relevant information, participation in industry initiatives, or participation in independent third-party assurance or certification programs.

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Risk Management and Response

When LOTTE ENERGY MATERIALS identifies a potential or actual adverse impact, it develops and implements an action plan to prevent, bring to an end or mitigate the impact, regularly reviews the level of implementation and continuously improves its response. Even if the identified adverse impact was not caused directly by LOTTE ENERGY MATERIALS' business activities, the Company develops an action plan, within reasonable bounds, to prevent, bring to an end or mitigate it.

In determining specific measures, LOTTE ENERGY MATERIALS identifies and considers all reasonably available options and takes into account their potential social and economic impacts. Where necessary to implement the action plan, the Company may require suppliers with which it has a direct business relationship to comply with relevant requirements through contractual terms, written undertakings or other appropriate means.

If a red flag, a risk of adverse impact or an actual adverse impact is identified in the mineral supply chain, the Company establishes and implements appropriate preventive and mitigation measures, taking into account the nature and severity of the risk and the Company's position and leverage in the supply chain. Where a severe adverse impact, such as a serious human rights abuse or direct or indirect support to a non-state armed group, is reasonably identified, the Company may consider measures such as suspending trade with the supplier, terminating the relationship, or requiring implementation of an improvement plan, depending on the nature and severity of the risk. If an actual adverse impact is confirmed, LOTTE ENERGY MATERIALS provides or cooperates in providing appropriate corrective action or remediation.

Stakeholder Communication

LOTTE ENERGY MATERIALS accounts responsibly for how it addresses adverse impacts by providing key information, including due diligence findings, so that all stakeholders, including executives, employees and external stakeholders, can evaluate the Company's response. Specifically, LOTTE ENERGY MATERIALS makes information readily accessible through various media, including interviews, published reports and online channels, and, where necessary, enables stakeholders to participate in the due diligence process through meetings, public hearings and other means.

LOTTE ENERGY MATERIALS discloses supply chain due diligence findings and key management information through its sustainability report, corporate website or other channels. The scope and level of mineral supply chain disclosure are determined in consideration of whether red flags have been identified, the nature of identified risks, and business confidentiality and competitive concerns.

Grievance Mechanism

LOTTE ENERGY MATERIALS operates a grievance mechanism to receive views and information from stakeholders in order to identify adverse human rights and environmental impacts and establish appropriate action plans. All stakeholders may raise concerns relating not only to human rights and the environment but also to supply chain red flags, Annex II risks and responsible mineral sourcing.

The mechanism is operated to enable LOTTE ENERGY MATERIALS to identify adverse impacts promptly, provide a channel through which stakeholders who are or may be affected can raise concerns, and facilitate prompt and effective remediation for affected persons.

The identity of each complainant is strictly protected, and no retaliation for raising a grievance is permitted. If retaliation for submitting or participating in a grievance is confirmed, appropriate remedial action is taken.

The grievance submission procedure shall be accessible without requiring stakeholders to incur substantial time or expense, and the submission methods and subsequent procedures shall be predictable. Where necessary for effective operation of the procedure, LOTTE ENERGY MATERIALS may cooperate with external organizations, including stakeholder organizations.

Training and Policy Management

LOTTE ENERGY MATERIALS provides annual training on responsible supply chain management and responsible mineral sourcing to new employees and employees whose duties relate to the supply chain and continuously updates the training content to reflect relevant international standards and regulatory developments. This Policy is retained as documented information and is communicated through training and distribution so that Company executives, employees and suppliers understand and comply with it. This Policy is made publicly available on the Company's website.

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GRI INDEX

Statement of use	LOTTE ENERGY MATERIALS has reported in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	No GRI Sector Standard applies as of the publication date of this report.

