

In the age of climate change,
realise corporate responsibility through ESG management

LIG NEX1 SUSTAINABILITY REPORT 2023

Beyond ESG

LIG Nex1



Beyond ESG

LIG NEX1 SUSTAINABILITY REPORT 2023

CONTACT

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ABOUT THIS REPORT

With the aim of sharing our ESG management activities and progress with the stakeholders, LIG Nex1 published its inaugural sustainability report in 2024. Along the way, we conducted a double materiality assessment, incorporating stakeholders' opinions, based on which material topics were selected. This report provides a transparent account of our activities and progress with a focus on the chosen material issues. In the years to come, we promise to disclose our sustainable management data accurately for active communication with the stakeholders.

REPORTING FRAMEWORKS AND STANDARDS

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards 2021. With the aim of reporting industry-specific issues and our responses, this report adheres to the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As for financial data, it complies with the Korean International Financial Reporting Standards (K-IFRS).

REPORTING PERIOD AND FREQUENCY

This report covers our economic, environmental, and societal achievements from January 1, 2023, through December 31, 2023. It also includes some significant operations up until March 2024. Since this is our first publication, to help readers understand the trends of our ESG operations, it also provides key activities conducted before January 1, 2023. In terms of quantitative performance, to allow readers to make comparisons, data from the recent three years have also been disclosed. We release the reports annually, and the first one was released on June 28, 2024.

REPORTING SCOPE

The scope of reporting non-financial performance covers both domestic establishments and overseas offices of LIG Nex1, while financial performance covers LIG Nex1 and its affiliate, LIG Precision Technology. If there is a discrepancy from the reporting scope, it is indicated with notes.

REPORT ASSURANCE

To ensure the reliability of the data provided in this report, we have had it verified by an independent verifier, Korea Management Registrar (KMR). The verification was conducted based on the international verification standard AA1000AS, and the results can be found in the 'Third-Party Assurance Statement' section.

CONTENTS

INTRODUCTION

4	CEO Message
5	LIG Nex1 at a Glance
8	Business Areas

MATERIAL TOPICS

11	Double Materiality Assessment
13	Material Topics : Four Pillars
16	Topic 1. Climate Action and Energy Saving
19	Topic 2. Waste and Pollutant Management
21	Topic 3. Improvement in Working Conditions for Employees
29	Topic 4. Product Safety and Quality Management
35	Topic 5. Information Security
38	Topic 6. Ethics · Compliance Management

GENERAL TOPICS

44	ENVIRONMENTAL - Environmental Management
51	SOCIAL - Organizational Culture - Supply Chain Management - Collaboration with Local Communities
63	GOVERNANCE - Board of Directors - Shareholders

APPENDIX

74	Stakeholder Engagement
75	ESG Data
82	GRI Standards Index
84	SASB Index
85	TCFD Index
86	Awards and Certificates
87	Memberships
88	GHG Emissions Assurance Statement
89	Third-Party Assurance Statement

This report has been published as an interactive PDF for readers' convenience. Click on the icon to go to that page.

CEO Message



LIG Nex1 had a breakthrough year in 2023, achieving a substantial growth in both domestic and international defense sector. These triumphs have resulted in acknowledgment of our advanced technological capability in the defense industry. This significant advancement is credited to the dedication and commitment of our stakeholders.

On our journey towards future growth, what we place at the heart is to build a sustainable society. ESG management has become an integral part of a sustainable future, emphasizing companies' environmental and societal responsibilities and business transparency beyond just financial performance-oriented management. As a significant step towards robust ESG management, we have published our inaugural sustainability report to share our plans and commitments to ESG management with our stakeholders.

With the aim to join forces in combating escalating climate change, we have set a goal of achieving Net Zero emissions by 2050. To this end, multifaceted efforts are in full swing to reduce greenhouse gas (GHG) emissions and improve energy efficiency. Furthermore, we plan to expedite our transition to renewable energy use to minimize the impact on the climate. In terms of resource circulation, we are striving to minimize waste generation while maximizing recycling.

In addition to reducing our negative impact on the environment, we also aim to have a positive influence on our society. For this effort, we respect the dignity and rights of our employees and make every effort to foster and uphold an inclusive and safe corporate culture.. In addition, we have equipped ourselves with cutting-edge quality management facilities and infrastructure to achieve 100% quality reliability,. LIG Nex1 is committed to enhancing its social responsibility, striving to meet the expectations of all stakeholders, including employees, customers, suppliers, and local communities.

Another focus is on the improvement of corporate governance. Accordingly, we have formed our Board of Directors with members who come from diverse area of expertise such as academia, law, military and accounting. We are currently in the process of building an independent decision-making system for the board. Additionally, we have in place a thorough data protection policy and compliance programs to earn greater trust from our employees and the stakeholders and to ensure that our business is conducted in a transparent manner.

LIG Nex1 is deeply rooted in the culture of consideration for others and mutual respect. Fully cognizant of the significant impact our company's roles and responsibilities have on the nature and society, we will make strides towards sustainable growth through relentless technological innovation.

In the years ahead, LIG Nex1 will remain steadfast in our commitment to making positive impact on the climate change, strengthening the corporate governance and providing meaningful contributions to societal progress. We strive to transform into a company that is acknowledged for the leadership role in the present and for the future ahead. We look forward to your continued interest and support for LIG Nex1.

LIG Nex1 CEO

Ickhyun Shin

Company Profile*

Company Name	LIG Nex1 Co., Ltd.
CEO	Ickhyun Shin
Date of Establishment	February, 1976
Head Office	207, Mabuk-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Korea
No. of Employees	4,282
Credit Rating	Commercial paper (A1) Corporate bonds (AA-)
Business Areas	Defense (precision guided munitions, intelligence, surveillance & reconnaissance, avionics/electronic warfare, command & control, communication, etc.)
Sales	KRW 2.3086 trillion (based on consolidated figures for 2023)
Total Assets	KRW 3.8158 trillion (based on consolidated figures for 2023)
Website	www.lignex1.com

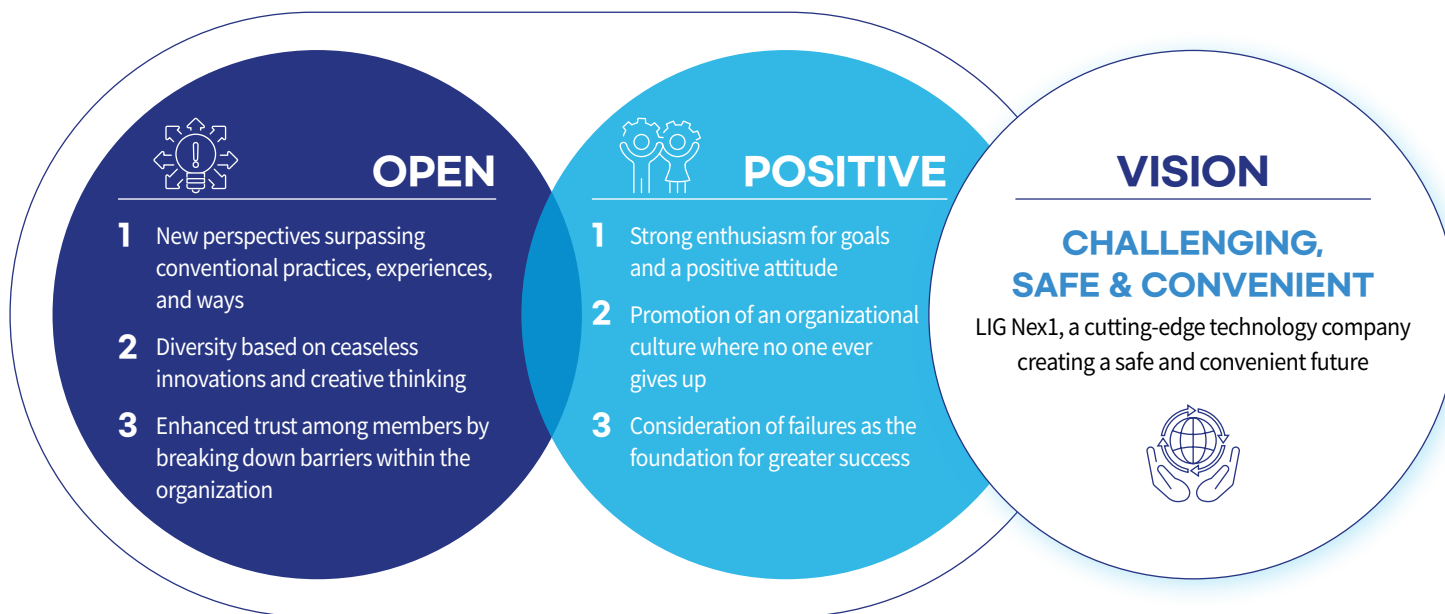
*Based on the 2023 Business Report

We will expand beyond domestic boundaries and grow into a global-scale defense company leading the global market through endless efforts and innovations.

LIG Nex1, established in 1976 under the banner of self-reliant national defense, has evolved into an integrated defense company at the forefront of cutting-edge defense technologies. We work closely with major defense organizations such as the Defense Acquisition Program Administration, the Agency for Defense Development, and the Defense Agency for Technology and Quality. Together, we have developed and manufactured a broad spectrum of advanced weapon systems. These range from precision-guided munitions and surveillance & reconnaissance systems to command & control/communication systems and avionics/electronic warfare equipment.

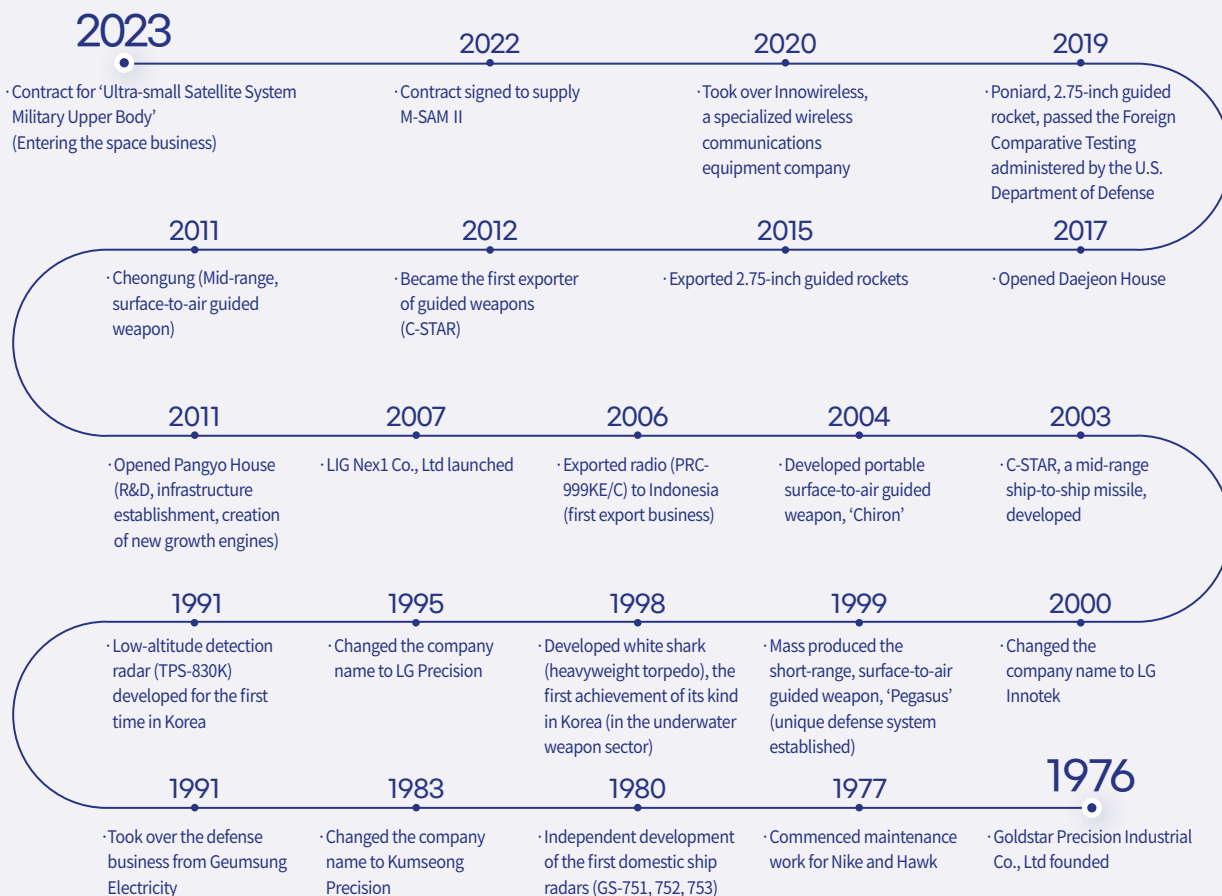
In recent years, our focus has shifted towards future technologies such as unmanned systems, drones, robots, AI, and cyber warfare in line with the Fourth Industrial Revolution. We have also been promoting technology exchange between the military and private sector through Spin-On·Off initiatives as part of our active exploration of the direction in which the domestic defense industry should be heading.

“Open & Positive is the core value at the heart of LIG Nex1”



LIG Nex1 at a Glance

History



Establishments and Affiliates

Domestic Establishments

Yongin House	Gimcheon House
Pangyo House	Gumi Houses 1 & 2
Pangyo Research Center	Jinhae House, Jinhae Office
Soeul Office	Jinju Office
Daejeon House	

DOMESTIC



Overseas Offices

US Office	Latin America Liaison Office
UAE Office	Asia Liaison Office
Saudi Arabia Office	

OVERSEAS



Affiliates

LIG Precision Technology

Boulangerie GIL¹⁾

LNGR LLC²⁾

Mian Businesses

Manufacture and sale of information and communications technology (ICT) equipment

Bakery & Confectionary

Equity investment

1) Founded as an affiliate of LIG Nex1 on December 13, 2023

2) Founded as an affiliate of LIG Nex1 on December 8, 2023

LIG Nex1 at a Glance

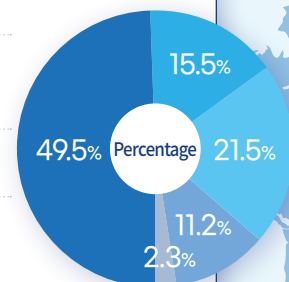
Global Network

Sales

*On a consolidated basis

Precision Guided Munitions	1,142,759	(Unit: KRW million)
Intelligence, Surveillance & Reconnaissance	357,447	
Command, Control, Communication, Computer And Intelligence	496,981	
Avionics and Drone & Electronic Warfare	257,721	
Others	53,663	

Total **2,308,571**

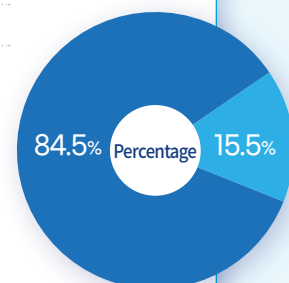


Domestic sales and Exports





*On a consolidated basis

Domestic sales	1,950,124	(Unit: KRW million)
Exports	358,447	



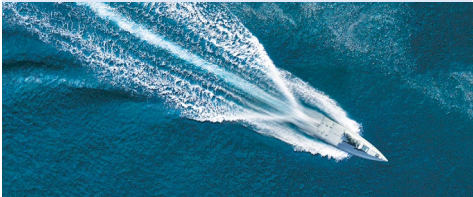
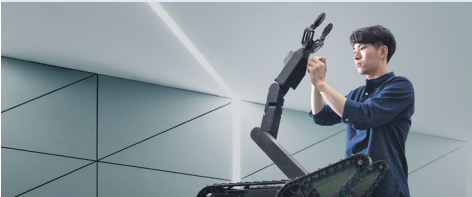
Total **2,308,571**

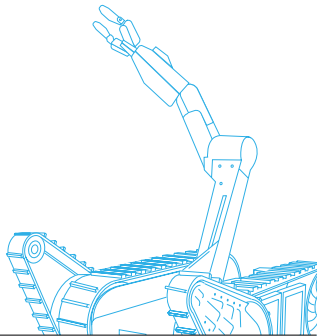


Business Areas and Product Overview

	PGM (Precision Guided Munition)	ISR (Intelligence, Surveillance And Reconnaissance)	C4I (Command, Control, Communication, Computer And Intelligence)	
Business	<div>Guided Weapon</div> <div></div>	<div>Maritime Warfare</div> <div></div>	<div>Surveillance And Reconnaissance</div> <div></div>	<div>Command, Control, and Communication</div> <div></div>
Key Products	<div>M-SAM II (Mid-range Surface-to-Air Missile Block) A high-to medium-altitude air defense surface-to-air missile with strengthened engagement and anti-ballistic capabilities through improved M-SAM</div> <div>Long-range Air-to-Surface Missile A fighter jet-mounted long-range air-to-surface missile to strike tactical targets precisely from a distance</div> <div>SAAM (Surface-to-Air Anti-Missile) An anti-aircraft weapon that simultaneously responds to various targets including aircraft, surface ships, as well as enemy anti-ship missiles</div> <div>Raybolt (Portable Anti-Tank Guided Weapon) A third-generation anti-tank missile for effective response to the threats of enemy tanks (portable/vehicle-mounted)</div> <div>Poniard (Guided rocket) A guided weapon that accurately strikes multiple LCACs (Landing Craft Air Cushion) of an enemy landing on the coast at high speed</div>	<div>Tiger Shark (Heavyweight Torpedo-II) A high-performance underwater guided weapon integrating high-speed propulsion and search as well as high-precision navigation guidance and control</div> <div>Lightweight Torpedo-II A weapon system improved from the Blue Shark, a lightweight torpedo operated on anti-submarine surface ships, with better detection of and attacks on enemy submarines</div> <div>Unmanned underwater vehicle for mine search (Autonomous Underwater Vehicle) A weapon system that autonomously detects underwater mines using cutting-edge technologies including underwater autonomous navigation and obstacle avoidance</div> <div>KDX-III Batch- II Integrated SONAR System An integrated sonar system mounted on a destroyer operating bistatic active sonar independently</div> <div>KSS-III SONAR System An integrated sonar system mounted on a submarine for operation of various active/passive sonars</div>	<div>Micro-Satellite System (SAR/Military Ground Station) Securing the capabilities for immediate anomaly monitoring and early warning by utilizing optimal satellite groups including multiple image radars (SAR) and electro-optical (EO) satellites to respond to full-range threats from North Korea and neighboring countries</div> <div>Weapon Locating Radar- II A multi-function radar (MFR) based on AESA that detects and tracks artillery shells at the time of fire-power attack by an enemy and transmits the location information of enemy artillery to friendly artillery units, which is obtained by reverse-tracing the trajectory of the detected shells</div> <div>Division-level Weapon Locating Radar A compact-sized light-weight radar domestically being developed based on the Weapon Locating Radar-II to replace outdated current equipment TPQ-36/37</div> <div>Long Range Radar 3D long range radar to replace the outdated current long-range radar, FPS-117K</div> <div>Airborne AESA Radar(ESR-500A) As the first domestic AESA radar using an air-cooling system for fighter jets, it is capable of simultaneously detecting and tracking multiple air/ground/sea targets, thereby enhancing the performance and survivability of light combat aircraft (LCA)</div>	<div>Military Satellite Communication System-II A satellite communication terminal system of various types, enabling the transmission/reception of large-capacity data through military satellites regardless of regional constraints</div> <div>Integrated Platform for Intelligent Battlespace Situation Recognition Establishment of an AI- and multimodal-based platform for the display/management of battlefield knowledge and situational awareness in complex battlefields as well as the verification of interoperability, functions, and performance</div> <div>Maneuverable / Multifunction Integrated Communication Equipment Equipment to overcome limitations in command and control operations by using multi-layer transmission lines when trunkline backhaul installation is impossible due to failure to secure LOS between ground nodes in tactical communication networks</div> <div>Cyber Battlespace Management System A cyber weapon system for the protection of our cyber assets against enemy cyber threats and achieving dominance in cyberspace</div> <div>Software Framework for Development of Weapon Systems A framework that provides common functions and a development environment to allow easy and swift development of high-quality software for weapon systems based on reusable architecture</div>
Sales (KRW 100 million)	11,428	3,574	4,970	

Business Areas and Product Overview

Business	AEW (Avionics and Drone & Electronic Warfare)		Unmanned and Future Warfare	
	Avionics · Drones	Electronic Warfare	Unmanned Systems · Future Warfare	Maintenance Repair Overhaul(MRO)
Key Products				
	<p>Small Reconnaissance-and-Strike Drone (MPD) AVTOL fixed-wing drone suitable for surveillance and reconnaissance and precision strikes on key targets of military units up to battalion level</p> <p>KF-21 Manufacturing of flight control computers, stores management computers, survivability systems, etc., loaded on the KF-21, a domestically developed multi-purpose fighter jet</p> <p>Light Armed Helicopter (LAH) Manufacturing of armament management computers, integrated digital map computers, etc., loaded on LAHs, a state-of-the-art armed helicopter suitable for large battlefield operations</p> <p>Medium Altitude Unmanned Aerial Vehicle (MUAV) Manufacturing of ground control systems, datalink systems, avionics systems, SARs, actuators, etc., for strategic unmanned aerial vehicles</p> <p>Unmanned Aerial Vehicle (UAV) Manufacturing of ground control systems, satellite datalinks, SARs, EO/IR sensors, etc., for the next-generation corps level UAV developed to upgrade the surveillance and reconnaissance capabilities of the existing corps level UAV</p>	<p>KF-21 EW Suite The first embedded electronic warfare (EW) suite</p> <p>Air-Borne EW System A system for the collection of communication intelligence/ electronic intelligence/instrumentation signals</p> <p>Land-Based EW System- II Communication electronic warfare equipment that detects, distinguishes the direction, and monitors the signals of enemy tactical and command communication networks, as well as distracts enemy communication networks when necessary</p> <p>Ship-Borne EW System- II The main system for the navy's next-generation electronic warfare protecting vessels by receiving, analyzing, and jamming electromagnetic signals from enemy radars</p> <p>Counter Unmanned Aerial System L.A.D.S (brand name) utilizes technology to incapacitate unidentified UAVs through electronic countermeasures. L.A.D.S. serves as a weapon system safeguarding national critical infrastructure from the threat posed by hostile drones.</p>	<p>Unmanned Surface Vehicle (Sea Sword) An unmanned surface vehicle that performs diverse maritime missions including responses to marine disasters as well as coastal surveillance and reconnaissance based on unmanned autonomous navigation</p> <p>Laser Rifle A compact and light-weight laser gun that individual soldiers can operate</p> <p>Communication / Surveillance Device for Unmanned Surface Vehicle A communication device for remote operation and a surveillance device for search and reconnaissance loaded on unmanned surface vehicles including unmanned search vehicles</p> <p>Wearable Robots for Interoperation with Protection and Mission Equipment Development of technologies for the design and operation of wearable robots with upper and lower limb connections for interoperation with protection and mission equipment</p> <p>AI Tactical Staff and MR-based Dronebot Operation Control Technology Technology for the operation and control of a swarm of dronebots on the ground or in the air in an urban area using motions and gestures based on tactical AI and MR technologie</p>	<p>Saving total lifecycle costs and MRO support centered on the operation and maintenance of weapon systems We enhance combat readiness, ensure equipment performance, facilitate logistics support, and reduce the time for development and deployment.</p>
Sales (KRW 100 million)	2,577		536	



11 Double Materiality Assessment

13 Material Topics : Four Pillars

16 Topic 1. Climate Action and Energy Saving

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21 Topic 3. Improvement in Working Conditions for Employees

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35 Topic 5. Information Security

38 Topic 6. Ethics and Compliance Management

LIG NEX1 SUSTAINABILITY REPORT 2023

MATERIAL TOPICS

Double Materiality Assessment

Double materiality assessment allows us to consider both the elements that have a significant impact of our business operations on the environment and society, and the environmental and societal factors that could affect our finances for a comprehensive assessment.

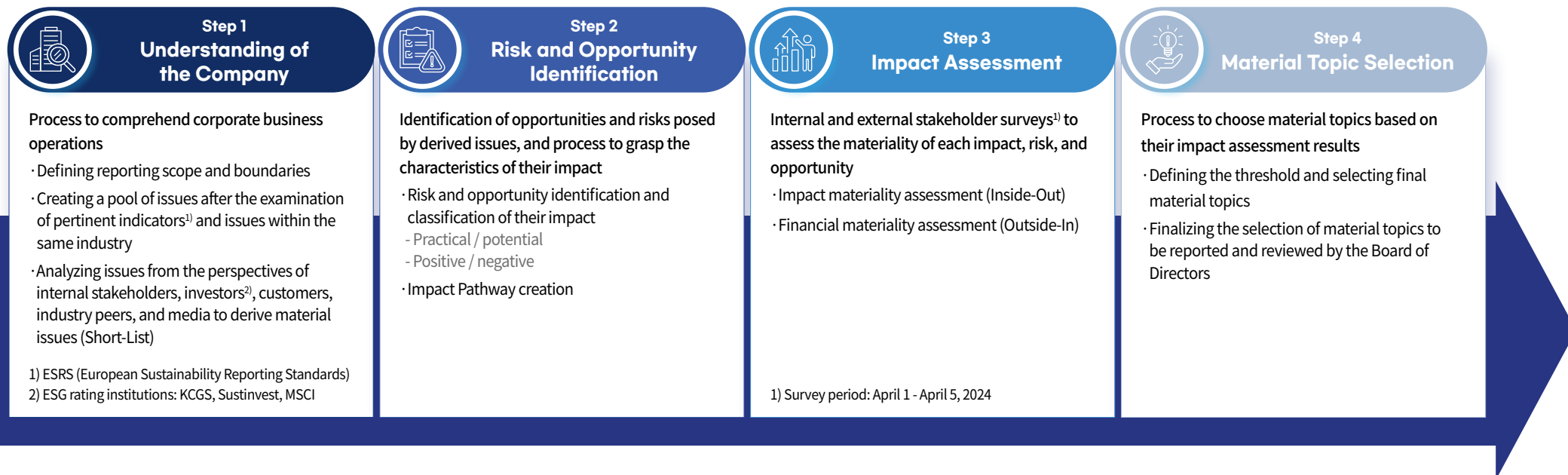
Our objective is to identify sustainable management issues that could significantly affect stakeholders and formulate appropriate countermeasures. We conducted a double materiality assessment based on practical or potential scales. The positive and negative impacts of sustainability issues on our business and stakeholders are assessed, and they are categorized into opportunities and risks for in-depth analysis. Through this assessment, we selected the final material topics. We are constantly monitoring these topics along with the countermeasures against their impact.

Double Materiality Assessment Process

LIG Nex1 conducted a double materiality assessment consisting of four procedures: understanding the company, identifying risks and opportunities, assessing impacts, and selecting material topics.

From the perspectives of internal stakeholders, investors, customers, industry peers, and media, our business operations were analyzed, and 12 issues were identified (Short-List) for their impacts, risks, and opportunities. To measure their environmental and societal impact, we considered their scale, scope, remediability and likelihood. For their financial impact measurement, the assessment was made considering their financial impact scale, strategic materiality, and likelihood. The topics finally chosen through the double materiality assessment based on the the environmental, societal and financial impact assessments were confirmed as our top priority topics.

Double Materiality Assessment Process









Double Materiality Assessment

Impact Assessment

We conducted a double materiality assessment, identifying six material topics. For each topic, we evaluated our company's influence on the environment and society, as well as the financial impact of external factors on the company. Based on this analysis, we have formulated a strategic response plan.

Impact level ●●● HIGH ●● MEDIUM ● LOW

Key sustainability topics	Impact description		Impact level		Response strategy*
	Impact on environment and society	Financial Impact on the company	Environmental and social materiality	Financial materiality	
Climate action and energy saving 	<ul style="list-style-type: none"> Using electricity and LNG in manufacturing adds to climate change as it releases Deprivation of non-renewable energy due to growing use of energy from production process and business expansion and social costs to resolve this issue 	<ul style="list-style-type: none"> Increased investments and maintenance expenses for reducing GHG emissions and transitioning to alternative energy sources derived from the need to be in line with carbon emission regulations and the demand from external stakeholders Growing costs for the procurement of renewable energy 	●●●	●	<ul style="list-style-type: none"> Review the plan aimed at gradually transitioning 10% of total carbon emissions to new and renewable energy sources between 2026 and 2030 Establish and implement a strategy to reach Net Zero emissions by 2050, starting in earnest in 2031 Invest in the enhancement of low-carbon energy infrastructure, including the adoption of high-efficiency systems, low-NOx boilers, and the wider use of LED technology
Waste and pollutant management 	<ul style="list-style-type: none"> Hazardous waste leakage from production processes incurs significant social disposal expenses The emission of detrimental pollutants during these processes leads to adverse effects in nearby community residents 	<ul style="list-style-type: none"> Heightened investment and upkeep expenses for facilities in response to more rigorous waste discharge regulations Development of a hazardous chemical management system that complies with legal requirements, resulting in increased costs for facility investment and maintenance 	●●●	●	<ul style="list-style-type: none"> Establish a mid- to long-term objective to enhance the waste recycling rate to 99%, accompanied by a comprehensive action plan Conduct monitoring of pollutants through a specialized measurement firm and establish internal management standards that are stronger than regulations, thereby controlling emissions at 50% level compared to legal emission standards by 2025
Improvement in working conditions for employees 	<ul style="list-style-type: none"> Fostering a work-life balance for employees and cultivating a positive workplace atmosphere through corporate culture improvements Occupational accident risks in manufacturing may pose threat to employee health and adversely affect their families' quality of life 	<ul style="list-style-type: none"> Boosted sales due to heightened work engagement stemming from a better work-life balance and reduced recruitment-related costs from lower personnel outflow Elevated costs for implementing preventive measures among suppliers, driven by stricter safety and health regulations, along with potential fines and compensation in the event of accidents, and the risks of production halts and sales declines due to procurement challenges 	●●●	●●	<ul style="list-style-type: none"> Provide environmental safety training, identify and enhance potential hazard areas, and conduct regular environmental safety inspections (on a weekly/monthly basis) to bolster our response to environmental safety incidents
Product safety and quality management 	<ul style="list-style-type: none"> In the event of a quality issue with a weapon product, it can lead to direct or indirect harm to military personnel, national interests, and the community. 	<ul style="list-style-type: none"> Increased expenses in product safety management due to heightened legal obligations for product safety, along with litigation expenses stemming from incident responses and the impact of reduced sales 	●	●●●	<ul style="list-style-type: none"> Perform quality control and assurance activities for customer safety based on the management system managed by the Quality Management Office Dispatch engineers for supply chain quality control, conduct quality assessment, and support quality management for partner companies
Information security 	<ul style="list-style-type: none"> Leakage of core technical data can undermine national defense capabilities. Breaches of personal data infringe upon individual rights and privacy 	<ul style="list-style-type: none"> Rising costs in security management as a consequence of stringent national information security mandates Fines and legal expenses associated with information breaches, coupled with sales downturns due to restrictions on bidding participation 	●●	●●●	<ul style="list-style-type: none"> Carry out data security activities centered on the Defense Information security Conduct an integrated survey to understand the status of controlling military secrets
Ethics · Compliance Management 	<ul style="list-style-type: none"> Incidents of corruption may lead to eroded trust among diverse stakeholders. 	<ul style="list-style-type: none"> Inadequate responses to the ethical and compliance management requirements of the defense industry can lead to penalties and legal expenditures, resulting in sales declines due to limitations on bidding opportunities. 	●●	●●●	<ul style="list-style-type: none"> Operate anti-corruption programs, such as pledges to practice ethics · compliance management Disclose our fair trade policy and provide related training

*Response strategies have been made only toward negative impacts.

Material Topics : Four Pillars

We report major activities and performance by material topic in accordance with the four core elements of the International Sustainability Standards Board (ISSB) IFRS Sustainability Disclosure Standards, including governance, strategy, risk management, metrics, and targets.

Material Topic 1

Climate Action and Energy Saving

- Activities to set GHG emissions reduction targets, implement mitigation measures, and manage the outcomes to curtail GHG emissions from business operations
- Energy saving activities by establishing objectives, utilizing high-efficiency systems, and boosting energy efficiency in operations

Material Topic 2

Waste and Pollutant Management

- Activities to mitigate adverse effects stemming from pollutant emissions during business operations and product utilization
- Efforts to recycle waste produced in the course of business activities and manage it responsibly to avert environmental contamination due to uncontrolled discharge and leaks

Establishing climate change response system;
Board of Directors - ESG Committee - ESG Working Group - Safety Environment Office



- Setting short-term and mid- to long-term strategies for each area to achieve Net Zero goals
 - Achieving K-RE100
 - Broadening the application of green products and services
 - Expanding high-efficiency/renewable energy facilities
 - Enhancing the mindset of employees

Governance

Strategy

Risk Management

Metrics & Targets

- Identifying climate risks and opportunities involved with climate change



- Establishing a 2050 Net Zero goal
 - Converting 50% of energy use to certified renewable energy (by 2040)
 - Achieving GHG Net Zero at business sites (by 2050)



Establishing and operating a company-wide environmental management organization

- Safety Planning Team, Safety Environment Team under Safety Environment Office
 - Promoting environmental management activities and reporting results to top management
- Conducting monthly meetings on major environmental issues
- Designating persons in charge from each department
- Reporting environmental management-related agenda items to the ESG Committee

- Establishing short-term, mid- to long-term execution strategies for each area to achieve reduction goals for each environmental hazard
 - Reducing air pollutants
 - Reducing water pollutants
 - Reducing wastes
 - Reducing hazardous chemicals



Governance

Strategy

Risk Management

Metrics & Targets

- Establishing an environmental risk management system
 - Assessing the risks and opportunities based on ISO 14001 and reflecting them in our goals
 - Identifying harmful environmental factors and preparing improvement measures by conducting a company-wide environmental impact assessment

- Setting short-term and mid- to long-term goals for each environmental hazard
 - Waste: Reaching recycling rate at 99% (by 2050)
 - Chemical substance: Achieving the intensity usage of 0.3kg per KRW 100 million (by 2050)



Material Topics : Four Pillars

Material Topic 3

Improvement in Working Conditions for Employees

- Activities to foster an inclusive corporate culture and family-friendly work environment that empower every employee to be valued and work in a sustainable manner
- Proactive safety initiatives that involve preliminary risk assessments and preventative measures to prevent occupational accidents, thereby protecting workers from potential fatalities or injuries caused by safety mishaps or near misses

Material Topic 4

Product Safety and Quality Management

- Comprehensive quality management activities throughout the whole lifecycle ranging from the supply chain to the production and consumption phases, ensuring the safety risks associated with product usage

Operating human resource organizations led by HR Support Office

- People Partner Team: Organizational culture enhancement, human rights management activities

Establishing a company-wide safety and health management system

- Operating safety and health organizations at headquarters and business sites

- Preparing human rights management strategies
 - Putting human rights impact assessment process in place
 - Establishing a human rights management policy
- Setting short-term, mid- to long-term strategies for each area to achieve safety and health goals



Governance

Strategy

Risk Management

Metrics & Targets

- Analyzing human rights risks
 - Planning to evaluate human rights risks affecting stakeholders through human rights impact assessment
- Establishing a safety and health risk management system
 - Assessing risks and opportunities based on ISO 45001, followed by setting response goals
 - Conducting a company-wide risk assessment: Identifying harmful and risk factors and establishing improvement measures
 - Controlling legal risks through quarterly legal compliance evaluation

- Establishing goals for expanding diversity and inclusion
 - Increasing employment of the disabled (achieve 3% by 2030)
- Establishing short-term, mid- to long-term safety and health goals for each area
 - Raising the level of safety culture evaluation (achieving 4.3 points by 2026)
 - Expanding consulting on safety, health and environment for suppliers (targeting 100% of suppliers that applied by 2026)
 - Increasing risk assessment participation rate and first aid training completion (to 80% by 2026)

Establishing a quality management system

- Operating a quality meeting body
 - Weekly production/quality meeting hosted by the director
 - Monthly quality meeting hosted by the CEO



- Setting mid- to long-term strategies for each area to reach product safety and quality management goals



Governance

Strategy

Risk Management

Metrics & Targets

- Assessing and responding to risks and opportunities based on KSQ 9100/AS9110 and CMMO/TMMI
 - Conducting risk management and effectiveness evaluation throughout the entire product life cycle
- Establishing and operating a product quality test management system based on KOLAS certification

- Establish a goal to shorten average processing time for customer technology response (the goal is set based on 3-year average)
 - 11.73 days (by 2024)
- Establish a goal of elevating field customer satisfaction (demand group)
 - 4.85 points out of 5 points (by 2024)
- Establish a goal to increase the number of quality management system certifications and awards
 - 5 certifications (DQMS, KS Q 9100, AS9110, ESD, KSPC)
 - 1 award (the Presidential commendation for Defense Quality Management)

Material Topics : Four Pillars

Material Topic 5

Information Security

- Activities to manage all risks related to data protection, such as protecting company assets from external hacking threats and establishing information safety policies and protection measures

Material Topic 6

Ethics · Compliance Management

- Enhancing ethical management such as ethics training and reporting mechanisms grounded in the Code of Ethics and Guideline for practice, and advocating for transparent and equitable trade practices by preventing corruption and ensuring fair trade via compliance control system

- Operating a dedicated data security organization
 - Information Security Team: Response to cyber security areas
- Appointing Chief Information Security Officer and Privacy Officer
 - CISO(Chief Information Security Officer) designated
 - CPO(Chief Privacy Officer) designated



- Establishing and complying with information security regulations
 - Internal regulations on defense industry technology protection and security
 - Personal information protection principles
 - Personal information handling policy
- Facilitating information security investments
- Raising awareness of information protection among employees and users
- Managing personnel dedicated to information protection

Governance

Strategy

Risk Management

Metrics & Targets

- Conducting information security risk assessments
- Undertaking the government's integrated status study



- Making investment in information security and strengthening dedicated organizations
 - Achieving the ratio of information security investment to IT investments at 17% (by 2025)
 - Targeting to maintain 4 cyber security professional personnel (by 2025)
- Reinforcing cyber security monitoring
 - Zero cases of security cases, including hacking damages

- Establishing a dedicated ethics · compliance management organization
 - Legal Affair & Compliance Team: Responsible for compliance and anti-corruption
 - Promoting anti-corruption, reporting and protection systems, and compliance activities
 - Purchasing Planning Team: Responsible for fair trade
 - Promoting fair trade and shared growth activities

- Carrying out anti-corruption activities
- Fair Trade Voluntary Compliance Program



Governance

Strategy

Risk Management

Metrics & Targets

- Assessing ethics · compliance risks
 - Anti-corruption risk assessment
 - Fair trade risk assessment



- Zero cases of corruption, unfair competition, and unfair transactions
- Embedding a compliance culture
 - Spreading a compliance culture
 - Strengthening risk management
 - Global compliance management



Topic 1

Climate Action and Energy Saving

Climate Change Response System

Our Action for Net Zero

“LIG Nex1 will actively engage in government policies and continue our endeavors aimed at achieving Net Zero, thereby reducing our environmental footprint.”

In July 2023, our ESG Committee under the Board of Directors convened a meeting and set the direction for LIG Nex1's Net Zero that will be driven by the reduction of GHG emissions. It aligns with the government's 2023 draft policy on National Carbon Neutrality and Green Growth Strategy.

While LIG Nex1 is not obligated for mandatory reductions, we are actively reviewing a range of action plans to aid in the nation's goal of achieving carbon neutrality by 2050. These plans include the expansion of new and renewable energy, transitioning energy sources, and increasing the adoption of EVs, all aimed at the progressive decrease of GHG emissions. A structured plan for this purpose has been formulated.

We recognize that investing in GHG emission reduction can lead to lower energy costs in the mid- to long-term, contributing to the sustainability of our business. An analysis of energy conversion has been undertaken at each business site to support this activity. Furthermore, we are actively managing environmental risks by pinpointing their impact on our business operations. With an aim to cultivate a company-wide awareness of carbon neutrality, we have reviewed energy-saving practices and discussed ways to promote them internally across the organization. Going forward, we will continue to make efforts to realize Net Zero aiming at minimizing our environmental footprint in line with the government's policies.

Organizations for Execution

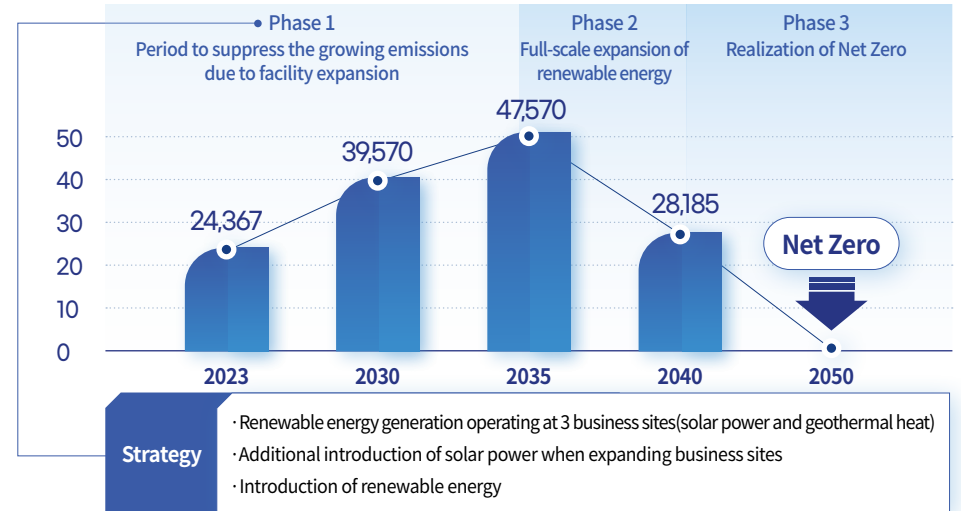
We have developed an integrated response system for climate change and environmental management by forming a climate change decision-making structure that links the Board of Directors, ESG Committee, and ESG Working Group, anchored by the Safety Management Office, as well as an environmental management advancement organization that connects the CEO with all business sites. The ESG Committee and ESG Working Group serve as the central pillars of decision-making, reviewing pivotal climate change and environmental management issues, and proposing strategic directions. In 2022, we evaluated our approach to the Framework Act on Carbon Neutrality. Subsequently, in March 2023, we initiated a dedicated Net Zero action plan and proceeded to review these plans to ensure alignment with our strategic goals.

Net Zero Implementation Goal

In order to achieve Net Zero emissions, we have established a practical action plan structured in three phases. By 2035, the first phase involves preliminary actions to lower GHG emissions, including energy conversion and renewable energy adoption, alongside strategies to control emission growth from factory expansions. The second phase, starting in 2036, pursues acquiring renewable energy certification for 50% of our energy use by 2040 through active REC (Renewable Energy Certificate) purchases and third-party PPA agreements. The final phase, starting in 2040, targets Net Zero by 2050, leveraging the momentum built in the preceding stages.