GRI Standards General

A. Not applicable, B. Legal prohibitions, C. Confidentiality constraints, D. Information unavailable / incomplete

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Remarks
GRI 2: The Organization and Its Reporting Practices	2-1	Organizational details	6-10	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	78-89	Footnotes are provided for each restatement
	2-5	External assurance	2, 120	
GRI 2: Activities and Workers	2-6	Activities, value chain and other business relationships	6-10, 13	
	2-7	Employees	6, 84	
	2-8	Workers who are not employees	84	
GRI 2: Governance	2-9	Governance structure and composition	12, 24-26, 70-72, 88-89	
	2-10	Nomination and selection of the highest governance body	71	
	2-11	Chair of the highest governance body	71	
	2-12	Role of the highest governance body in overseeing the management of impacts	71	
	2-13	Delegation of responsibility for managing impacts	12, 24-26	
	2-14	Role of the highest governance body in sustainability reporting	12, 72	
	2-15	Conflicts of interest	-	D
	2-16	Communication of critical concerns	12, 24-26	
	2-17	Collective knowledge of the highest governance body	71	
	2-18	Evaluation of the performance of the highest governance body	71	
	2-19	Remuneration policies	72	
	2-20	Process to determine remuneration	72	
	2-21	Annual total compensation ratio	-	C
GRI 2: Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	12-15	
	2-23	Policy commitments	91-111	
	2-24	Embedding policy commitments	110	
	2-25	Processes to remediate negative impacts	56	
	2-26	Mechanisms for seeking advice and raising concerns	74	
	2-27	Compliance with laws and regulations	73-76	
	2-28	Membership associations	16	
GRI 2: Stakeholder Engagement	2-29	Approach to stakeholder engagement	13	
	2-30	Collective bargaining agreements	16	
GRI 3: Material Topics	3-1	Process to determine material topics	14-15	
	3-2	List of material topics	14-15	
	3-3	Management of material topics	15	

GRI Standards Biodiversity

A. Not applicable, B. Legal prohibitions, C. Confidentiality constraints, D. Information unavailable / incomplete

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Remarks
GRI 101: Biodiversity 2024	101-1	Policies to halt and reverse biodiversity loss	47	
	101-4	Identification of biodiversity impacts	48	
	101-5	Locations with biodiversity impacts	48	
	101-7	Changes to the state of biodiversity	47	
	101-8	Ecosystem services	49	

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GRI Standards Economic

A. Not applicable, B. Legal prohibitions, C. Confidentiality constraints, D. Information unavailable / incomplete

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Remarks
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	22-41	
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	73-76	
	205-2	Communication and training about anti-corruption policies and procedures	73-76	
	205-3	Confirmed incidents of corruption and actions taken	74	
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	A

GRI Standards Environmental

A. Not applicable, B. Legal prohibitions, C. Confidentiality constraints, D. Information unavailable / incomplete

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Remarks
GRI 301: Materials	301-1	Materials used by weight or volume	83	
	301-2	Recycled input materials used	42, 83	
	301-3	Reclaimed products and their packaging materials	83	
GRI 302: Energy	302-1	Energy consumption within the organization	78	
	302-2	Energy consumption outside of the organization	-	D
	302-3	Energy intensity	78	
	302-4	Reduction of energy consumption	78	
	302-5	Reductions in energy requirements of products and services	-	D
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	44	
	303-2	Management of water discharge-related impacts	44-45	
	303-3	Water withdrawal	44, 81-82	
	303-4	Water discharge	44, 81-82	
	303-5	Water consumption	44, 81-82	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	79	
	305-2	Energy indirect (Scope 2) GHG emissions	79	
	305-3	Other indirect (Scope 3) GHG emissions	-	A
	305-4	GHG emissions intensity	79	
	305-5	Reduction of GHG emissions	30-31, 79	
	305-6	Emissions of ozone-depleting substances (ODS)	-	A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	80	
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	43, 82	
	306-2	Management of significant waste-related impacts	43, 82	
	306-3	Waste generated	42-43, 82	
	306-4	Waste diverted from disposal	42-43, 82	
	306-5	Waste directed to disposal	-	D
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	-	D, management plan under development
	308-2	Negative environmental impacts in the supply chain and actions taken	-	D, management plan under development