Roadmap for Net Zero

(Unit: tCO₂ eq)



GHG Emissions and Energy Use Goals and Performances in 2023

Intensity	2023 Goal	2023 Performance
GHG emissions(tCO ₂ e /KRW billion)	9.20	10.56
Energy use(TJ/KRW billion)	0.186	0.215

Topic 1

Climate Action and Energy Saving

Climate Action Strategy

LIG Nex1 is actively engaged in initiatives aimed at reducing energy consumption and GHG emissions. Our objectives in this area have been clearly defined and communicated to each business site. Performance is meticulously monitored on an annual basis by the Safety Environment Team to ensure compliance and progress. By installing solar energy equipment when building new business sites, such as Dajeon House, we are planning to achieve a significant reduction in GHG emissions and energy usage over the medium to long term.

Spreading a Practice Culture for Net Zero – Participating in the Carbon Neutral Practice Point System

To foster a culture of Net Zero, we are vigorously advocating the Ministry of Environment's Carbon Neutral Point system among our employees, urging their active involvement. This system rewards individuals with economic incentives for engaging in daily activities that contribute to the reduction of GHG emissions. We are consistently exploring and implementing strategies to heighten our employees' consciousness of Net Zero.

Our Plans for Net Zero

Promotion Strategies	Achieving K-RE100	Increasing the application of green products and services	Expanding high-efficiency/renewable energy facilities	Enhancing the mindset of employees
Mid-term Plan	<ul style="list-style-type: none">Identify GHG emissions status<ul style="list-style-type: none">Annually conduct third-party verification of GHG emissions (by 2024)	<ul style="list-style-type: none">Strengthen environmental management of suppliers (ESG consulting support for suppliers, etc.)Improve product packaging methods (minimize environmental impact)	<ul style="list-style-type: none">Apply highly efficient equipment (high-efficiency thermostat, LED lighting, etc.)Convert company cars to EVs step-by-step (9 units as of the end of 2023)Install EV charging facilities (53 in total)	<ul style="list-style-type: none">Launch an in-house carbon reduction campaignShare safety, health and environment messages from the CEO (once/semi-annually)Produce and distribute ESG promotional video (once/semi-annually)Create a Net Zero screensaverPromote the Carbon Neutral Point system
Long-term Plan	<ul style="list-style-type: none">Review renewable energy purchasing activities<ul style="list-style-type: none">Renewable Energy Certificate (REC)Power Purchase Agreement (PPA)	<ul style="list-style-type: none">Gradually apply of green packaging materialsConduct R&D on low-carbon product production technology	<ul style="list-style-type: none">Expand installation of high-efficiency equipmentReview and promote the introduction of new and renewable energy facilities when building new business sites (solar power, geothermal heat, etc.)	<ul style="list-style-type: none">Continue campaigns on carbon mitigationContinue carbon reduction practices








Topic 1

Climate Action and Energy Saving

Climate Change Risk Management

Climate change poses tangible risks to business operations and financial outcomes, manifesting in heightened expenses, diminished commerce, and tarnished reputations. In response, we have meticulously pinpointed both the risks and prospects associated with climate change and environmental elements, formulating strategic countermeasures to address them.

Impact level ●●● HIGH ●● MEDIUM ● LOW

Category	Status	Risks	Opportunities	Our response strategy	Financial impact
<div>Regulation</div> <div><div>GHG</div><div></div></div>	<div>· Increased GHG emissions derived from business expansion</div>	<div>· Rising demands for establishment of gradual GHG reduction goals and implementation of them</div>	<div>· Increasing management and employee interest in GHG emissions.</div> <div>· Enhancing our competitive edge within the burgeoning market for low-carbon management</div>	<div>· Expanding the use of renewable energy</div>	<div>● ●</div>
<div><div>Air environment</div><div></div></div> <div><div>Water environment</div><div></div></div>	<div>· Strengthened standards for air/water pollutant discharge</div> <div>· Newly designated air/water pollutants</div>	<div>· Increased legal risks due to tightened emission standards</div> <div>· Rising self-measurement expenses due to the designation of new pollutants</div> <div>· Growing costs for facility investment and maintenance due to strengthened regulations</div>	<div>· Strengthening our environmental management through greater support for human and material resources</div>	<div>· Managing discharged pollutants through regular/irregular measurement of all items</div> <div>· Applying the latest/optimal environmental technologies and expanding related investments</div>	<div>● ●</div> <div>● ● ●</div>
<div>Chemical substance</div> <div></div>	<div>· Expanded designation of hazardous chemicals our of existing chemicals</div>	<div>· Establishing facilities in accordance with the expansion of hazardous chemical handling facilities and workplaces</div> <div>· Restrictions on the use of handling chemicals due to designation of chemicals as hazardous chemicals</div>	<div>· Ensuring environmental safety by using environment-conscious materials</div>	<div>· Replacing hazardous chemicals through continuous material review</div>	<div>●</div>
<div>Technology</div> <div></div>	<div>· Facilitated environment-conscious technology development</div>	<div>· Financial risks increased by failure in environment-conscious technology research and development</div> <div>· Conflict over technology development with the ordering body</div>	<div>· Enhancing our internal and external reputation in line with the growing global demand for environment-conscious technologies</div> <div>· Diversifying our businesses or carrying out civil businesses</div>	<div>· Expanding businesses through the development of applicable environment-conscious technologies</div>	<div>● ● ●</div>
<div>Raising awareness</div> <div></div>	<div>· Received request for carbon neutral and environment-conscious management (from government, civic groups, etc.)</div>	<div>· Increased costs for environment-conscious management, such as carbon neutrality (manpower, facilities, etc.)</div>	<div>· Inducing positive outcomes by elevating environment-conscious management awareness, setting us superior than competitors</div>	<div>· Engaging in community-oriented environmental contribution activities, including biodiversity activities</div> <div>· Publishing sustainability reports</div> <div>· Reviewing and joining global environmental initiatives</div>	<div>● ●</div>
<div>Changes in the physical environment</div> <div></div>	<div>· Experienced abnormal weather events such as typhoons/floods/heavy snow due to climate change</div>	<div>· Damage to facilities due to lack of water resources and floods/heavy snow, etc.</div>	<div>· Increased efficiency of water resources (residential water/industrial water, etc.)</div>	<div>· Strengthening the management of old facilities</div>	<div>●</div>

Topic 2

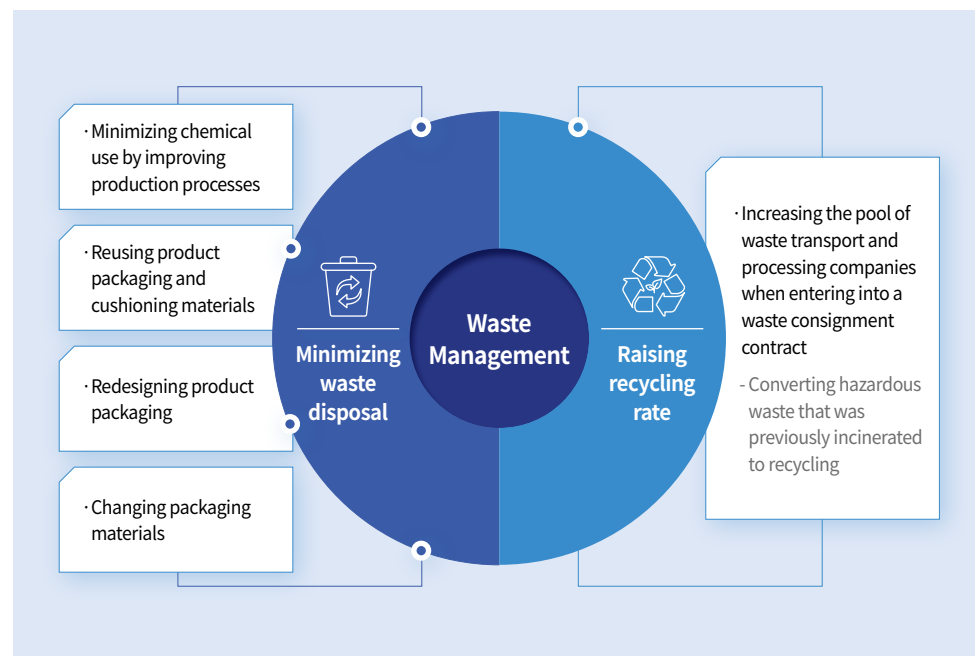
Waste and Pollutant Management

Waste Management

Waste Management Efforts

LIG Nex1 is committed to elevating its waste recycling rate to 99% by the year 2050. To realize this ambition, we are refining our production processes to curtail chemical usage and broadening the reuse of product packaging and cushioning materials. Additionally, we are enhancing our recycling rates by transitioning from the incineration of specific wastes, like waste organic solvents and waste oil, to recycling methods, thereby minimizing waste disposal.

Moving forward, we will continuously manage waste from our business operations by employing a variety of strategies. These include enhancing our processes, transitioning to alternative materials, and modifying our treatment methods. Our goal is to substantially reduce waste generation and elevate our recycling rates.

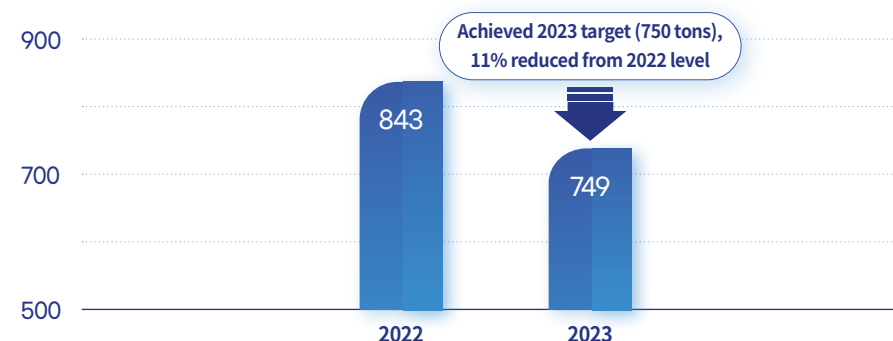


Waste Management Goals

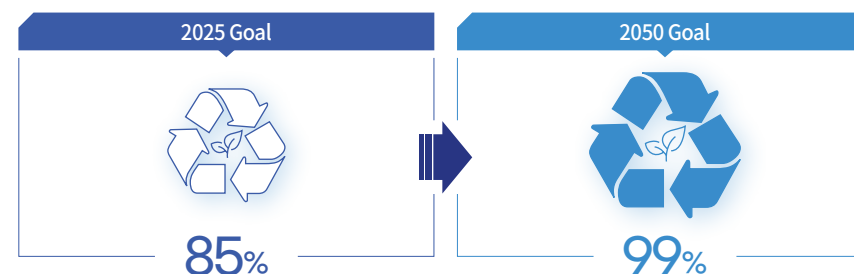
To optimize waste management, we have set objectives focusing on both reduction and recycling. In 2023, we successfully reduced our waste discharge to 749 tons, surpassing our goal of 750 tons and marking an 11% decrease from the 843 tons recorded in 2022. Concurrently, our recycling rate climbed by 4%p, from 82% to 86%, surpassing our interim goal of an 80% recycling rate. We remain dedicated to this trajectory, steering towards our ultimate aim of a 99% recycling rate.

Waste Discharge Performance

(Unit: Tons/year)



Waste Recycling Rate Goal



Topic 2

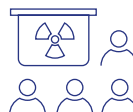
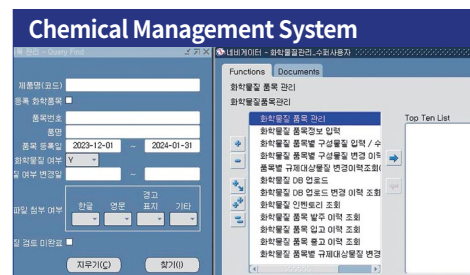
Waste and Pollutant Management

Pollutant Management

Pollutant Control Efforts

We operate a chemical management system to ensure the safe utilization of chemicals. Prior to the procurement of any chemicals, it is mandatory to review current legislative and regulatory trends via this system. Only the chemicals that have been registered and approved by the Safety Environment Team can be utilized within our operations.

We are transitioning from hazardous chemicals to safer alternatives through process enhancements and design modifications. We are also minimizing the chemicals utilized and disposed through evaluations of the lifespan of paints.



Activities to Replace Hazardous Chemicals

“ We will monitor the trend of toxic substance designation, ensuring strict adherence to regulatory standards while continuously exploring alternative materials that promise a lower environmental footprint. ”

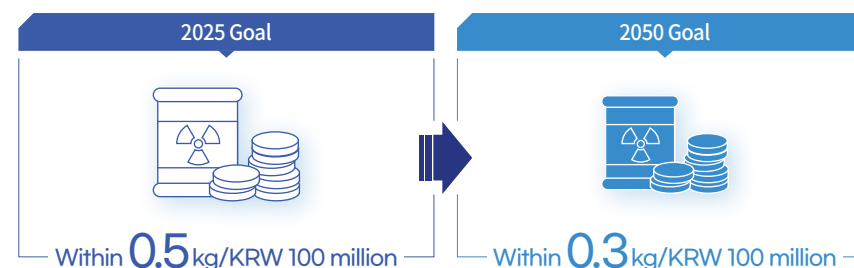
We initiated a search for alternative products after heat dissipation compounds containing over 25% zinc oxide were classified as toxic. We identified BEGR-1112 as a suitable substitute that is free from zinc oxide and other harmful substances, offering enhanced thermal conductivity compared to previous products. The registration of BEGR-1112 in the Bill of Materials (BOM) has been finalized, paving the way for its application in mass production. We will monitor the trend of toxic substance designation, ensuring strict adherence to regulatory standards while continuously exploring alternative materials that promise a lower environmental footprint.

Chemical Management and Goals

LIG Nex1 manages around 50 tons of chemicals each year throughout product development and manufacturing phases, with about 3.7 ton comprising hazardous substances like lead (Pb). In light of this, we have established and are maintaining accident prevention and monitoring facilities to avert incidents related to hazardous chemical handling and ensure rapid response capabilities.

We have set strategic short-term and mid- to long-term intensity objectives for the use of chemical substances, striving for identifying alternative substances through continued examination.

Chemical Substance Intensity Target



Topic 3

Improvement in Working Conditions for Employees

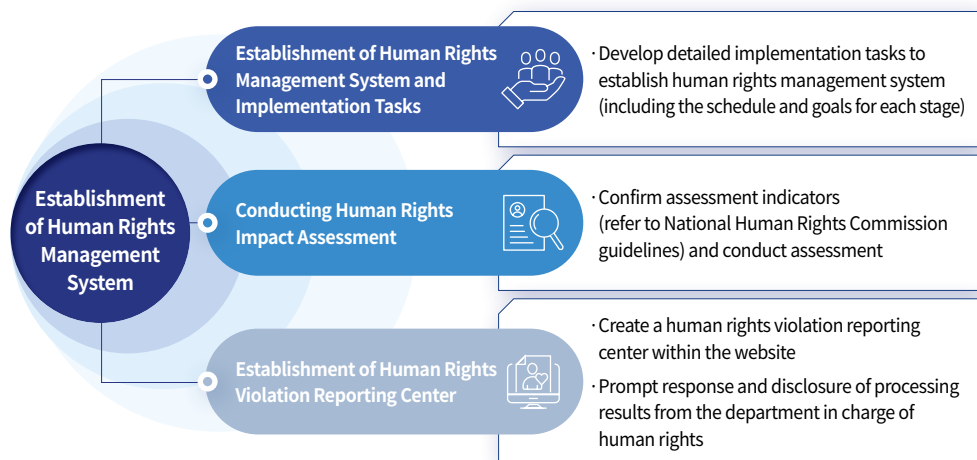
Human Rights Management

Establishment of Human Rights Management System

We are committed to protecting the human dignity, value, and happiness of all stakeholders, including employees, partner companies, customers, and local community, in all our business activities. To implement human rights management, we strive to strictly uphold the human rights protection principles when carrying out management activities, by complying the human rights and labor standards of labor-related international organizations such as the UN (United Nations), and ILO (International Labour Organization), and establishing human rights management guidelines as standards for correct behavior and value judgement that all employees should observe. We plan to develop detailed content and basic principles to comply with UNGP (UN Guiding Principles Reporting), UNGC (United Nations Global Compact), the Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises, and disclose them in the future.

Human Rights Management Guidelines

Human Rights Management Plan



Establishment of Human Rights Impact Assessment Process

The year 2024 is the first year of human rights management for LIG Nex1. We plan to establish a process to carry out human rights impact assessment and analyze the impact of business activities on internal and external stakeholders such as employees, partner company workers, local community members, and product users. Through the human rights risk analysis, we will identify the actual / potential human rights impact and evaluate the severity and likelihood of occurrence of the impact. For the identified risks, we will establish improvement and mitigation measures.

Operation of Human Rights Grievances Channel

LIG Nex1 operates a human rights grievances channel to remedy human rights-related harm and prevent future occurrences. We provide various reporting channels such as the intranet, website reporting center, and telephone, fax and mail for contact with personnel in charge. We also provide options for both anonymous and non-anonymous reporting.

We have formulated detailed guidelines on human rights management across various sectors. These guidelines include respect for human rights, prohibition of discrimination, freedom of association, a ban on forced and child labor, a guarantee of occupational safety, protection of the human rights of suppliers, local residents, and customers, and environmental rights . We also accept grievances regarding any damages arising from such human rights issues.

When a grievance is received, we take measures to prioritize victim protection in accordance with the manual, and the case is inspected and processed according to the grievance handling process in order to process quickly and fairly. The content of the report is kept strictly confidential to protect human rights, and the results of the disciplinary committee are posted on the company bulletin board. In 2023, 3 cases were received and processed.



Topic 3

Improvement in Working Conditions for Employees

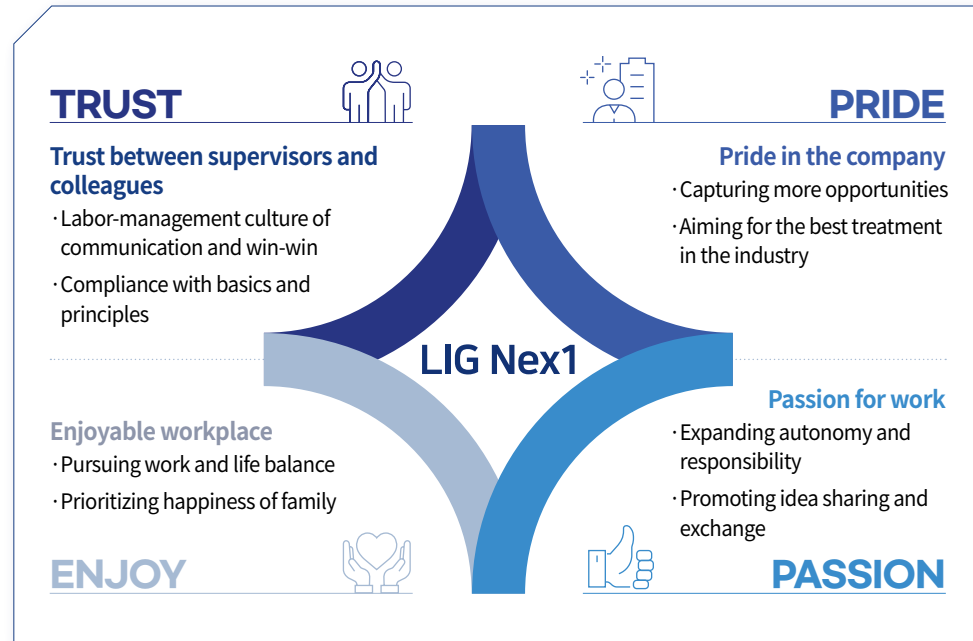
Organizational Culture

Implementing Organization

To create a happy and enjoyable workplace for employees, LIG Nex1 implements system improvements and provides various programs. With the HR Support Office in the center, the People Team, People Partner Team, and the Human Resources Development Team work together to choose and implement the direction and tasks for organizational culture improvement.

Key Strategic Tasks

We established our strategy for work environment improvement based on the values of Trust, Pride, Passion, and Enjoy. Activities to improve our work environment, such as system improvement and in-house events, are carried out according to the established strategies.



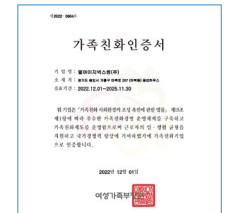
Selected as Korea's Top Job-creating Company

In recognition of our contribution to corporate culture and social responsibility in Korea, LIG Nex1 was selected as a government-certified 'Korea's TOP Job-creating Company' in September 2023. 'Korea's TOP Job-creating Company' is a certification granted by the Ministry of Employment and Labour to 100 companies recognized for their contribution to the economical and industrial development as well as to the creation of quality jobs through management activities. We will continue to actively discover and recruit talents and operate various welfare programs to foster growth in the domestic defense industry, and fulfill our social responsibilities as a leading national defense company.



Family-friendly Company Certification

We envision mutual growth between the organization and individuals through the passion and emotional commitment of our members. We are creating a family-friendly culture to foster our competitive edge. Following our acquisition of the family-friendly company certification in 2017, we renewed this certification in December 2022, exactly five years later. This renewal is a recognition of our commitment to creating a sound work environment and making our company more family-friendly.



Establishment of a Standard Workplace for Persons with Disabilities

In August 2023, for the first time in the defense industry, LIG Nex1 signed an agreement with the Korea Employment Agency for Persons with Disabilities to establish a subsidiary-type standard workplace. A subsidiary-type standard workplace is a system where the parent company, required to employ people with disabilities, establishes a subsidiary that meets certain criteria for the purpose of hiring people with disabilities. Employees of the subsidiary are considered to be employed by the parent company. In May 2024, 'Boulangerie GIL' was launched as a subsidiary-type standard workplace, aiming to provide various quality jobs for people with disabilities.

Employment Target for Disabled Persons



Topic 3

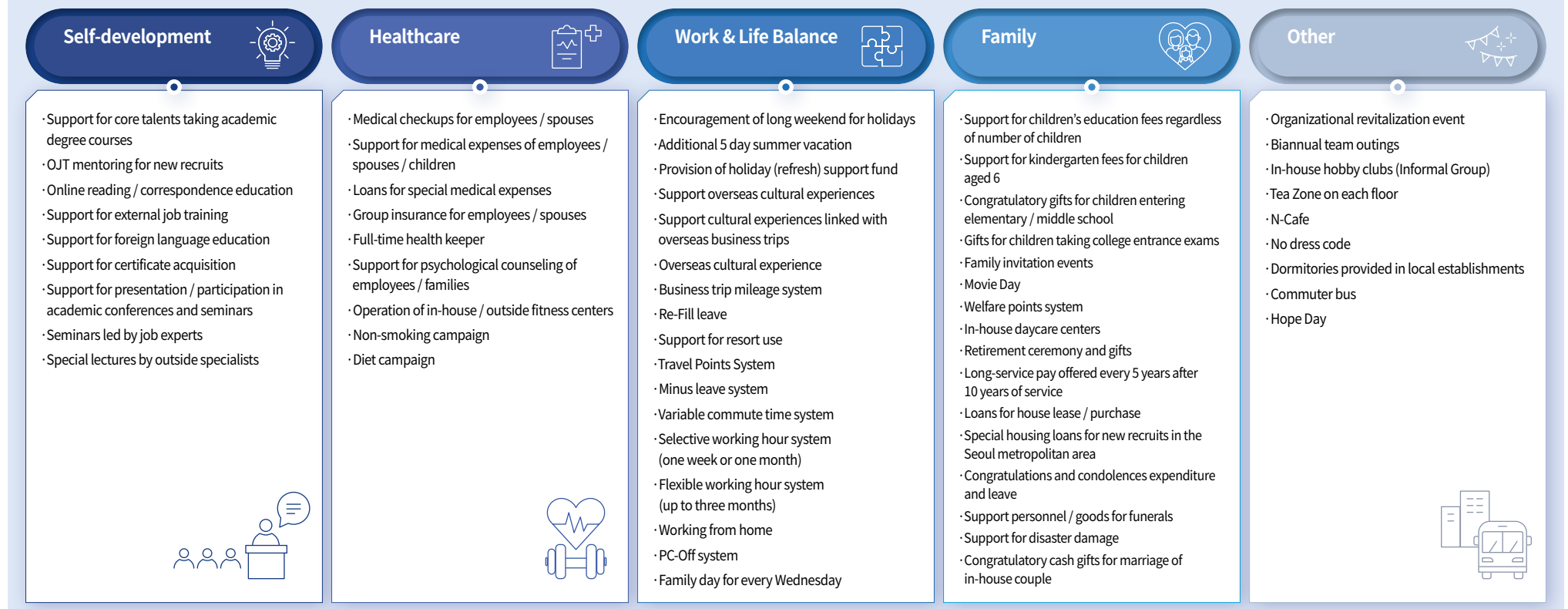
Improvement in Working Conditions for Employees

Organizational Culture

Welfare

We implement various welfare policies for the benefit of our employees and their families. In particular, with the aim of ‘practical welfare for improved quality of life’, ‘happy welfare for a joyful and healthy life’, and ‘family-friendly welfare for households’, we operate programs that can practically support the life cycle of our employees and their families. Especially in 2024, we held the ‘LIG Nex1 Family Day’ event where we became the first Korean company to rent out the amusement park ‘Lotte World Adventures’ and invited 11 thousand employees and their family members. We will continue to promote welfare activities that lead to workplace and employee happiness.

LIG Nex1 Life Cycle Welfare System



Topic 3

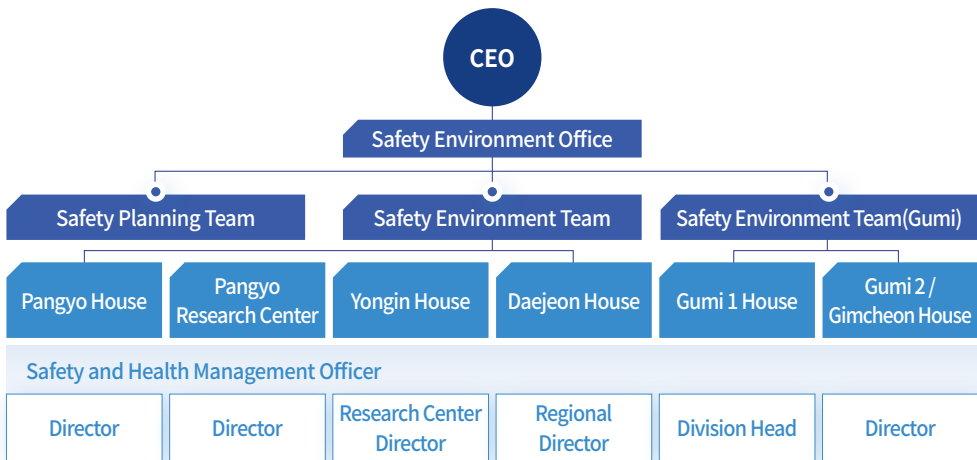
Improvement in Working Conditions for Employees

Safety and Health Management

Implementing Organization

LIG Nex1 promotes company-wide safety and environmental management operations with the Safety Environment Office directly under the CEO. Especially, the Safety Environment Office serves as a control tower, with two axes of Safety Planning Team and Safety Environment Team, composing a dedicated organization to safety and health and advancing the management system. The Safety Planning Team is in charge of establishing a company-wide unified safety and health system, monitoring and improving compliance issues that can occur from field work in accordance with relevant laws such as the Industrial Safety and Health Act and Serious Accidents Punishment Act. The Safety Environment Team is divided into each house (business site) and systematically responds to safety and health issues under a unified company-wide system. The safety and health officer of each house manages practical safety and health issues such as identifying and improving risk factors, and carries out inspection of potential risk factors including facilities and gases to prevent industrial accidents. With the collaborative efforts among the Safety Environment Office and the Safety Planning Team and the Safety Environment Team, we systematically manage the safety and health across the supply chain, from partner companies to business sites.

Safety and Health Organizational Chart



Safety and Health Policy

In January 2023, we announced the Safety, Health and Environment (Safety Health Environment) management policy. We have established and implemented 4 management policies, prioritizing the values of safety, health, and environment of all stakeholders including employees, partner companies, customers and the local community.

[LIG Nex1 SHE management policy](#)

Report on Safety and Health Activities

The CEO and the Board of Directors of LIG Nex1 recognizes the importance of safety and health activities and regularly reviews and monitors relevant performances and improvement plans. Regular reporting to the BOD is conducted once a year, and each year's performance and improvements as well as next year's activity plans for each field regarding safety and health are reviewed and approved.

The CEO periodically reviews the 4 key issues regarding safety and health.

1. There is a review of the annual safety and health activity plan that takes place at the beginning of each year. The Safety Planning Team establishes core goals for each field regarding safety and health, prepares key tasks and detailed implementation measures, and reports them to the CEO. Through this, we inspect the direction of the year's safety and health activity and strengthen the driving force to achieve the goals.
2. In order to minimize the risk of serious accidents, we carry out safety inspections every six months. We intensively review the safety and health inspection items and results to ensure systematic implementation and compliance with the requirements of the Serious Accident Punishment Act.
3. We focus on managing risk factors that can be applied to the business sites among the 3 types of accidents (falling, caught, collision) and 8 types of risk factors (scaffold, roof, ladder, height work platform, protective guards, lockout / tagout, mixed operations, collision avoidance device) when conducting risk assessment and safety inspection for business sites. For business sites that handle explosives, we require strict precautions in handling and mitigate safety accident risks by conducting daily, weekly, monthly inspections as well as inspections with external organizations such as the Defense Acquisition Program Administration, Agency for Defense Development, Defense Agency for Technology and Quality and consultation with the Korea Armaments Safety Association.
4. There is the reporting to CEO on the safety, health and environment management system (management review) every year to maintain a continuous management system. Through this, we review the adequacy, sufficiency, and effectiveness of the system to manage and oversee the operation, improvements, and future plans in the safety and health management system.

Topic 3

Improvement in Working Conditions for Employees

Safety and Health Management

Safety and Health Mid- to Long-term Goals

We have established short-term and mid- to long-term goals and strategies to enhance our safety and health system. We set mid-term goals for each of the 4 areas, including internalization of safety, supporting partner companies, safety working environment, and emergency response to develop safety culture assessment indicators, carry out relevant activities, enhance safety capabilities of partner companies, internalize risk assessments, and foster first aid capabilities for employees. By further upgrading this, we aim to create a safer working environment in the long term.

Strategy		Development of Safety Culture Assessment Indicators and Implementation of Activities	Improving Safety Capabilities of Partner Companies	Internalizing Risk Assessment	Foster First Aid Capabilities for Employees
Details	Short-term performance (2022~2023)	<ul style="list-style-type: none">Develop assessment indicatorsCarry out pilot assessmentAnalyze results and derive improvement measures	<ul style="list-style-type: none">Pilot operation of partner company safety and health consulting (for 5 companies)	<ul style="list-style-type: none">Expand participation rate for regular risk assessment (20% → 50%)	<ul style="list-style-type: none">Establish first aid training planExpand in-house first aid instructorsExpand first aid training completion rate in 2023 (28% → 50%)
	2024~2026	<ul style="list-style-type: none">Aim to obtain at least 4.3 points (S grade) for the safety culture assessmentConduct safety culture assessment once a year	<ul style="list-style-type: none">100% completion of safety, health, and environmental consulting for partner companies that voluntarily applied	<ul style="list-style-type: none">Regular risk assessment participation rate<ul style="list-style-type: none">Aim to achieve 60% in 2024Aim to achieve 70% in 2025Aim to achieve 80% in 2026	<ul style="list-style-type: none">First aid training completion rate<ul style="list-style-type: none">Aim to achieve 60% in 2024Aim to achieve 70% in 2025Aim to achieve 80% in 2026
	2027~2030	<ul style="list-style-type: none">Aim to obtain at least 4.5 points (S grade) for the safety culture assessmentConduct safety culture assessment once a year	<ul style="list-style-type: none">Conduct diagnosis with a team of at least 3 people in charge of each fieldSupport expenses for safety and health education, facilities, safety inspection after consulting	<ul style="list-style-type: none">Aim to achieve 100% participation rate for 2030 regular risk assessment	<ul style="list-style-type: none">Aim to achieve 100% training completion rate for 2030 first aid training

Topic 3

Improvement in Working Conditions for Employees

Safety and Health Management

Safety and Health Activities

As a result of continuously internalizing safety and health activities, LIG Nex1 achieved a 'zero-accident record' in the safety and health sector in 2023. We will continue to engage in various activities to create a healthy and safe working environment.

2023 Performance of Major Safety Activities



2023 Performance of Major Health Activities



1 Reinforcing on-site safety activities

- Regularize safety inspections for outlying areas / business trip destinations
- Introduce cross-checking by business site
- Internalize risk assessment

4 Strengthening construction accident prevention activities

- 5 cases of zero-accident completion
- Establish and distribute construction safety management standards
- Implement and improve on-site safety inspection : 35 cases

2 Rebuilding of a comprehensive disaster safety system

- Secure crisis management response system in case of an emergency
- Create a disaster response manual
- Write scenarios for 12 types of disasters

5 Promoting safety-related law compliance activities

- Diagnosis of Serious Accident Punishment Act implementation
- Half-yearly report on major results regarding compliance with safety and health management system and laws
- Improvement measures: 103 cases

3 Promoting activities to improve the level of safety culture

- Develop and implement quantitative evaluation of safety culture: 3.92 out of 5 points
- Prepare and implement response measures for vulnerable areas in the mid-to long-term

6 Supporting safety and environmental activities of partner companies and affiliates

- Carry out safety environment diagnosis and consulting of partner companies: 7 companies
- Support training for partner company safety management: 25 companies

1 Diversifying health promotion activities

- Walk 10,000 steps challenge, twice a year (walking 10,000 steps a day)
- Special lecture on job stress
- Share health information through the bulletin board

3 Fostering first aid capabilities of employees

- Secure professional first aid instructor
- Regular first aid training (16 times)
- No. of people who completed first aid training in 2023(767 people*)
*751 employees , and 16 people from partner companies

2 Acquiring Health-Friendly Workplace Certification

- Acquire Health-Friendly Workplace Certification
- Receive Minister of Health and Welfare Commendation Award

4 Improving management for those with positive findings

- Analyze examination results and re-establish management standards for high-risk patients
- Carry out individual consultation using a checklist for each disease



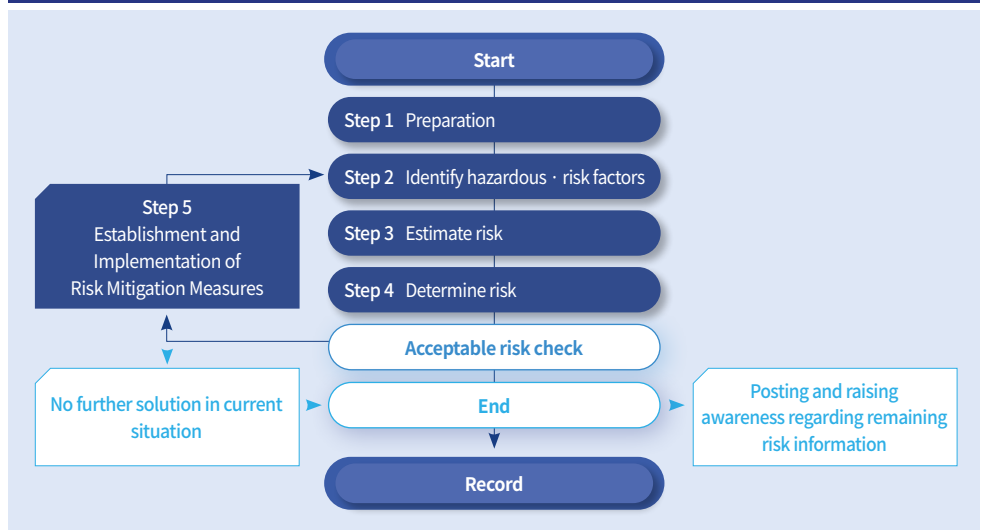
Topic 3 Improvement in Working Conditions for Employees

Safety and Health Risk Management

Risk Assessment

We regularly conduct risk assessment to identify and prevent in advance all potentially possible serious accidents and near miss incidents that can occur in any situation. After we identify the hazardous and risk factors through patrol inspections and listening to worker’s opinions, we make quantitative measurements based on the possibility and severity of occurrence according to the Korea Risk Assessment System (KRAS)¹⁾ and Job Safety Analysis (JSA) methods. We establish risk mitigation measures based on the results of the analysis, and we immediately and continuously make improvements and share the information with employees. We also reevaluate the risk after improvements are made to assess the effectiveness of such improvements. In 2023, we separately conducted a risk assessment for chemicals according to the Chemical Hazard Risk Management (CHARM)²⁾ to prevent risk occurrence in handling chemical substances.

Risk Assessment Process

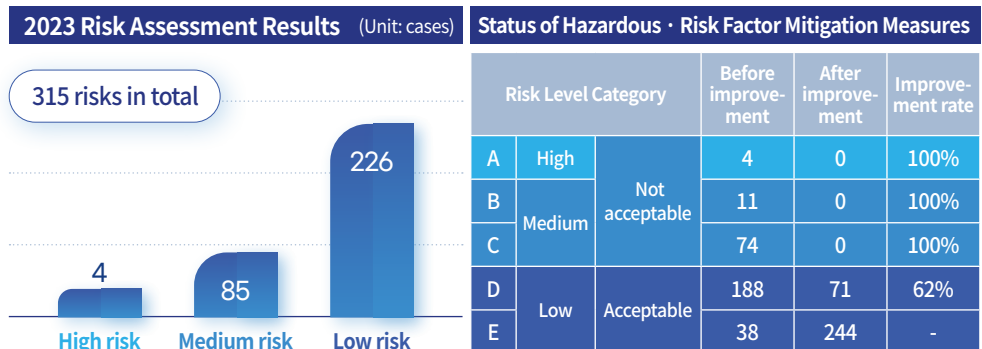


1) KRAS: Risk assessment method that categorizes risk factors into 7 factors, including mechanical, electrical, chemical, biological, work environment, work characteristic, and management

2) CHARM: Chemical risk assessment method presented by the UK Safety and Health Executive

Risk Assessment Results

As a result of conducting a company-wide risk assessment in 2023, a total of 315 risk cases were identified (4 high risk, 85 medium risk, and 226 low risk cases). For the 89 identified risk cases subject to improvement, which were medium risk or higher, improvement measures were implemented and we achieved a 100% completion rate for improvement.



Major Hazardous · Risk Factors and Improvement Plans

Organization	Hazardous Risk Factor	Improvement
Reliability Center	Respiratory toxicity risk from handling mixed organic chemicals	Reduce and improve direct handling frequency by introducing an automatic device
Ground Radar Production Team	Collision or crush risk if a person moves the antenna	Introduce an electric tow truck for exclusively antennas
PGM Production Room Gimcheon Production Team	Musculoskeletal disease and crush risk due to carrying and unloading material containers	Newly construct a designated rail oven to minimize carrying and unloading of workers
PGM Production Room Team 3	Injury risk due to lack of handle when installing test fixture	Attach handles on both sides of the test fixture
Marine Technology Development Unit Team 1	Inhalation of harmful gases from chemicals such as paint and bond during installation work on new ships at shipyards	Check wearing a gas mask before work

Topic 3

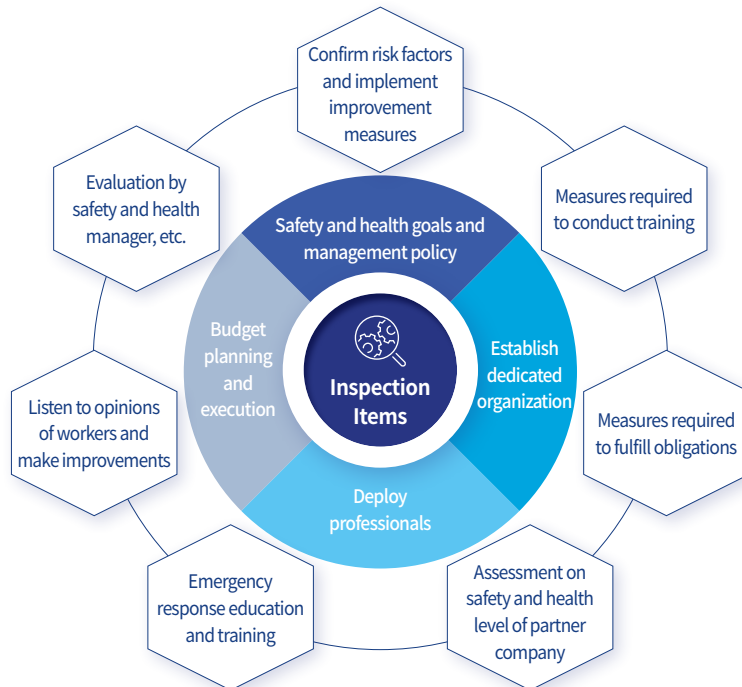
Improvement in Working Conditions for Employees

Safety and Health Management

Serious Accident Response Process

LIG Nex1 prevents the occurrence of serious accidents in advance by implementing regular inspection on 11 compliance items that are required by the Enforcement Decree of the Serious Accident Punishment Act. We check the legal compliance with safety management and identify and implement improvement measures to prevent serious accident risks.

The top management of LIG Nex1 reviews the safety and health risk management results and future plans regarding key issues for safety management twice a year, in the first half and in the second half. A total of 7 items are directly managed by the top management, which includes reviewing overall management to internalize accident prevention, such as identifying risks and taking improvement measures, emergency response training, education and listening to opinions.



Safety and Health Certification

We have acquired the ISO 45001 and operate a safety and health management system that adheres to the international standards. In 2023, we received 2 national certifications in the fields of employee health and health promotion.

The first certification is the 'Certificate of Excellent Workplace in Occupational Health Promotion' issued by the Korea Occupational Safety and Health Agency, which the Pangyo R&D Center, Yongin Research Center, and Gumi House received. 'Excellent Workplace in Occupational Health Promotion' is a certification granted to business sites with significant achievement by operating various programs for the prevention of diseases and health promotion. The second certification is the 'Health Friendly Workplace Certification', issued by the Ministry of Health and Welfare, in December 2023. This certification is awarded to companies that excel in operating health-friendly policies that support a health-friendly culture and environment in accordance with Article 6-2 of the National Health Promotion Act.