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GRI INDEX

GRI Standards Social

A. Not applicable, B. Legal prohibitions, C. Confidentiality constraints, D. Information unavailable / incomplete

GRI Standard	Disclosure No.	Disclosure Indicators	Page	Remarks
GRI 401: Employment	401-1	New employee hires and employee turnover	84-85	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	61	
	401-3	Parental leave	85	
GRI 402: Labor / Management Relations	402-1	Minimum notice periods regarding operational changes	62	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	51-52	
	403-2	Hazard identification, risk assessment, and incident investigation	52	
	403-3	Occupational health services	52-53	
	403-4	Worker participation, consultation, and communication on occupational health and safety	-	D
	403-5	Worker training on occupational health and safety	52-53	
	403-6	Promotion of worker health	52-53	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52-53	
	403-8	Workers covered by an occupational health and safety management system	85-87	
	403-9	Work-related injuries	85-87	
	403-10	Work-related ill health	85-87	
GRI 404: Training and Education	404-1	Average hours of training per year per employee	60	
	404-2	Programs for upgrading employee skills and transition assistance programs	60	
	404-3	Percentage of employees receiving regular performance and career development reviews	-	D
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	84	
	405-2	Ratio of basic salary and remuneration of women to men	-	C
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	57-58, 87	
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	A
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	A
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	A
GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	-	D
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of Indigenous Peoples	-	A
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	63-65	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	D
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	54-56	D, management plan under development
	414-2	Negative social impacts in the supply chain and actions taken	54-56	D, management plan under development
GRI 415: Public Policy	415-1	Political contributions	-	A
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	87	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	A
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	87	
	417-2	Incidents of non-compliance concerning product and service information and labeling	-	A
	417-3	Incidents of non-compliance concerning marketing communications	-	A
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	68	

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SASB INDEX

Industry: Resource Transformation (Chemicals)

A. Not applicable, B. Legal prohibitions,
C. Confidentiality constraints, D. Information unavailable / incomplete

Topic	Code	Accounting Metric	Unit	Page	Remarks
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions	tCO_2eq	79	
	RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	30-31	
Air Quality	RT-CH-120a.1	NOx emissions (excluding N_2O)	ton	80	
		SOx emissions	ton	80	
		Volatile organic compounds (VOCs) emissions	ton	80	
		Hazardous air pollutants (HAPs) emissions	ton	80	
Energy Management	RT-CH-130a.1	Total energy consumed	GJ	78	
		Percentage grid electricity	%	78	
		Percentage renewable	%	78	
		Total self-generated energy	GJ	-	A
Water Management	RT-CH-140a.1	Total water withdrawn	m3	81	
		Total water consumed	m3	81	
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	number	-	0
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	-	44-45	
Hazardous Waste Management	RT-CH-150a.1	Amount of hazardous waste generated	ton	82	
		Percentage recycled	%	82	
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	-	63-65	
Workforce Health & Safety	RT-CH-320a.1	Total recordable incident rate (TRIR) for direct employees	cases / 200,000 work hours	86	
		Fatality rate for direct employees	%	86	
		Total recordable incident rate (TRIR) for contract employees	cases / 200,000 work hours	86	
		Fatality rate for contract employees	%	86	
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	-	51-53	
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	KRW million	-	C
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	Percentage of products that contain GHS Category 1 and 2 health and environmental hazardous substances	%	-	C
		Percentage of such products that have undergone a hazard assessment	%	-	C
	RT-CH-410b.2	Discussion of strategy to manage chemicals of concern	-	-	A
		Discussion of strategy to develop alternatives with reduced human and/or environmental impact	-	-	A
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	%	-	A
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	-	91-111	
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Process Safety Incident Count (PSIC)	number	86	
		Process Safety Total Incident Rate (PSTIR)	%	86	
		Process Safety Incident Severity Rate (PSISR)	%	86	
	RT-CH-540a.2	Number of transport incidents	number	86	
Activity Metric	RT-CH-000.A	Production by reportable segment	ton	83	

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UN SDGs Index

The United Nations calls on companies to support and implement the Ten Principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, the environment and anti-corruption and to contribute to the 17 Sustainable Development Goals (SDGs) in addressing global economic, environmental and social challenges. LOTTE ENERGY MATERIALS continuously works to uphold the Ten Principles, discloses its progress and seeks to contribute to the achievement of the UN SDGs through its business activities as a responsible global corporate citizen.