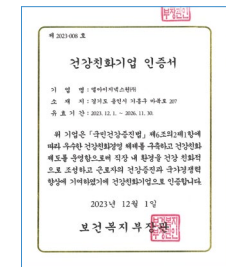
Safety and Health Certification Status



ISO 45001



Certificate of Excellent Workplace in Occupational Health Promotion



Health Friendly Workplace Certification

Topic 4

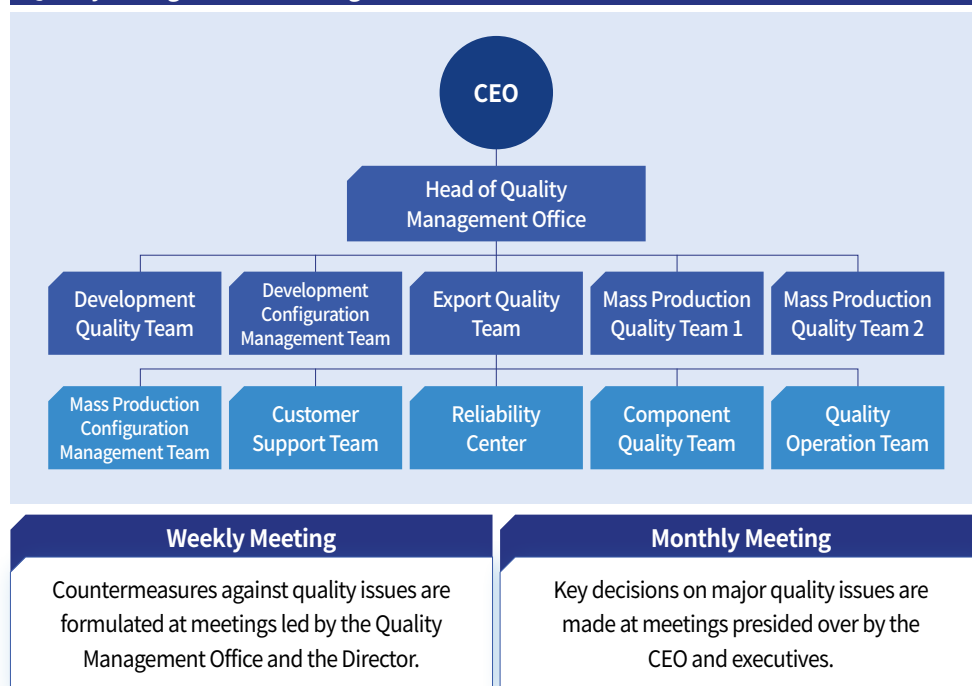
Product Safety and Quality Management

Product Safety and Quality Management System

Implementing Organization

We collaboratively manage issues related to quality with relevant departments across all stages of the product life cycle, from development to production and customer support with the Quality Management Office directly under the CEO. The Quality Committee, which formulates strategies for quality issues, holds weekly and monthly meetings. During the weekly meetings chaired by the Director, quality issue strategies are initially reviewed and subsequently, these strategies are shared among executives during the monthly meetings chaired by the CEO, where decisions are made to improve fundamental quality issues.

Quality Management Office Organizational Chart



Quality and Customer Management Policy

To respond to various customer needs and constant changes in the market environment, we are constantly upgrading our quality and customer management policies. Recently, in line with external environment changes, we are pursuing a transition to a digital-based quality management. We are developing a strategy with the aim to become the Global Quality Leader by establishing a win-win cooperation network and managing product quality together with partner companies.

Major Policies by Sector

Resource Management	Personnel	Infrastructure	Work Environment	
	<ul style="list-style-type: none"> Capability management Training program 	<ul style="list-style-type: none"> Quality information system (QIM) Traceability and configuration management Reliability test / calibration 	<ul style="list-style-type: none"> Establishment / maintenance of optimal environment based on 4M1E Customer response (business site, SVC) 	
Supply Chain Management	Select	Support	Evaluate	
	<ul style="list-style-type: none"> Identifying certified supplier Verifying financial / ability 	<ul style="list-style-type: none"> Process certification and management Quality education Quality collaboration 	<ul style="list-style-type: none"> Quality check Regular audit Performance evaluation 	
Quality Management	R&D Quality Guarantee	Component Quality Guarantee	Product Quality Guarantee	Customer Service
	<ul style="list-style-type: none"> Quality gate Configuration management (PCA/FCA) Project Partner (CE activity) 	<ul style="list-style-type: none"> Source inspection Incoming goods inspection 	<ul style="list-style-type: none"> Workmanship inspection Performance check Reliability test Statistical process control 	<ul style="list-style-type: none"> Customer support Installation and education Collect customer feedback
Continuous Improvement	Regular Audit	Statistical Process Control	Inadequate Management	Collect Customer Feedback
	<ul style="list-style-type: none"> Internal audit Process effectiveness assessment 	<ul style="list-style-type: none"> Data monitoring and distributed management Improvement of potential defects and management deviation 	<ul style="list-style-type: none"> Identifying and isolating inadequacies Determination of action (disposition) 	<ul style="list-style-type: none"> Collect and analyze customer feedback Take measures and feedback

Topic 4

Product Safety and Quality Management

Quality Management Strategy

LIG Nex1 carries out systematic management by establishing quality goals and promotional directions throughout the product’s entire life cycle, from the R&D stage, production, to post-production management. In line with our quality policy, we have developed a mid- to long-term strategy concentrating on continuously evolving the digital-based quality infrastructure, operating a global cooperation network centered around quality, and managing / analyzing / and preemptively responding to customer needs.



Detailed Goals regarding Quality Management



1) QCG: Quality Control Gate
2) MRA: Manufacturing Readiness Assessment
3) 2023 certifications / awards: DQMS⁵⁾, KS Q 9100, AS9110, ESD⁶⁾, KSPC, Presidential Commendation for Defense Quality Management
4) Maintain certifications in 2024: DQMS, KS Q 9100, AS9110, ESD, KSPC
5) DQMS: Defense Quality Management System
6) ESD: Electro Static Discharge

Topic 4

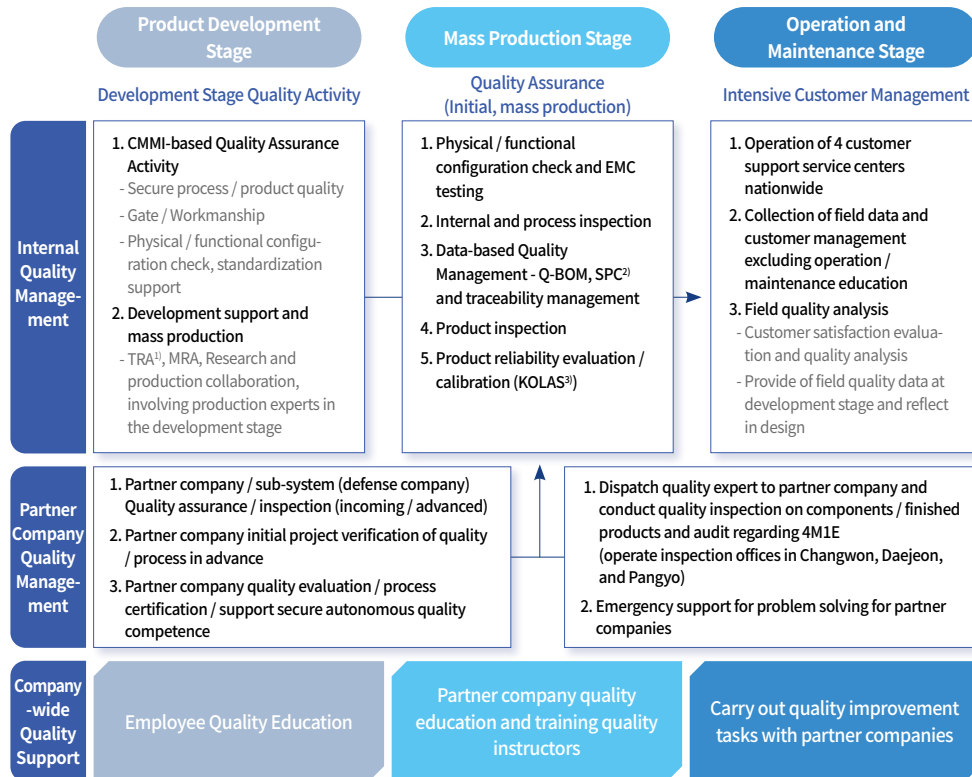
Product Safety and Quality Management

Quality Management Strategy

Quality Management Process

LIG Nex1 carries out quality management and improvement activities throughout the product's entire life cycle, from the initial stage of R&D, factory warehousing stage of materials, to mass production and shipping, and finally to the stage where the customer uses the product.

Quality Management Process



Operation of Reliability Center

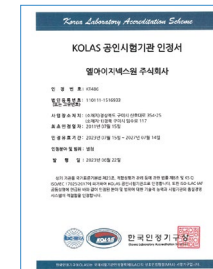
We operate the Reliability Center to verify the performance of our developed and manufactured products and for strict quality control. The Reliability Center is an internationally accredited testing / calibration institution certified by the Korea Laboratory Accreditation Scheme (KOLAS). It conducts testing (EMC⁴⁾), environment and reliability, non-destructive and calibration tasks in accordance with KSQ ISO/IEC 17025 standards. The Center also plays various roles such as supporting standardization in reliability fields, providing testing support to partner companies, and handling special process certifications⁵⁾. In addition, we established an IT system to maintain integrity of testing / calibration data, ensure reliability, and prevent forgery. With this IT system, we are making effort to strengthen public trust and maintain customer trust.

Quality Test Capability

LIG Nex1 is the only company in Korea's defense industry that maintains KOLAS certifications in both calibration and testing fields. We provide reliability testing and advisory services for defense industry products and weapon introductions by establishing a world-class testing facility infrastructure.

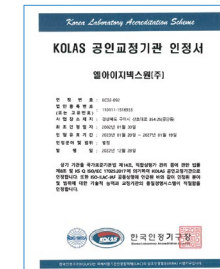
KOLAS Certification for Accredited Testing Center

Period 2023.07.15 ~ 2027.07.14
Fields 3 areas, 32 items including electromagnetic compatibility, environment and reliability, nondestructive testing



KOLAS Certification for Accredited Calibration Center

Period 2023.01.20 ~ 2027.01.19
Fields 11 areas, 33 items including mass and quantities, time and frequency, electricity / electromagnetic, temperature / humidity



1) TRA: Technology Readiness Assessment
 2) SPC: Statistical Process Control
 3) KOLAS: Korea Laboratory Accreditation Scheme

4) EMC: Electromagnetic Compatibility
 5) KSPC(Korea Special Process Certification) examiners in place

Topic 4

Product Safety and Quality Management

Supply Chain Quality Management

Quality Management and Audit

LIG Nex1's quality inspection begins the moment components arrive from partner companies. Component Quality Team and Development Quality Team conducts inspection on components (development / mass production stage) and checks the grade. They confirm not only the quantity and performance of the parts, but also the raw materials that could affect the product, to verify comprehensively appropriate parts have been received. In addition, to ensure that components / semi-finished products are produced normally at each production stage, a quality management audit is conducted across all areas, including partner company quality system inspection, process, special, and special process inspections. Depending on the characteristics and importance of the components, the audit is conducted on primary partner companies as well as secondary partner companies. Internal experts are dispatched to conduct quality inspections directly at the partner companies when needed. (Advanced inspection system / 4 offices: Changwon, Daejeon, Pangyo, Gumi)

Quality Support for Partner Company

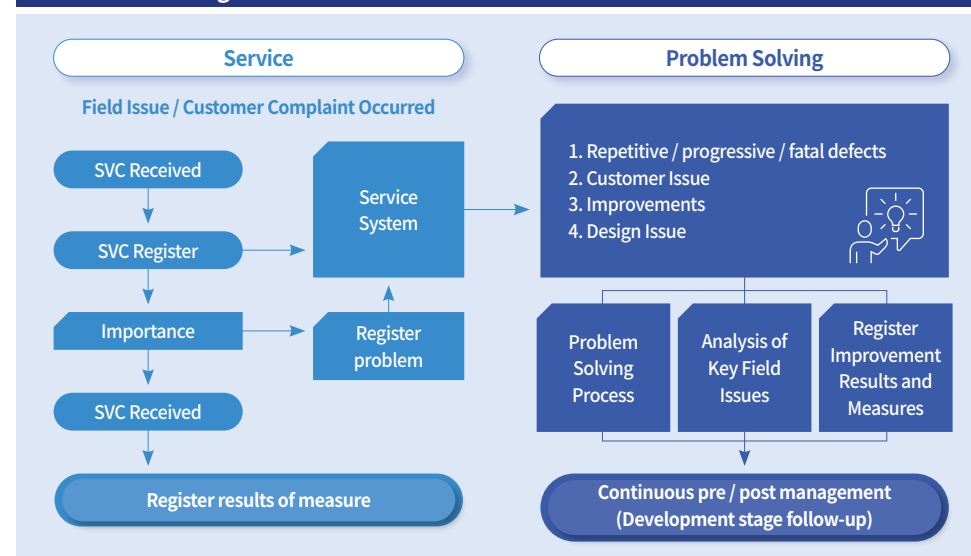
We actively support the quality management of our partner companies in four aspects: quality assessment, quality certification, initial project quality management activities, and quality capability enhancement activities.

Partner Company Quality Support			
Category	Areas of Support	Effect	2023 Performance
Quality Assessment	LSQR ¹⁾ -based QMS evaluation and improvement	· Establishment of partner company autonomous quality guarantee system and inspection on quality management / operation and check improvements	77 companies
	Special audit of quality issue companies	· Quality diagnosis and improvement through expert engagement for quality issues that are difficult for partner companies to improve themselves	10 companies
Quality Certification	Special process quality certification inspection (LSPC, KSPC ²⁾)	· Enhancement of level of process management for the special process sector and ensure product stability	71 companies
	Operation of special process quality council		Once a half year
Initial Support	Initial quality stabilization activities	· Major quality-related events and risk management, strengthen issue response capabilities for initial items	3 projects
	Partner company initial product quality management support		
Quality Capability Enhancement Support	Collaborative tasks by field		
	QMS and special process quality management consulting	· Promoting quality capabilities by carrying out collaborative tasks in areas that cannot be carried out by partner companies, and support collaboration so that partner companies can discover and improve quality issues on their own in the future	50 companies
	Special quality management improvement activities (emergency measures)		
	Securing autonomous quality capabilities of partner companies		

Response to Customer Quality Issue

Due to the nature of the defense industry requiring fast and systematic technical responses, we have established a service processing centered around major service centers to provide preventive maintenance and follow-up customer technical care services. We classify customer complaints by importance and promptly take measures, record the complaints into the service system and convert them into a database upon receipt. The data collected, along with customer satisfaction survey results, is analyzed in depth and reflected in the product development and design stages for pre / post processing. We also conduct training on customer equipment operation and maintenance. In order to qualify as a service engineer, candidates are required to have at least 3 years of military maintenance experience or at least 3 years of quality / technical / production department work experience, and at least 64 hours of service regulations and equipment operation training. As of the end of 2023, 20 professional engineers are stationed at each center to provide prompt and professional technical support services.

Service Processing



1) LSQR: LIG Nex1 Supplier Quality Management System Requirement (Partner company QMS requirements)

2) KSPC : Korea Special Process Certification

Topic 4 **Product Safety and Quality Management**

Product Safety and Quality Management Education

Employee Education

LIG Nex1 conducts a total of 19 education programs related to quality to enhance the quality capabilities our employees. Each person in charge must complete at least 16 hours of quality-related programs suitable for their job per year. In 2023, 1,003 employees completed 15,614 hours of quality education.

Quality Management Education Courses				
Course	Target	Main Content	No. of Participants (persons)	No. of Hours (hrs)
Job Skill Education	Worker	· Workmanship Standard · Assembly and practice (soldering, etc.)	16	192
Inspection Training	Inspector (IQC/LQC/OQC)	· Quality mind education · Inspection criteria / method · Other than nonconformance handling procedure	116	728
Quality Certification Worker Training	Certification worker Special worker	· Equipment operation / quality check · Quality certification worker requirements upon product production · Operational training on measuring instruments / special facilities	104	2,881
Quality System Education	All employees	· Quality policy and goals · Main process by function · Each standard requirement · Quality failure cases	767	11,813

Partner Company Education

LIG Nex1 carries out quality education for partner companies to strengthen the quality capability and foster quality experts and instructors. We operate 3 to 4 sessions for each program for all our partner companies so that they can receive appropriate quality training, and also conduct a test after the training to evaluate the effectiveness and incorporate them into the courses for improvement. In 2023, a total of 20 sessions for 10 quality-related programs were conducted, completed by 300 participants from 191 partner companies.



Partner Company / In-house Workmanship Education



Measuring Instrument Training for Partner Company

Topic 4 Product Safety and Quality Management

Quality Certification and Award

Quality Certification Status

To secure '100% quality reliability', which is a key element in the defense industry, LIG Nex1 maintains its state-of-the-art quality management system and infrastructure, and also holds various quality-related certifications.

KSQ 9100, ISO 9001

Period 2022.04.04 ~ 2025.04.03
Fields International quality standardization standards, including ISO 9001, Aerospace and Defense Industry Quality Requirements and FAA (Federal Aviation Administration) regulations

ANSI/ESD S20.20 International Certification for Electrostatic Discharge Prevention

Period 2023.02.01 ~ 2024.01.31
Fields Compliance with international standards for risk prevention for ESD (electrostatic discharge, a momentary electric shock caused by a person or any charged object) issues

CMMI Level 5 Certification

Period 2022.-07.07 ~ 2025.07.07
Fields First domestic defense company to achieve the highest level, level 5, in capability maturity of product development organization

AS 9110

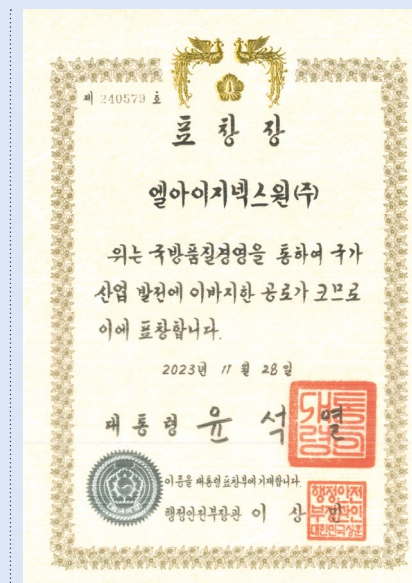
Period 2021.10.26 ~ 2024.10.25
Fields Compliance with international quality standards to ensure the quality of maintenance, and repair & maintenance of components in the aerospace defense industry

Korea Special Process Certification

Period 2023.01.18 ~ 2024.07.17
Fields Certification of the supply chain soundness and quality capabilities over chemical treatment, painting, solution analysis and chemical conversion coatings

Defense Quality Management Award

The Defense Quality Management Award is an awards system to identify exemplary quality management models and promote a culture of quality management throughout the defense industry. Being recognized for systematically operating the processes for product development, production, support, and safety quality verification, LIG Nex1 was awarded the 'Presidential Commendation' of the Defense Quality Management Award in November 2023, following previous awards in 2004 and 2009.



Topic 5

Information Security

Information Security System

Implementing Organization

We implement step-by-step protection policy to respond to constantly evolving cyber threats. As attacks by global hacking organizations and attempts to attack information targeting defense companies increase, we are actively investing in organizations and personnel dedicated to information protection to respond to more intelligent and advanced cyber security threats.

We have established a dualized information security organization by separating the Chief Information Security Officer (CISO), responsible for in-house information security, and the Chief Privacy Officer (CPO), in charge of personal information protection. Under the CISO, we operate the Defense Information Security Office and the Information Security Team to organize dedicated personnel in accordance with the highest security level of the defense industry's security organization and personnel composition guidelines by security level. In addition, under the CPO, we manage the HR Support Office and People Team to protect personal information.

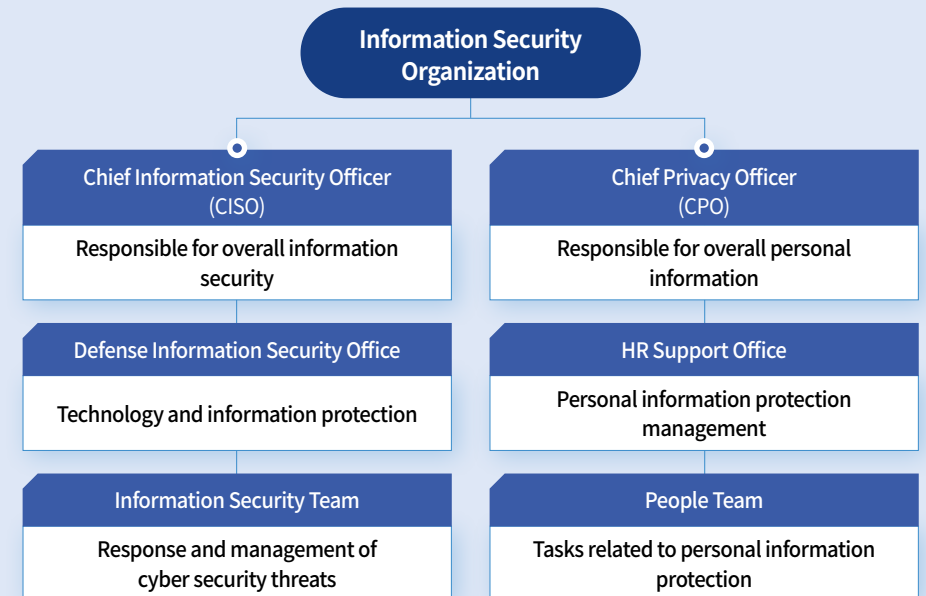
As required by Article 8 of the Act on Promotion of Information and Communications Network, LIG Nex1 registers data regarding our information security activities in the electronic disclosure system (ISDS).

Information Security Policy

We strictly comply with domestic and international security laws and regulations, such as the Defense Acquisition Program Act, Military Secret Protection Act, and the Defense Technology Security Act, and respond to compliance required by governmental institutions by reflecting them in our security policies. Additionally, we are building a strong information protection system through information security policies that reflect the latest security threat trends.



Information Security Organizational Chart



Information Security Investment Status

As of December 2023

Investments in the information technology sector

KRW 34.31 billion

Investments in the information security sector

KRW 5.48 billion

Percentage of investment in the information security sector

16%

Topic 5

Information Security

Information Security Promotion Strategies

4 Major Areas of Information Security

We carry out information security activities systematically centered on the organization in charge of information security in order to prevent accidents such as information security breaches and data leaks. We implement detailed activities based on the 4 major areas, which are facilitating investment in information security, providing information security awareness training and support for employees, information security personnel management activities, and information security awareness training for users. Main activities including the performance history are transparently disclosed through the portal for disclosure. In addition, we also regularly conduct mock drills on malicious emails to ensure that information protection activities are embedded into daily life of all employees.

Information Security Major Areas and Activities

Facilitating investment in information security



Security system establishment for Information Security

- Re-establishment of a data leak prevention system
- Upgrade of MDM system linked to access control system
- Establish mobile groupware obfuscation service
- Establish DMZ and internet server vulnerability inspection solution

Information Security Personnel Management Activities



Activities for security officers, and promoting a working-level council

- Update internal regulations in response to changes in external laws and the environment
- Conduct security working-level council on a quarterly basis
- Conduct in-house regular information security education for security officers
- Reporting and reward on employ security vulnerabilities

Information security awareness training for users



Security Education and supporting for Partner Companies

- RConduct security consulting / inspection for partner company
- Implement security education for suppliers
- Train resident suppliers on information security

Providing information security awareness training and support for employees



Education and training for employees

- Defense industry technology protection and security education
- Designate ‘Cyber · Security Diagnosis Day’
- Defense Acquisition Program Administration’s online education for technology security officers
- Inviting external instructors for defense technology protection training
- Security education for new employees (with external organization cooperation)
- Establish and implement information security measures upon retirement / job relocation
- Strengthen unauthorized wireless LAN detection activities
- Training and conducting mock drills

Mock drill on malicious emails

Conduct training on handling malicious emails from external sources to raise security awareness of employees

- Send malicious email for training to all employees without prior notice
- Calculate results based on whether or not the emails are read, attached files are opened, and the number of reports

Topic 5 Information Security

Information Security Risk Management

Survey Co-conducted by Governmental Institutions

Due to the characteristics of business operation in the defense industry, we are subject to an integrated survey conducted jointly by 3 organizations, the Defense Acquisition Program Administration, National Intelligence Agency, and the Defense Counterintelligence Demand. We constantly conduct information security status checks through integrated and ad hoc surveys.

Defense Survey Period by Items and Key Inspection Areas (As of 2023)	
Key Inspection Areas	
<div>Integrated Survey</div> <div></div>	<div>Survey Period 4 weeks 226 items in 6 areas</div> <div><ul style="list-style-type: none">• 15 items on technology identification and management• 11 items on personnel control• 10 items on facility protection• 107 items on information security• 21 items on R&D• 62 items on military secret</div>
<div>Ad hoc Survey in January</div> <div></div>	<div>Survey Period 1 weeks 29 items in 4 areas</div> <div><ul style="list-style-type: none">• Personnel control• Facility protection• Information security• Technology protection for exports</div>
<div>Ad hoc Survey in July</div> <div></div>	<div>Survey Period 1 weeks 43 items in 3 areas</div> <div><ul style="list-style-type: none">• Personnel control• Facility protection• Information security</div>

Information Security Risk Assessment

We conduct a vulnerability assessment once a year, under the supervision of the Defense Acquisition Program Administration. We identify administrative, physical, and technical vulnerabilities through an external professional organization, and conduct mock hacking for key external points. By establishing and implementing improvement tasks, we handle the identified vulnerabilities to prevent information security issues in advance.

Information Security Education

To raise employees awareness of defense industry technology protection as well as security, we carry out information security education for all employees. Specifically, we host a monthly event called ‘Cyber Security Diagnose Day.’ Additionally, we provide data protection education through the Defense Industry Technology Protection and Security Working-level Council on a quarterly basis. Information security education is also carried out for partner companies. For those with relatively less capability to conduct professional information security education, we provide specialized technology protection education at least once a year. In addition, we support partner companies by conducting inspection on document management, organization and personnel management, and information management process to analyze vulnerabilities and help them make improvements. In 2023, we conducted training and security checks for 73 companies. A total of 41 training sessions were carried out for our employees and an accumulated total of 55,073 people completed the education, and 1,758 partner company workers completed the defense industry technology protection education.

2023 Information Security Education for Employees and Partner Companies				
Target		Main Content	Number of sessions	Number of participants
Employees	Security Manager	2023 Defense industry technology protection and security working-level council	41 times	Accumulated 55,073 people
	Overseas Office member	Defense industry technology protection education		
	All employees	2023 Defense industry technology protection and security education		
	Department Head	Defense industry technology protection education for responsible personnel		
73 Partner Companies		Defense industry technology protection and security education	1 time for each	1,758 people

Topic 6

Ethics · Compliance Management

Ethics · Compliance Management System

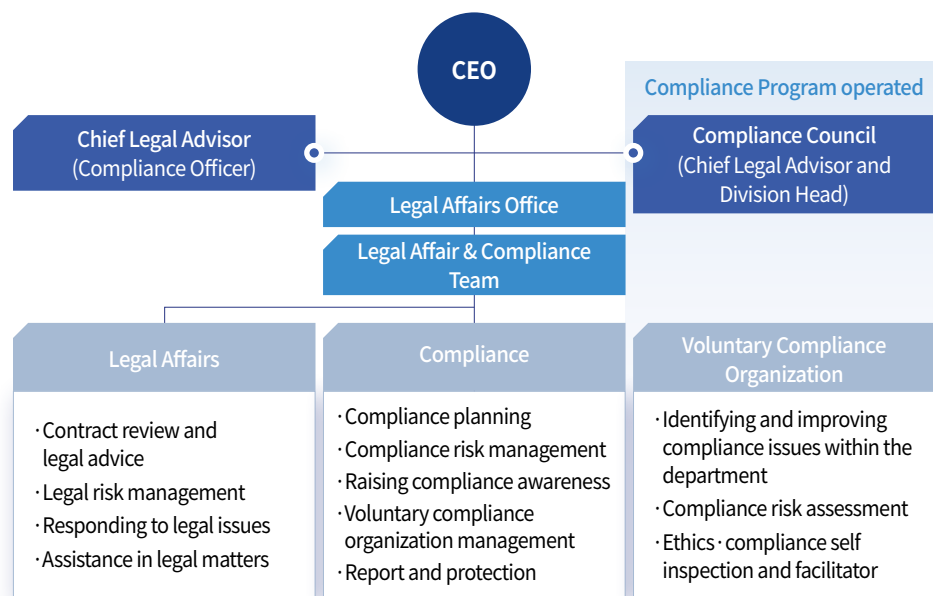
Implementing Organization

We place ethics and compliance as our top priority values and encourage all employees to practice ethics and compliance management. To proactively respond to changes in domestic and international policies and regulations, we have established a dedicated organization directly under the CEO. We carry out various activities such as company-wide ethics and compliance self-inspection and compliance programs to raise employees' ethics and compliance awareness through the dedicated organization. In addition, to improve the effectiveness of anti-corruption activities, the Board of Directors reviews the operation performance of compliance programs twice a year. Through this process, we promote a developmental cycle for anti-corruption by comprehensively reviewing anti-corruption risk, risk mitigation measures, and effectiveness evaluation results.

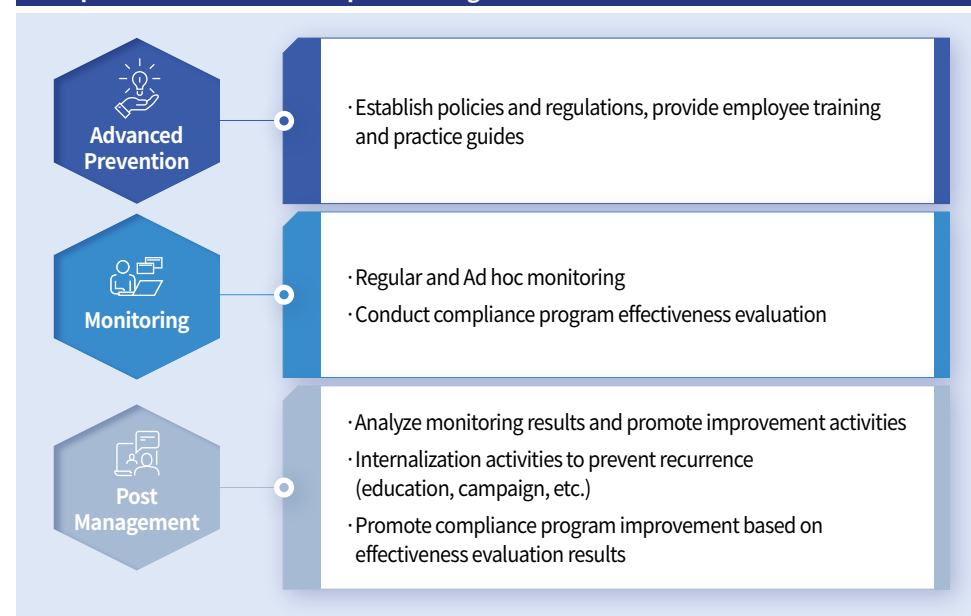
Compliance Council

LIG Nex1 established the Compliance Council, an advisory body of the compliance program, and the Voluntary Compliance Organization, serving as the executive body. The Compliance Council, consisting of a compliance officer and senior management, was first launched in 2017 and has been operating annually. The Council discusses the basic direction and key matters of the compliance program every year, and conducts overall monitoring on compliance, including reviewing the implementation of compliance policies and recommending actions for improvement. The Voluntary Compliance Organization consists of the head of the field organization and one subordinate, and implements risk identification, assessment, and inspection throughout the compliance program operation. The Compliance Council and Voluntary Compliance Organization hold regular quarterly meetings and discussions to review the current status and lead the implementation direction of the compliance program.

Ethics · Compliance Management Organizational Chart



Composition of LIG Nex1 Compliance Program



Topic 6

Ethics · Compliance Management

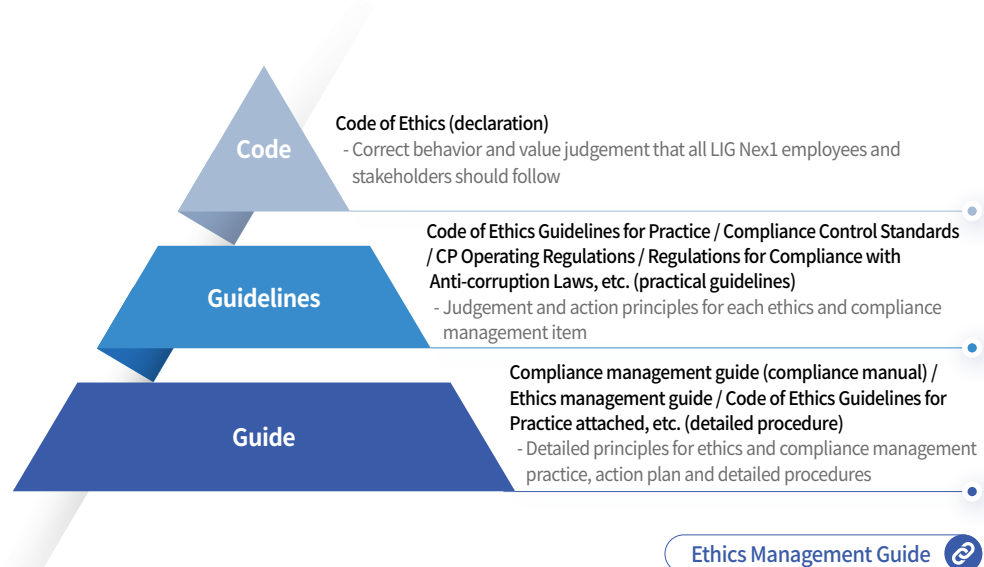
Ethics · Compliance Management System

Ethics · Compliance Code Framework

Our ethics and compliance regulation system is composed of 3 steps: code, guidelines, and guide. We operate the Compliance Program (CP) based on each of the rules.

Through each tailored rule, we prevent the company and employees from ethical and legal risks by ensuring that they comply with relevant laws and regulations when performing tasks.

LIG Nex1 Ethics & Compliance Regulation System



Fair Trade Policy

To prevent unfair trade and competition, we established fair trade goals and published a compliance management guide. We are revising the guide in a timely manner so that it can reflect regulation trends. Also, we distribute compliance management guides and checklists and by requesting confirmation of receipt, we are making effort to internalize a sense of compliance among employees. Furthermore, we are fostering a culture of fair trade by strictly complying with regulations on concluding subcontractor contracts during transactions with partner companies.

[Compliance Management Guide](#)

[Subcontracting Contract Regulations](#)

Compliance Management Guide

- Anti-corruption
- Defense Technology Protection
- Fair Trade(subcontracting, collusion, win-win)
- Defense Industry
- Personal Information Protection
- Self-inspection Check-list



Fair Trade Goals

We have established qualitative and quantitative goals to prevent unfair competition and trade, and operate the Compliance Program (CP) to achieve the goals.

Fair Competition and Fair Trade Goals

- Each department should prevent unfair competition and trade from occurring.
 - Zero cases of unfair competition and trade
- Each department should make efforts to enhance the compliance levels of the company and employees by spreading the management's emphasis on fair competition and trade and also conducting relevant training and inspection.

Topic 6

Ethics · Compliance Management

Ethics • Compliance Management Practice

Anti-corruption Activities

LIG Nex1 strictly forbids corrupt acts in order to increase corporate credibility and contribute to creating a healthy corporate ecosystem. We raise awareness by requiring all members to sign the pledge to practice ethics and compliance management, and implement compliance inspections targeting high-risk areas for corruption. We carry out various anti-corruption activities and upload the performances on our website.

Anti-corruption Activities

- 1 Pledge to practice ethics · compliance management (employees, subsidiaries, partner companies)
- 2 No Giving or Receiving Gifts Among Employees during the Holidays' Campaign (Lunar New Year's, Chuseok)
- 3 Written / on-site compliance inspection
- 4 Anti-corruption training, upload Compliance News
- 5 Publish annual report on ethics · compliance management
- 6 Defense Integrity Public-Private Council, Defense Acquisition Program Public-Private Council
- 7 Join the UN Global Compact Fair Player Club

Anti-corruption Regulations

LIG Nex1 publishes the CEO's Declaration of Integrity on the website, containing an anti-corruption message, and established the Code of Ethics, Code of Ethics Guidelines for Practice, and Regulations for Compliance with Anti-corruption Laws, which serve as the basis for behavior and value judgement of all employees and affiliates such as partner companies. Through this, we present our commitment to core principles, such as prohibiting bribery, managing conflicts of interest, preventing illegal transactions, and reporting and addressing violations.

[Code of Ethics](#)

Code of Ethics Guidelines for Practice 

Regulations for compliance with anticorruption laws 

Fair Trade Risk Management

We identify and monitor risks through the fair trade risk assessment process. Major risk factors identified through the risk assessment were lack of awareness of relevant laws and regulations in some departments and dilution of ethics compliance culture. In response, we implemented measures such as reinforcing education and inspection.

Fair Trade Risk Assessment Process



Third-party Ethics · Compliance Due Diligence of LIG Nex1

We conduct third-party ethics and compliance due diligence on investment corporations that can exercise management rights, partner companies and supply chain, sales agents and other business partners performing tasks with LIG Nex1. We require third parties to take a pledge of practice, comply with the Code of Conduct of partner companies, and include a compliance clause in contracts to ensure strict adherence.



Topic 6


Ethics · Compliance Management

Ethics · Compliance Management Practice

Operation of Fair Trade Self-compliance Program

We introduced a fair trade self-compliance program and appoint a compliance officer to systematically operate the program. The Compliance Officer is responsible for promoting a culture of self-compliance in collaboration with the Compliance Council, which is driven by division heads , senior executives., and the Voluntary Compliance Organization governing all departments across the company.

Fair Trade Self-compliance Program Performance

<div>Tone at the Top</div> 	<ul style="list-style-type: none"> · Report to BOD, appoint a compliance officer · Express will to practice ethics and compliance management through the CEO message · Pledge to practice ethics and compliance management from employees and partner companies, holiday campaign · Strengthen overseas compliance management · Survey on company's CP level assessment for partner companies
<div>Risk Management</div> 	<ul style="list-style-type: none"> · Risk assessment, select risk group, risk mitigation measures · Conduct effectiveness evaluation: evaluate risk management index · Operate report center and grievance counseling center for partner companies
<div>Compliance Training</div> 	<ul style="list-style-type: none"> · Conduct regular / special training for BOD / executives / employees / risk group, and training for partner companies · Check satisfaction of 2023 CP training
<div>Compliance Communication</div> 	<ul style="list-style-type: none"> · Publish annual report on ethics · compliance management, revise and publish ethics · compliance guide (self-compliance manual) · Operate the Compliance Council and Voluntary Compliance Organization units by departments · Disclose and publish CP activities on the website

Reporting System

We operate a Report Center where reports on employee legal violations, unethical behavior, and human rights violations can be made at any time. When a report is received via the reporting channel, including the website, telephone, and email, the Legal Affair & Compliance Team checks the contents. After review, the case is handled by the Legal Affair & Compliance Team , or a relevant team conducts investigations and reports the case after taking measures.

To guarantee the confidentiality of the informer's identity or details of the report, we strictly prohibit the exposure or tracking down of the informer's identity, discrimination, and unfair treatment. In 2023, we received 10 reports through the Report Center and all of them resolved through proper measures taken.

About online reporting 

Informer Protection Policy

Informer Protection	Protection of employee who refused to engage in unethical actions
<ul style="list-style-type: none"> · Guarantee confidentiality of informer identity and content of report · Prohibit exposure or tracking down of the informer's identity · Prohibit discrimination and unfair treatment against informer 	<ul style="list-style-type: none"> · Guarantee identity of employee who refused to engage in unethical actions · Prohibit exposure or tracking down of the employee's identity who refused to engage in unethical actions · Prohibit discrimination and unfair treatment against employee who refused to engage in unethical actions

Topic 6 Ethics · Compliance Management

Ethics · Compliance Management Internalization Education

We provide ethics and compliance education appropriate for each position and job for all employees across the company. This includes detailed and customized training such as new employee training and general training for employees, and also specialized sessions for the board of directors, remote business sits, voluntary compliance practitioners, and high-risk groups. We also offer three training sessions for in-house employees, including full-time and contract workers, as well as major partner companies. The sessions introduce fair trade, ethics and compliance activities, and grievance reporting channels. Especially, we send out Compliance News to our partners every month to help them internalize ethics and compliance management and participate in spreading the culture.

Employee Ethics · Compliance Education Details				
Month	Target	Details	No. of participants	Form of education ¹⁾
Feb	Voluntary Compliance Practitioners	Role of voluntary compliance practitioner, guidelines for practice of Code of Ethics, etc.	219	Offline
Mar	Voluntary Compliance Practitioners	Introduction on fair trade risk assessment, FAQ	248	Online
May	All employees	Subcontracting Act, prohibition of request for technical data and misappropriation	4,232	Online
	Overseas business manager	Need for third-party due diligence and relevant laws and procedures	184	Online
	Voluntary Compliance Practitioners	Defense Acquisition Program Administration integrity policy, Improper Solicitation and Graft Act, etc.	249	Online
Jun	Board of Directors	Introduce ESG prospect, ESG Compliance	7	Offline
Jul	Voluntary Compliance Practitioners	Introduce compliance management, major contents of laws and regulations by field	221	Offline
Sep	All employees	Regular education, Code of Ethics and Guidelines for Practice, pertinent laws by area, and precautions	3,893	Online
	Employees working from home	Ethical and compliance management / voluntary compliance activity introduction, on-site Q&A	23	Offline
Oct	Voluntary Compliance Practitioners	Partner company survey results, Code of Ethics Do & Don't	243	Online
Dec	High-risk department	Special education, anti-corruption (domestic, overseas, accepting bribery), collusion, subcontracting	41 (departments)	Online
6 times a year	New employees	Introduce meaning, importance of ethics and compliance management, and major CP activities	643	On · Offline Hybrid
Ad hoc	Recruited executives	Code of Ethics and Guideline for Practice, law and precautions by field, self-inspection checklist	6	Online

1) Offline education includes video training and teaching plan hardware
2) New employees education satisfaction results 4.87 points (out of 5.0 points)

Partner Company Ethics · Compliance Education Details				
Month	Target	Details	Participating companies	Type of education
Mar	Major partners	Introduce CP and importance of CP, and the reporting channel in case of a grievance	33	Offline
Sep	Major partners	Introduce ethics and compliance activities and the reporting channel in case of a grievance	35	Offline
Sep	Related partners	Overview of payment system linkage, Introduction to related work procedures and manuals of the system	107	Offline

Compliance Letter Distribution History		
No.	Date	Title
23-01	2023. 1. 31	Understanding ESG and Global Anti-corruption Standards and Compliance with integrity ethics management
23-02	2023. 2. 28	Generality of Insider Trading Regulations
23-03	2023. 3. 31	Violation of the Improper Solicitation and Graft Act
23-04	2023. 4. 27	International Councils and Anti-corruption policy trends
23-05	2023. 5. 31	International Tax Reform and Integrity - Fair Economy
23-06	2023. 6. 28	Compliance with Conflict of Interest
23-07	2023. 7. 31	Reflections on the direction of law enforcement in the implementation of price interlocking system
23-08	2023. 8. 30	Obligation of supplier chain due diligence and Compliance management
23-09	2023. 9. 20	Casebook of key decisions 'The Improper Solicitation and Graft Act'
23-10	2023. 10. 31	Regulatory Trends of ESG Washing
23-11	2023. 11. 30	Corruption in the infrastructure development industry
23-12	2023. 12. 22	DEI Management and Performance

44 ENVIRONMENTAL

Environmental Management

51 SOCIAL

Organizational Culture

Supply Chain Management

Collaboration with Local Communities

63 GOVERNANCE

Board of Directors

Shareholders

LIG NEX1 SUSTAINABILITY REPORT 2023

GENERAL TOPICS

45 Environmental Management

Environmental Management Framework
Environmental Management Strategies
Environmental Management Activities

LIG Nex1 proactively responds to the risks of climate change, making safety, health and environmental management a top priority and practising sustainable management.