UN SDGs (Sustainable Development Goals) Commitment

UN SDG	Strategic Direction	Related Sections	Page
No Poverty	We provide financial support to economically disadvantaged households to improve the living conditions of marginalized members of society.	• Community Engagement	63-65
Good Health and Well-being	We work to reduce the environmental impacts arising from product manufacturing so that all members of society can lead healthy lives. We also strengthen occupational health and safety management across our operations to provide employees with a safe and healthy working environment.	• Environmental Management • Climate Change Response • Occupational Health and Safety	19-21, 22-41, 51-53
Quality Education	We provide employees with a broad range of talent development programs to strengthen their capabilities and professional expertise.	• Organization and Human Resources Management	59-62
Gender Equality	We prohibit discrimination within the organization, strengthen women's representation in the workforce and hold dialogue sessions with employees from diverse groups, thereby creating an environment in which all employees are respected and enjoy equal opportunities and supporting sustainable growth.	• Respect for Human Rights	59-62
Clean Water and Sanitation	We install and monitor pollution control facilities to reduce water pollutants and apply internal management standards that are stricter than statutory discharge limits to minimize impacts on aquatic ecosystems.	• Water Management • Pollutant Management	44-45, 46
Affordable and Clean Energy	With the goal of increasing the share of renewable energy used across all operations, we plan to reduce greenhouse gas emissions.	• Climate Change Response	22-41
Decent Work and Economic Growth	We strive to foster a positive and fulfilling corporate culture through various internal programs and enhance employee satisfaction.	• Organization and Human Resources Management	59-62
Industry, Innovation and Infrastructure	We are expanding overseas production bases for our secondary battery business and strengthening R&D capabilities to create future value by developing next-generation, high-value-added materials in anticipation of market demand.	• Mission and Vision • Business	6-7

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UN SDGs Index

The United Nations calls on companies to support and implement the Ten Principles of the United Nations Global Compact (UNGC) in the areas of human rights, labor, the environment and anti-corruption and to contribute to the 17 Sustainable Development Goals (SDGs) in addressing global economic, environmental and social challenges. LOTTE ENERGY MATERIALS continuously works to uphold the Ten Principles, discloses its progress and seeks to contribute to the achievement of the UN SDGs through its business activities as a responsible global corporate citizen.

UN SDGs (Sustainable Development Goals) Commitment

UN SDG	Strategic Direction	Related Sections	Page
 Reduced Inequalities	We maintain a recruitment process that considers diversity, respect the value of diversity and foster a culture of equality.	• Organization and Human Resources Management	59-62
 Responsible Consumption and Production	We systematically operate recycling processes to increase the recovery rate of recyclable resources and reduce the amount of waste sent to landfill or incineration.	• Resource Circularity	42
 Climate Action	We are implementing measures to achieve net zero by 2050, including expanding renewable energy use, improving energy efficiency and replacing raw materials and fuels.	• Climate Change Response	22-41
 Life Below Water	We improve equipment and processes to reduce water use and enhance wastewater treatment technologies to minimize pollutant generation, thereby promoting efficient water management.	• Water Management • Pollutant Management	44-45, 46
 Life on Land	We contribute to ecosystem conservation by rigorously managing pollutant emissions and minimizing waste generation.	• Pollutant Management	46
 Peace, Justice and Strong Institutions	We have proclaimed a Human Rights Charter that sets out our commitment to advancing the human rights of all stakeholders. We also operate human rights grievance channels and provide a remediation process when human rights violations occur.	• Respect for Human Rights	57-58
 Partnerships for the Goals	We collaborate with a wide range of stakeholders to address climate change and build a sustainable future.	• Stakeholder Engagement • ESG Highlights	13, 16

APPENDIX

Greenhouse Gas Emissions Verification Statement

Subject of Verification
The Korean Foundation for Quality (KFQ) has verified the 2025 greenhouse gas emissions statement of LOTTE ENERGY MATERIALS Corporation[1] (the "Company").

Purpose of Verification
The purpose of the verification is to provide assurance regarding the reliability of the Company's greenhouse gas emissions statement in connection with the operation of the Korean Emissions Trading Scheme (K-ETS).

Scope of Verification
The verification covered all greenhouse gas emission facilities at all operations under the Company's operational control for 2025.