ENVIRONMENTAL

LIG NEX1 SUSTAINABILITY REPORT 2023

Environmental Management

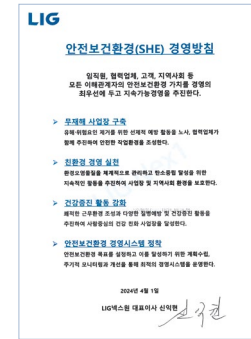
Environmental Management Framework

Organizational Structure

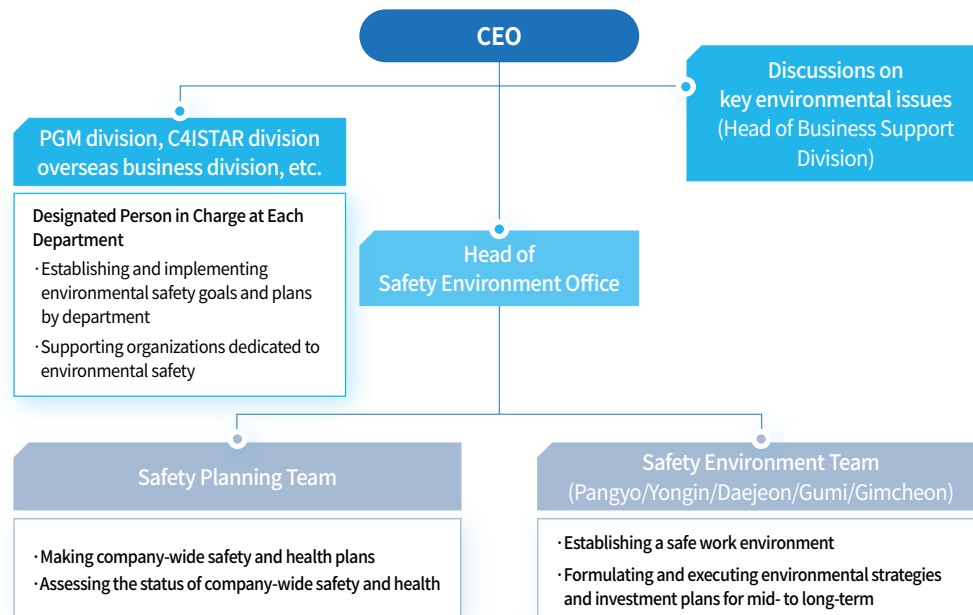
At LIG Nex1, the CEO serves as the chief officer responsible for environmental management, with the Safety Environment Office directly under the CEO's leadership. The Safety Environment Office is composed of the Safety Planning Team, which is responsible for devising plans for company-wide safety and diagnosing safety status, and the Safety Environment Team at each establishment, which formulates concrete strategies and implements them. This structure aligns all safety and environmental affairs in a consistent direction and develops site-specific environmental strategies for each business site. In addition, we ensure that each business department has a person in charge in each department to address environmental issues throughout the entire business management process.

Policy on Safety, Health and Environment

LIG Nex1 places the value of safety, health, and environment of all stakeholders at the heart of its business operations. Accordingly, we aim to become a zero-accident workplace, implement environment-conscious management, ramp up our health improvement efforts, and embed safety, health, and environmental management in all aspects. To this end, we have established our policy for safety, health, and environment, which is approved by the Chief Safety Environmental Officer (CEO), and put it into action.



Organizational Structure for Environmental Management



Responsibility and Compensation

The Board of Directors and management review environmental issues and make decisions on them. The CEO reviews the goals of environmental management and its achievements through the Safety Environment Office, and formulates measures for improvement. Moreover, executives responsible for environmental safety assume the role of Head of the ESG Working Group, which falls under the umbrella of the ESG Committee. This ensures that reports on issues related to environmental management are presented to the board. Environmental management indicators are linked to the Key Performance Indicators (KPIs) of those in charge of environmental affairs at both the company level and within each business department. Those in charge set their own goals for environmental management at the beginning of the year, and their performance is assessed based on the reported environmental management activities. As for responsible executives, they are evaluated in terms of their overall environmental activities. The rating of the environmental aspect of the ESG assessment is also reflected in their performance assessment. In 2023, elements of the ESG environmental rating, the establishment and implementation of strategies for Net Zero emissions, enhancement of the management system for environmental pollutants, and zero-environmental accidents were incorporated into the performance assessment of the general executive for safety, health, and environment. We plan to integrate these elements into the assessment of non-financial performance for internal directors and C-level executives.

Environmental Management

Environmental Management Strategies

Mid- to Long-term Goals and Strategies

Under the vision of ‘LIG Nex1, a cutting-edge technology company creating a safe and convenient future,’ LIG Nex1 brings environment-conscious management into full swing. We take into consideration the nature of elements that constitute the environmental system to establish targets for each element over the short-, mid-, and long-term. In terms of air and water quality, we have progressively applied standards that are more stringent than the legal allowance as part of our efforts to minimize our environmental footprint. Furthermore, we will make investments to achieve our goals of reducing the use of toxic chemicals, alongside our waste management goals, taking into account resource circulation. We have formulated concrete strategies to accomplish our environmental management goals, shared them with each establishment, and regularly tracked their progress under the leadership of the Safety Environment Office.

Departmental Environmental Management Targets and Strategies

	Air* 	Water Quality 	Resource Circulation 	Hazardous Chemical Substances 
2025 Targets	Management committed to keeping air pollutant emissions below 50% of the legal allowance	Management committed to keeping water pollutant emissions below 50% of the legal allowance	Achieving 85% of waste recycling	Maintaining an intensity of 0.5kg per KRW 100 million
2030 Targets	Management committed to keeping air pollutant emissions below 45% of the legal allowance	Management committed to keeping water pollutant emissions below 45% of the legal allowance	Achieving 90% of waste recycling	Maintaining an intensity of 0.45kg per KRW 100 million
2040 Targets	Management committed to keeping air pollutant emissions below 40% of the legal allowance	Management committed to keeping water pollutant emissions below 40% of the legal allowance	Achieving 95% of waste recycling	Maintaining an intensity of 0.4kg per KRW 100 million
2050 Targets	Management committed to keeping air pollutant emissions below 30% of the legal allowance	Management committed to keeping water pollutant emissions below 30% of the legal allowance	Achieving 99% of waste recycling	Maintaining an intensity of 0.3kg per KRW 100 million

*Excluding boilers from targets in the air sector

Environmental Management

Environmental Management Activities

Social Contribution Activities for Environmental Improvement

As part of the social contribution activities in the environmental sector, driven by Gumi City, we regularly carry out ‘One Company One Stream’ cleanup activities. In addition, since 2023, we have been conducting the ‘Environmental Protection Challenge’ that links IG activities, an internal club activities, with environmental protection activities. IG activities, joined by more than 10 employees, involve ‘plogging’, an autonomous initiative to pick up trash during jogging, and ‘beach combing’, a campaign to pick up ocean waste and drift materials. To facilitate these operations, we provide financial support. In 2023, a total of 51 employees participated in these activities, and we continue to carry out these initiatives.

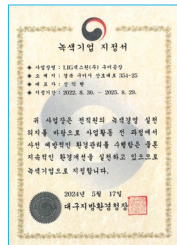
Environmental Management Certification

Certificates

LIG Nex1 has acquired the standardized environmental management system, ISO 14001, developed by the International Organization for Standardization (ISO), and has established its own environmental management system. In addition, in 1999, Gumi Plant became the first to be designated as the Green Company and have maintained this status ever since, which is a testament to our commitment to environmental improvement.

Green Company Certificate

Period 2022.08.30~2025.08.29
Scope LIG Nex1 Gumi Plant



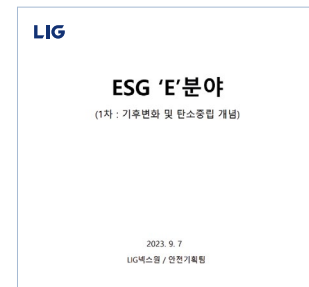
ISO 14001 Certification

Period 2022.10.26~2025.10.02
Scope Head Office (Yongin House), Pangyo House, Daejeon House, Gumi House 1, Gimcheon House, Jinhae House, Pangyo Research Center, Gumi House 2



Environmental Education for Employees

To enhance our employees' proficiency in environmental practices, we have established a dedicated Environmental and Safety Training Center, which delivers environmental education and training tailored to various roles and responsibilities within the company. Complying with ISO14001 (environmental management system) standards, we conduct quarterly training sessions for our personnel as well as specialized emergency environmental training, including preparedness for heavy rain or heavy snow and hazardous chemical spill responses. The education on climate change and carbon neutrality was provided for a total of 2,071 employees between October and December 2023.



Educational material

Environmental Education Details

Environmental education






Education / Training	Frequency	Target
Environmental safety management training	Once/semi-annually	All employees
Person in Charge training by department	Once/quarterly	Person in Charge
Partner company training	Ad hoc	Construction companies
Chemical safety training (MSDS, etc.)	Ad hoc	Handlers
Critical environmental worker training	Ad hoc	Involved workers
Hazardous chemical leak response training	Once/semi-annually	Relevant departments

Environmental Management

Environmental Management Activities

Responses to Environmental Regulations

In an effort to prevent environmental compliance risks, we have monitored the trends of enactment and amendments to environmental laws and regulations, and devised countermeasures accordingly. As a result of our proactive responses, we achieved zero violations of environmental laws in 2023.

Pertinent Law	Target	Main Countermeasures and Plans	Details
Framework Act on Carbon Neutrality and Green Growth 	Achieving Net Zero Emissions by 2050	<ul style="list-style-type: none"> Energy paradigm shift Improving environmental awareness and mindset among employees 	<ul style="list-style-type: none"> Installing solar power generation facilities within the satellite assembly area (installation underway at Daejeon House) Reviewing the introduction of renewable energy generation facilities within new business sites Reaching an environmental education completion rate of over 70% Creating and posting videos promoting ESG management semi-annually Posting card news about climate change and carbon neutrality on the bulletin board (to be conducted starting from 2024) Selling non-labelled beverages and banning the use of single-use bags in our in-house cafeterias and N-Shop
Act on the Control and Aggravated Punishment of Environmental Offences	Reaching zero environmental offences	<ul style="list-style-type: none"> Intensifying our efforts to comply with environmental safety laws 	<ul style="list-style-type: none"> Monitoring the enactment and amendments to environmental regulations on a weekly basis Establishing and revising our own operational standards as needed Conducting legal compliance assessments on a quarterly basis
Clean Air Conservation Act 	Maintaining air pollutant emissions at 30% of the legal allowance by 2050	<ul style="list-style-type: none"> Measuring all air pollutants by emission source Reinforcing pollutant monitoring (in association with the development of a SHE system) Analyzing activated carbon adsorption capacity and managing disposal efficiency 	<ul style="list-style-type: none"> Registering and managing newly detected air pollutants Improving self-measurement management efficiency of environmental pollutants (concentration and frequency) Enhancing environmental data management efficiency (digitalization of air pollutant emission data) Unpacking activated carbon adsorption capacity analysis on a quarterly basis and replacing activated carbon according to the results of the analysis
Water Environment Conservation Act 	Zero effluent leakage Maintaining effluent discharge at 30% of the legal allowance by 2050	<ul style="list-style-type: none"> Preventing chemical leakage and environmental accidents by replacing chemical pipelines Enhancing disposal efficiency by replacing the filter media in the wastewater treatment plant Monitoring discharge concentration and disposal efficiency by conducting monthly self-measurements of raw water and discharge water 	
Wastes Control Act 	Achieving 99% of waste recycling by 2050	<ul style="list-style-type: none"> Managing waste separation for disposal at recycling centers Selecting and contracting for alternatives to incineration and landfill disposal 	<ul style="list-style-type: none"> Attaching guide signs at storage areas considered having a risk of mixed discharge and providing education Identifying agencies → verifying their recycling capabilities → concluding third-party contracts on waste disposal → disposing of waste
Chemical Substances Control Act 	Maintaining an intensity of 0.3kg per KRW 100 million of hazardous chemical substance by 2050	<ul style="list-style-type: none"> Digitizing key management substances and toxic substance risk level for management (improvement of chemical substance management system) Managing chemical substance registration in advance (BOM phase) Carrying out activities to improve business sites handling chemicals 	<ul style="list-style-type: none"> Emergency shower equipment, etc.

Environmental Management

Environmental Management Activities

Green Procurement Process

LIG Nex1 broadens its procurement of environment-conscious products, including those with eco-labels, outstanding recycled products, and products certified for high energy efficiency, in line with our internal green purchasing policy. In the case of new constructions and renovations, we apply high-efficiency lighting and prioritize PCs, monitors, multifunction printers, and consumables that are recognized as energy-efficient and environment-conscious. In addition, our employees actively engage in green procurement by committing to the green purchasing pledge. As a result, the green purchases have raised, with expenditures reaching KRW 2,875 million in 2023, which marks a 22% increase from KRW 2,350 million in 2022 and a nearly threefold rise from KRW 960 million in 2021.¹⁾

LIG Nex1 Green Purchasing Policy*

- 1) LIG Nex1 complies with laws involving environmental conservation and natural resource conservation and fulfills social responsibilities through all purchasing activities.
- 2) LIG Nex1 builds cooperative relationships with suppliers to realize LIG Nex1’s environmental policy through all purchasing activities.
- 3) LIG Nex1 strives to secure the best supplier group to produce stable environment-conscious products, continuously improve quality, and reduce total costs.
- 4) LIG Nex1 reviews and purchases products that have received green certification, such as eco-labeled products and low-carbon green products, as a top priority.
- 5) LIG Nex1 minimizes the purchase of disposable products and purchases environment-conscious disposable and recycled products when necessary.
- 6) LIG Nex1 prioritizes purchasing high-efficiency energy equipment and products with high energy consumption efficiency.
- 7) LIG Nex1 purchases considering the possibility of separate discharge and recycling, and the level of waste generation.
- 8) LIG Nex1 reviews the environmental quality of products in addition to quality and price, purchasing environment-conscious products first.
- 9) LIG Nex1 shares its Green Purchasing Policy with partner companies and encourages activities for improving the environmental friendliness of delivered products.

1) The amount for green purchase aggregated based on our green purchasing policy

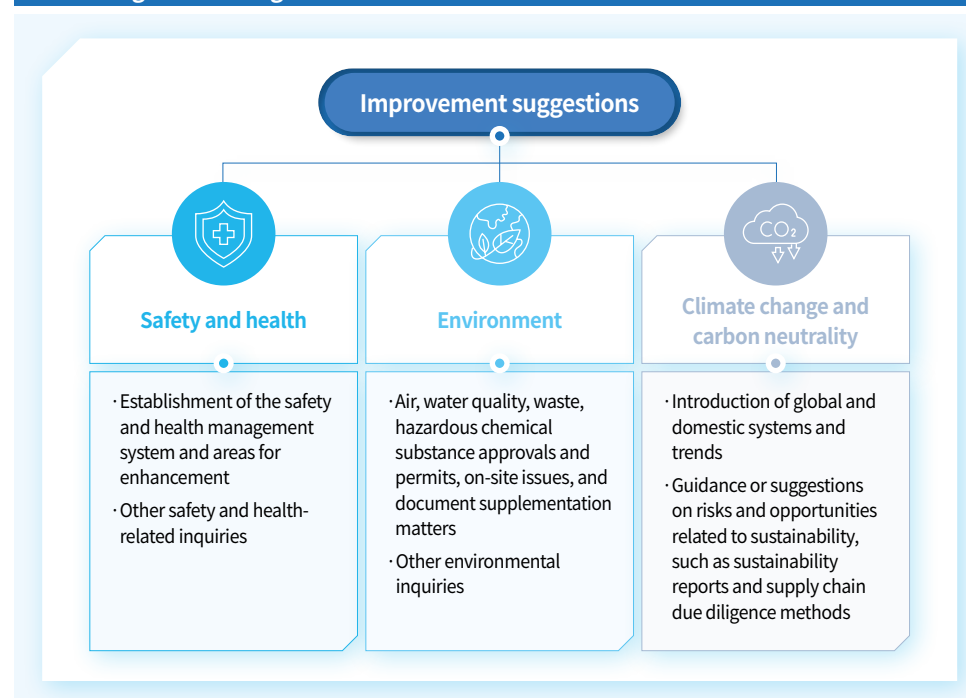
*Criteria for products applied to green purchasing: Eco-Label products, low-carbon green products, environment-conscious disposable items and recycled items, high-efficiency energy equipment, products excellent for idle power reduction

Environmental Management within Supply Chain

In order to elevate the environmental management standards of our partner companies, we offer environmental consulting and training to internalize ESG management.

In 2023, we provided environmental consulting for two partner companies. We ensured compliance with legal standards and disseminated improvements and recommendations through document reviews and on-site inspections across various environmental areas, including air, water quality, waste, and chemicals. Additionally, we provided training on climate change and carbon neutrality.

Consulting and Training

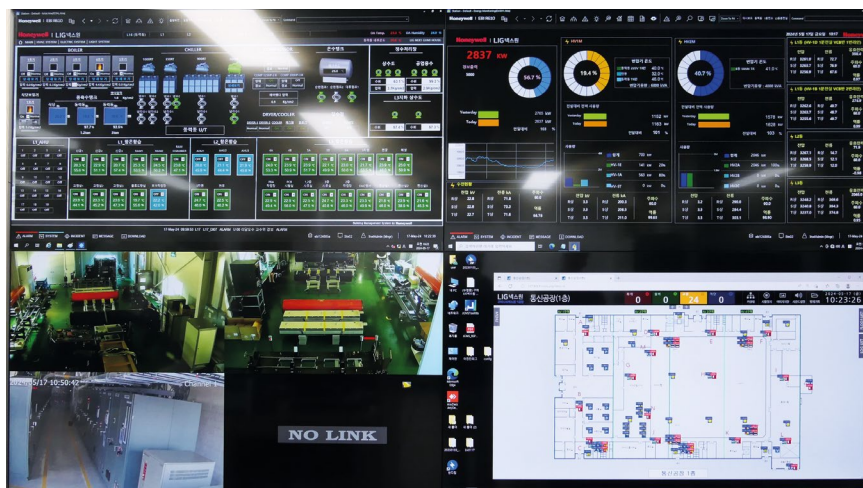


Environmental Management

Water Resource Management

Water Resource Management Activities

LIG Nex1 has continued its water resource management endeavors, focusing on both efficient use and stringent quality control. By fine-tuning the operations of major water-consuming heating and cooling systems, such as boilers, refrigerators, and water heaters, we're achieving reduced water consumption. Our effort for efficiency extends to 24/7 monitoring, eliminating wastage and enhancing facility performance. As clean water quality directly relates to the well-being of our employees and the integrity of our production processes, we maintain this standard by biannual cleaning of water reservoirs and annual comprehensive water quality assessments. Our sewage and wastewater discharge adheres to legal standards, minimizing environmental impact. We rely on both our in-house treatment systems and external experts to ensure purification before release. Monthly inspections by an external professional agency assess the pollutant levels in our discharged water, confirming its environmental compatibility. As such, we regularly conduct vigilant monitoring of the impact of water on the environment.



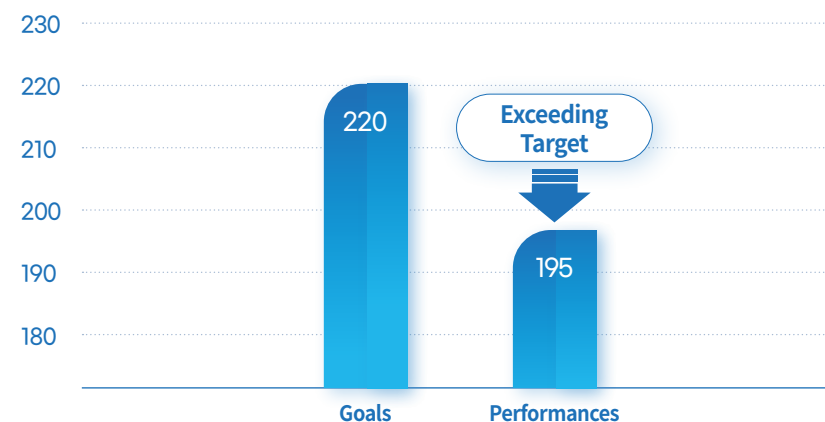
Disaster Prevention Centre

Water Resource Management Goals and Performances

We have set annual water usage goals and monitored performance to reduce and optimize water resource consumption. In 2023, we recorded water usage at 195,000 tons, about 10% below our target of 220,000 tons.