Verification Criteria
The verification was conducted in accordance with the "Guidelines for the Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading Scheme"[2], the "Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading Scheme"[3], and ISO 14064-3.

Level of Assurance
The verification was planned and performed in accordance with the procedures prescribed in the Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading Scheme and was conducted to satisfy a reasonable level of assurance. An internal review was also performed to confirm that the procedures throughout the verification process had been effectively carried out.

Verification Limitations
The verification is subject to inherent limitations that may arise in applying the relevant criteria and methodologies.

1) Organization address (head office): 63-25, Seogam-ro 3-gil, Iksan-si, Jeonbuk-do, Republic of Korea
2) Ministry of Environment Notice No. 2025-64
3) Ministry of Environment Notice No. 2025-165

Verification Conclusion
Based on the greenhouse gas emissions data contained in the emissions statement, we present the following conclusions:

1) The greenhouse gas emissions were appropriately quantified in accordance with the quantification criteria set forth in the "Guidelines for the Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading Scheme" and ISO 14064-1.
2) Based on the materiality assessment of the Company's greenhouse gas emissions, the Company falls within the category of entities emitting less than 500,000 tCO_2eq, and the quantitative materiality threshold is below 5% of total emissions.
3) Accordingly, we express an "unqualified" opinion on the Company's 2025 greenhouse gas emissions presented below.

Unit: tCO_2eq

Scope 1	Scope 2	Total
168.389	78,760.649	78,928

* Under the Guidelines for the Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading Scheme, total emissions are calculated by truncating decimals at the operation level. Accordingly, the total may differ slightly from the sum of Scope 1 and Scope 2 emissions.

June 2026
Song Ji-young, CEO
Korean Foundation for Quality

Opinion No. GV-26-E398-01-00

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Independent Assurance Statement

To readers of 2025 Lotte Energy Materials Sustainability Report

Introduction

Korea Management Registrar (KMR) was engaged to conduct an independent assurance of 2025 Lotte Energy Materials Sustainability Report for the year ending December 31, 2025. The preparation, information and internal control of the report are the sole responsibility of Lotte Energy Materials's the management. KMR's responsibility is to comply with the agreed engagement and express an opinion to Lotte Energy Materials's management.

Subject Matter

The reporting boundaries included the performance and activities of sustainability-related organizations as described in Lotte Energy Materials's report:

- 2025 Lotte Energy Materials Sustainability Report

Reference Standard

- GRI Standards 2021

Assurance criteria

KMR applied the quality management system in accordance with ISO 17029 and KMR EDV 01, and carried out the verification in accordance with the assurance criteria of AA1000AS v3 and KMR's proprietary SRV1000. Under AA1000AS v3, we assessed the adherence to the four principles presented in AA1000AP:2018—Inclusivity, Materiality, Responsiveness, and Impact—and evaluated the reliability and quality of the data and information using. Under SRV1000, we conducted a multidimensional review aimed at zero data errors, applying expert judgment to determine the materiality criteria.

- ISO 17029 : 2019, ISO 14065 : 2020, AA1000AS v3 : 2020 (AccountAbility), AA1000AP : 2018 (AccountAbility), SRV 1000 : 2022 (KMR), KMR EDV 01 : 2024 (KMR)
- Levels of assurance/materiality: AA1000AS v3 – Type 2/moderate

Scope of assurance

The information subject to verification in the sustainability report is as follows.

- GRI Standards 2021 reporting principles
- Universal Standards
  - GRI 2 General Disclosures 2021
  - GRI 3 Material Topics 2021
- Topic Specific Standards
  - GRI 101: Biodiversity(101-1, 101-4, 101-5, 101-7, 101-8),
  - GRI 201: Economic Performance(201-2), GRI 205: Anti-corruption, GRI 206: Anti-competitive Behavior,
  - GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 305: Emissions, GRI 306: Waste, GRI 308: Supplier Environmental Assessment,
  - GRI 401: Employment, GRI 402: Labor/Management Relations, GRI 403: Occupational Health and Safety, GRI 404: Training and Education, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination, GRI 407: Freedom of Association and Collective Bargaining, GRI 408: Child Labor, GRI 409: Forced or Compulsory Labor, GRI 410: Security Practices, GRI 411: Rights of Indigenous Peoples, GRI 413: Local Communities(413-1), GRI 414: Supplier Social Assessment, GRI 415: Public Policy, GRI 416: Customer Health and Safety(416-1), GRI 417: Marketing and Labeling, GRI 418: Customer Privacy

As for the reporting boundary, information external to the organization was excluded from the scope of assurance.

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KMR's Approach

Our Assurance Team undertook the following activities for the agreed scope of assurance using the standard outlined above:

- Evaluating the appropriateness of the reference standard used as a basis for preparing sustainability information and the reliability of the materiality assessment process and its findings;
- Conducting inquiries to understand the data management and control environment, processes, and information systems (the effectiveness of controls was not tested);
- Evaluating the appropriateness and consistency of the methodology for estimation (note that the underlying data was not tested and KMR has not made any estimates);
- Visiting the headquarters, determining visit sites based on the site's contribution to sustainability and the possibility of unexpected changes since the previous period and sampling data, and carrying out due diligence on a limited number of source records at the sites visited;
- Interviewing people in charge of preparing the report;
- Considering whether the presentation and disclosures of sustainability information are accurate and clearly defined;
- Identifying errors through comparison and check against underlying information, recalculation, analyses, and backtracking; and
- Evaluating the reliability and balance of information based on independent external sources, public databases, and press releases.

Limitations and Recommendations

The absence of generally accepted reporting frameworks or well-established practices on which to draw to evaluate and measure non-financial information allows for different measures and measuring techniques, which can affect comparability between entities. Therefore, our assurance team relied on professional judgment. In a limited assurance engagement, the scope of the risk assessment procedures and the subsequent procedures performed in response to the assessed risks are limited than in a reasonable assurance engagement. Our assurance team conducted our work to a limited extent through inquiries, analysis, and limited sampling based on the assumption that the data and information provided by Lotte Energy Materials are complete and sufficient. To overcome these limitations, we confirmed the quality and reliability of the information by referring to independent external sources and public databases, such as DART and the National GHGs Management System (NGMS).

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Lotte Energy Materials on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. We found that the report was prepared in accordance with the criteria presented by Lotte Energy Materials, and nothing comes to our attention to suggest that the evidence obtained regarding its content is insufficient to provide a basis for our opinion. Our opinion on the principles is as follows:

Inclusivity

Lotte Energy Materials has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

Lotte Energy Materials has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

Lotte Energy Materials prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Lotte Energy Materials's actions.

Impact

Lotte Energy Materials identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

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Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of sustainability performance data, including 2025 new hires, total number of employees, employee turnover, and data on employees with disabilities data. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

KMR's Competence, Independence, and Quality Control

Korea Management Registrar (KMR) is a verification body for the Republic of Korea Emissions Trading Scheme (K-ETS), accredited to ISO/IEC 17029:2019 (Conformity Assessment - General principles and requirements for validation and verification bodies), ISO 14067, the additional accreditation criteria ISO 14065, and ISO/IEC 17021:2015 (Requirements for bodies providing audit and certification of management systems). Additionally, KMR maintains a comprehensive quality control system that includes documented policies and procedures of the KMR EDV 01:2024 (ESG Disclosure Assurance System) based on ISO/IEC 17029 requirements and compliant with IAASB ISQM1:2022 (International Standard on Quality Management 1 by the International Auditing and Assurance Standards Board). Furthermore, KMR adheres to the ethical requirements of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in accordance with the IESBA Code:2023 (International Code of Ethics for Professional Accountants). Our assurance team consists of sustainability experts. Other than providing an independent assurance, KMR has no other contract with Lotte Energy Materials and did not provide any services to Lotte Energy Materials that could compromise the independence of our work.

Limitations of Use

This assurance statement is made solely for the management of Lotte Energy Materials for the purpose of enhancing an understanding of the organization's sustainability performance and activities. We assume no liability or responsibility for its use by third parties other than the management of Lotte Energy Materials. As this assurance statement may be subject to revision after the assurance date below, we recommend verifying whether this is the latest version.

June 24, 2026
Hwang Eun-joo, CEO

E. J Hwang

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Sustainability Committee Assurance

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LOTTE ENERGY MATERIALS