2023 Water Consumption Target and Performance

(Unit: 1,000 ton)



52 Organizational Culture

Talent Development
Labor-Management Communication

56 Supply Chain Management

Supply Chain Management System
Shared Growth Programs

59 Cooperation with Local Communities

Social Contribution Promotion System
Social Contribution Program

LIG Nex1 will become a company trusted by customers and society by fostering a positive impact on our stakeholders, including employees, partner companies, and communities.

SOCIAL

LIG NEX1 SUSTAINABILITY REPORT 2023

Organizational Culture

Talent Development

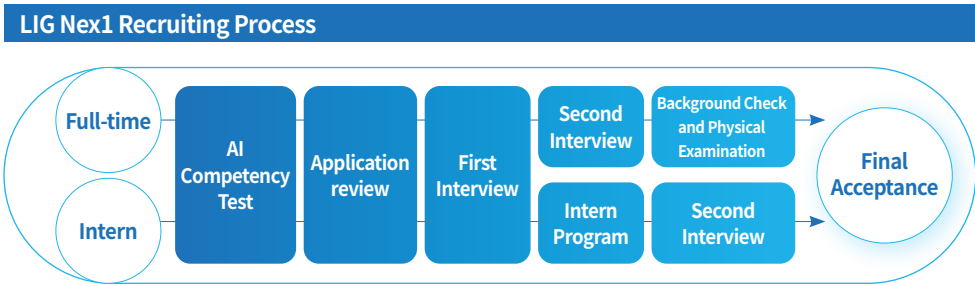
Talent

All members of LIG Nex1 practice the core values of openness and positiveness to make the right choices and take sound actions. We aim to recruit talents who believe in the power of openness and positiveness, and develop and create a better working environment.



Recruiting Process

We operate a six-step recruitment process to secure talented individuals in various fields. We have established channels to build an excellent talent pool, including online recruitment briefings, academic conferences, and internship programs. In addition, we have implemented an AI competency test to fairly evaluate applicants based on their capabilities.



Evaluation and Compensation

We have established a fair and transparent evaluation system, and use it in various ways in connection with promotion, development, and compensation. In addition to performance, we evaluate core values and growth potential through a variety of angles by adding peer evaluation to evaluation from superiors. We strengthened our semiannual growth management activities so that evaluation can lead to feedback and capacity building. Furthermore, by ensuring that each team member's goals are accessible to all other team members at all times, individuals can set appropriate goals and improve transparency within the performance management system.

LIG Nex1 Evaluation System			
Category		Details	
Evaluation	Performance Evaluation	First half / Second half evaluation (June, December)	Twice a year
	Competency Evaluation	Core Value Competency Evaluation (May, September)	Twice a year
		Potential Evaluation (December)	Once a year
Evaluator		Superior (50%) + Peer evaluation ※Proportion of reflection varies depending on the evaluation type	
Feedback		Semiannual performance check and feedback ※Performance management activities required twice a year	Twice a year



Organizational Culture

Talent Development

Education and Training

LIG Nex1 provides diversified education and training programs to enhance job-related capabilities of employees while promoting self-development at the same time. We conduct programs by job role and position to help employees with their work, and we also operate an education system that can support the individual improvement in core competencies through seminars and e-learning. In 2023, we invested a total of KRW 3,230 million in education and training, resulting in a total of 375,407 hours of education conducted, with an average of 88.6 hours per person completed. Afterward, satisfaction surveys and tests based on the training were conducted to measure and improve the effectiveness of the education, and in 2023, the satisfaction point was 4.6 out of 5.

LIG Nex1 Education Programs and Outcomes by Job Position

	Category	Main Course	Target	Main Contents	Training Hours (hrs)	No. of Participants (persons)	Satisfaction Point	Expense (KRW million)
By Position	Introductory course	<ul style="list-style-type: none"> Power Rookies Introductory training by job category Super Rookies OJT/mentoring 	New employees	<ul style="list-style-type: none"> Understanding of the company, training for basic attitude and skills (camp training) Job training for basic job performance Retention training for second-year employees Basic on-the-job training after assignment at departments 	52,432	1,470	4.76/5.0	1,174
		Introductory course for experienced employee	Experienced employees	<ul style="list-style-type: none"> Understanding of the company, training for peer-to peer communication 				
	Courses for promotion	<ul style="list-style-type: none"> Common course for all employees Common course for specific job category Selective course for specific job category 	Office: G1~G3 Field: Employees ~ senior employees	<ul style="list-style-type: none"> Basic competency training required for all employees Specialized job competency training for employees in different job categories Basic technical competency training for development of key R&D technologies 	31,074	2,542	4.66/5.0	
By Job	Leadership course	<ul style="list-style-type: none"> Executive training Team leader training Team leader candidate training Support for academic degree acquisition Leadership course for employees ~ senior employees 	Office: G4~G5 Field: Employees ~ senior employees	<ul style="list-style-type: none"> Seminars and customized training to strengthen the management capabilities of executives Training for the capability building of new and existing team leaders Pre-training for organisation/performance management skills required as team leaders Support for academic degree acquisition in Korea and overseas for the development of core talents Training for leadership skills required by position 	10,749	860	4.35/5.0	
	Job-related course –in-house	<ul style="list-style-type: none"> PM Basic training Technology Trend training 	All employees	<ul style="list-style-type: none"> Business management and SE training required for the PM role Training on the latest technology trends in AI, aerospace, autonomous driving, and more 	24,003	1,107	4.51/5.0	1,377
	Job-related course –external	-	All employees	<ul style="list-style-type: none"> Attending job-related external courses/conferences 	71,589	4,247	-	
Individual Capability	Self-guided learning	E-learning / Reading correspondence / Telephone English	All employees	-	129,813	7,503	-	387
	Others	In-house seminar / Organization revitalization education	All employees	-	39,729	10,618	4.64/5.0	292
	Legal education	Sexual harassment prevention / Education for improving awareness of disabilities	All employees	-	12,582	4,194	-	-
	In-house video	Online introductory course for new employees	New / experienced employees	<ul style="list-style-type: none"> Video content to understand internal business processes 	3,436	6,871	4.65/5.0	-
Total					375,407	39,412	4.60/5.0	3,230

Organizational Culture

Labor-Management Communication

Town Hall Meeting

We have formalized regular town hall meetings by area / class with the CEO. The meetings are held quarterly to collect diverse opinions from within the organization. By promptly providing feedback on improvement requests, we have established an effective communication channel that leads our organizational culture.

Labor-Management Council

In accordance with the Act on the Promotion of Employees' Participation and Cooperation, we hold a labor-management council once a quarter. In line with the independence of the human resources / labor functions, we operate labor-management councils at two major business sites. Through these councils, we collect employee opinions and address grievances, thereby enhancing a coexisting culture of labor-management relations.

LIG Nex1 Labor-Management Council Operation Status

Category	Meeting Months	No. of participants		Agenda
		Management member	Labor member	
Seoul / Pangyo / Yongin / Daejeon ¹⁾	1 st quarter	Mar	5 members	<ul style="list-style-type: none"> · Labor-management council operation (plan) · Quarterly issues · Gather opinions from other employees
	2 nd quarter	June		
	3 rd quarter	Sep		
	4 th quarter	Dec		
Gumi / Gimcheon / Jinhae ²⁾	1 st quarter	Mar	7 members	<ul style="list-style-type: none"> · Labor-management council operation (plan) · Quarterly issues · Gather opinions from other employees
	2 nd quarter	June		
	3 rd quarter	Sep		
	4 th quarter	Dec		

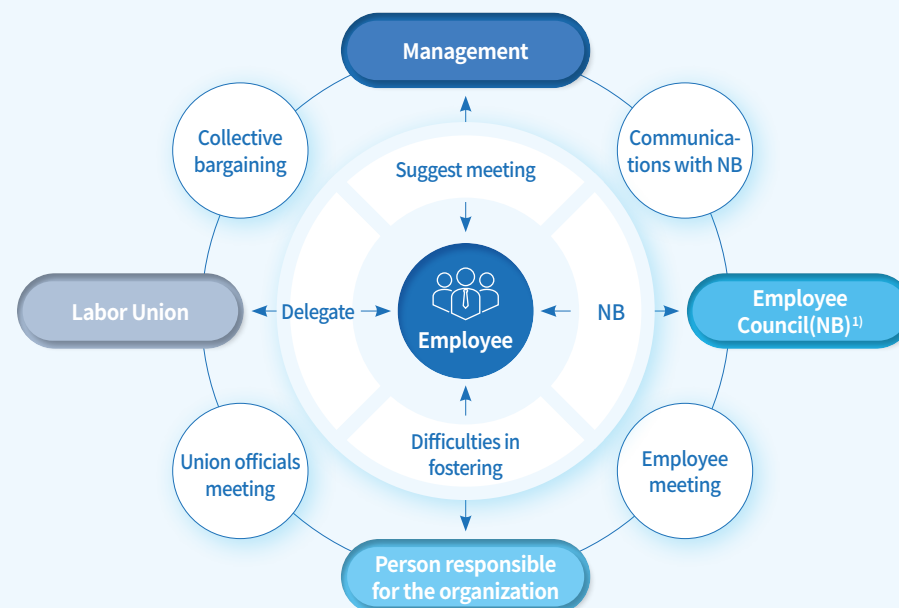
1) For business sites with lack of majority union, 5 labor members are selected through employee voting

2) For business sites with majority union, 7 labor members are appointed from the labor union

Employee Council (Nex1 Board)

Members of LIG Nex1 operate a labor union to guarantee workers' right to collective bargaining and operate an employee council (Nex1 Board) to autonomously create a better organizational culture. The two-way communication channel, built around the two pillars of the labor union and employee council, serves as a cooperative organization that listens to various opinions through regular and frequent online and offline surveys, identifies grievances, and discusses improvements. As a result, we have announced declarations on labor-management harmony, and also received many external awards, including the Labor Management Culture Award.

LIG Nex1 Labor-Management Relations and Communication Channels



1) NB: Nex1 Board, autonomous employee council






Organizational Culture

Labor-Management Communication

Labor-Management Communication Channel

We collect opinions from various classes through different channels, including online and offline platforms, regular and occasional surveys. While identifying employee grievances, we also support them to directly participate in proposing improvements.

LIG Nex1 Communication Channel

N-Board 	<ul style="list-style-type: none"> As a representative body of office employees, its role is to collect opinions from members on working conditions, working environment, and other related matters, and to deliver these opinions to management 	Period Quarterly (Communications with NB)
Monthly Meeting 	<ul style="list-style-type: none"> Deliver management messages, including business management issues, to members 	Period Monthly
Bulletin Board 	<ul style="list-style-type: none"> Listen to opinions of members through online channels such as free bulletin board and 'Bakkwodeurim' 	Period Ad hoc
Labor-Management Council 	<ul style="list-style-type: none"> In accordance with the Act on the Promotion of Employees' Participation and Cooperation, worker members are elected through votes and statutory Labor-Management Council meetings are held 	Period Quarterly
Other Meetings 	<ul style="list-style-type: none"> Conduct frequent meetings at all levels (executives, department heads, HR, etc.) including grievance consultations 	Period Ad hoc

Organization Revitalization

Pursuing the values of a happy family and an enjoyable workplace, we have established and implemented the 'Day Culture' since 2011 as part of our organizational revitalization activities. In this initiative, employees participate together by periodically selecting themes. We enhance our members' pride in the company and strengthen communication and solidarity through family-oriented programs.

Ad hoc Business Trip Day – NB on wheels



Event to encourage long-term business travelers and those traveling to remote areas

September Family Day – Family Invitation



Events to invite families into the workplace to make memories

May Love DAY – Letters to Parents



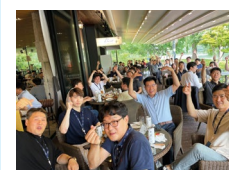
Presenting letters and carnations to celebrate Parents' Day

November Family Day – Fall Camping



Fall camping trip with the family

July Hope Day



Event to interact and communicate with various departments

December Good Work Day – Morning Commute Event



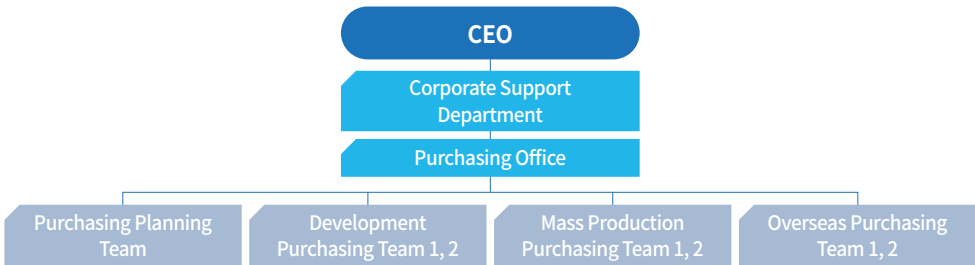
A surprise gift for employees who worked hard all year

Supply Chain Management

Supply Chain Management System

Supply Chain Management Organization

LIG Nex1 promotes fair trade and win-win cooperation with partner companies, centered around the Purchasing Planning Team and Purchasing Team in each department with an objective of conducting supply chain management. We manage supply chain risks by collaborating with various internal departments, encompassing production, R&D, quality, safety environment, and management support.



Sustainable Supply Chain Management Goals

LIG Nex1 leads the domestic and global defense industry by providing various support such as finance, technology, education, marketing, personnel management to enhance the competitiveness of our partners and thereby improve the competitiveness of our business.

Fostering / supporting Partner Companies	Enhanced Communication	Establishment of a Fair-trade Culture
We strengthen the growth and independence of our partner companies through financial and non-financial support.	We create a foundation for 'working together' with our partner companies through various communication activities.	The entire process, from evaluation to contract and delivery, is conducted with fairness and transparency.
<ul style="list-style-type: none">Financial support for partner companiesSupport for personnel employmentSupport for ESG management and industrial safety and accident prevention effortsImplementation of the payment deferral system	<ul style="list-style-type: none">Communication activities according to different levelsEnhanced communication with partner companiesRegular organization of working-level exchange meetingsOperation of a portal site for partners	<ul style="list-style-type: none">Operation of the Compliance ProgramEthical managementFair and transparent selection of partner companies

Supply Chain Management Policy

We have established a policy for sustainable supply chain and the Supplier Code of Conduct to ensure our partner companies' participation in a culture of fair trade and ethics · compliance. Our sustainable supply chain policy stipulates the human rights, occupational safety and health, environmental, ethics · compliance, and sustainability risk management that all stakeholders, including our partner companies, should adhere to. The Supplier Code of Conduct is a set of guidelines composed of 27 items across four categories that all our partner companies should comply with. Every February, all our partner companies pledge to follow these by signing the code.

[Sustainable Supply Chain Policy](#)

Supply Chain Risk Assessment

For sustainable supply chain management, we continuously evaluate the transactional performance and capabilities of our partner companies to secure and maintain supply stability and competitiveness. This includes annual evaluations of credit and transactional performance, alongside appraisals of their capabilities every three years. The evaluation items include manufacturing, technology, safety and health, quality and financial capabilities in addition to delivery capabilities. We also assess the environmental and social impact on business ethics, environmental safety, human rights, and ESG ratings. We register the results in the internal system to develop an improvement plan for vulnerabilities. By promoting improvement and conducting reevaluation when needed, we manage the continuous implementation and management of the improvement plans.

Partner Company Evaluation

LIG Nex1 evaluates the safety capabilities when evaluating partner companies.

Main Items of the Safety and Health Evaluation

- 1 Is there any history of punishment (fine, etc.) for violating environmental safety laws over the past years?
- 2 Is safety training being conducted periodically?
- 3 Are legal firefighting facilities installed and operated, and is fire insurance subscribed to?

Supply Chain Management

Shared Growth Programs

Support for Partner Company Safety

In order to work together with partner companies for a safe working environment, we support safety management facilities, cover safety training costs, and facilitate safety certification inspections. In 2023, we provided support regarding safety management education to 24 companies, and 25 employees from partner companies participated in the session.

Support for ESG Management

We operate programs for sustainable growth with our partner companies. In addition to awarding bonus points to companies with excellent ESG ratings during evaluations, we also started providing consulting and training to help partner companies pursue ESG management from 2023. In 2023, we conducted the ESG management support program for 2 partner companies.

Joint Participation in Exhibitions

We established a cooperative SME union section at the October 2023 ‘Seoul International Aerospace & Defense Exhibition (ADEX 2023)’ to facilitate the entry of 9 partner companies into overseas markets. We provided exhibition booths (including entry, design, and construction) for our partner companies to use during the event, which ran from 17th October to 22nd October, and supported them in producing promotional exhibition content and operating training. As a result of our support for the event, which attracted 23,708 visitors, we laid the groundwork for small and medium-sized partner companies to enter overseas markets by facilitating 27 business consultations, 5 business contracts, and 17 networking opportunities with defense companies.

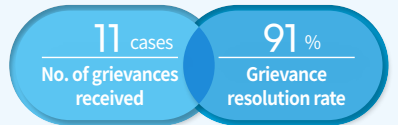


Handling Grievances of Partner Companies

We operate a partner company portal (n-ISP system), a grievance counseling center, a reporting center, and a safety and health grievance channel for partner companies to address their grievances. They can seek counsel for any grievances at any time through the online grievance counseling center and reporting center. In 2023, there were two grievances filed through these channels, and both have been resolved. A total of 11 grievances were filed through the safety and health grievance channel for partner companies, of which 10 have been addressed.

Partner Company Safety and Health Grievance Channel

We strive to resolve the grievances of partner company workers through the Supply Chain Council every quarter. As of 2023, a total of 11 cases were received and 10 cases were successfully handled, except 1 case. The remaining 1 case will be completely addressed within the second half of 2024 by establishing a handling plan.



Main Suggestions and Improvement Measure Results

No.	Suggestion	Improvement Measure Result
1	Request to install anti-slip pad on the floor during rainy weather	Installation completed
2	Request for a safety vest to be worn while cleaning	Safety vest provided
3	Suggestion to improve worker fatigue and risk of sudden stop due to differences in forklift brake sensitivity	Improvements completed by adjusting forklift valve pressure, pedal position, etc.
4	Request for support for special police personnel in preparation for winter season	Winter goods support
5	Request for preventive measures against drivers exceeding safe speed when entering a parking lot	Safe driving training provided

Suggestions Not Addressed and Improvement Progress










No.	Suggestion	Improvement Measure Progress
1	Request to install a patrol route when inspecting the fence nearby the security office at the main gate	A patrol route is scheduled to be installed by July 2024 after land preparation work for Gumi 2 House is completed.

Supply Chain Management

Shared Growth Programs

Win-win Cooperation Program Performance

We carry out various activities such as financial support, improvement of payment methods and payments, technology (development) support and protection, education · training, and human resources support, to achieve win-win growth with our partner companies.

Field	Support Program	Contents	Performance
Financial Support 	Win-win partnership fund / Payment conditions / Win-win payment system	<ul style="list-style-type: none"> · Loan interest discount when lending funds · Smooth management of funds by early payment of delivery fee · Establishment of a win-win payment system between 1st and 2nd tier partners 	<ul style="list-style-type: none"> · Subscription of KRW 20 billion to Win-win deposit fund · 25th of the following month after delivery → cash payment on the 10th · Recovery of delivery payment from 2nd tier partners
Human Resources Support 	Tomorrow Mutual Aid Program / Online recruitment	<ul style="list-style-type: none"> · Support for company contributions for the Tomorrow Mutual Aid Program for outstanding human resources and young people · Support for online recruitment site postings and talent search fees 	<ul style="list-style-type: none"> · Support 10 companies · Support 12 companies
Industrial Safety Support 	Safety and Health	<ul style="list-style-type: none"> · Funding for safety training and inspection, and installation of safety facilities 	<ul style="list-style-type: none"> · Support 7 companies with safety inspection and facility installation costs
Welfare Support 	Cultural activities	<ul style="list-style-type: none"> · Support for cultural activity expenses (gift certificates) 	<ul style="list-style-type: none"> · Support 5 companies
Technology Support 	Technology transfer / Joint patent application / Localization of core components	<ul style="list-style-type: none"> · Free transfer of main technologies to partner companies lacking technological capabilities · Joint patent application for major technology with partner companies (50% rights share) · Support for localization activities, such as writing proposals, drawing designs, and testing interconnection, etc. 	<ul style="list-style-type: none"> · Support 1 company · Support 5 companies (6 patents) · Support 12 companies (14 cases)
Technology Protection 	Technology data storage	<ul style="list-style-type: none"> · Support for technology data storage costs to protect partner company technology 	<ul style="list-style-type: none"> · Support 1 company
Management Support 	ESG Management support / Delivery fee link system	<ul style="list-style-type: none"> · Support for ESG education, diagnosis, and consulting costs according to industrial environment changes · Adjustment of delivery price in response to changes in key raw material price of partner companies 	<ul style="list-style-type: none"> · Support 2 companies · Concluded 21 contracts
Market Support 	Exhibition support	<ul style="list-style-type: none"> · Installation cost for partner company union section in our exhibition hall for ADEX 2023 (Seoul Airshow) 	<ul style="list-style-type: none"> · Support 9 companies
Education Support 	Cost education / Industrial safety education / Defense technology protection education	<ul style="list-style-type: none"> · Education on cost accounting and calculation of expenses · Education on Occupational Safety and Health Act and Serious Accidents Punishment Act · Education on the importance of defense technology protection and compliance with technology protection 	<ul style="list-style-type: none"> · Support 37 companies · Support 24 companies · Support 22 companies

Cooperation with Local Communities

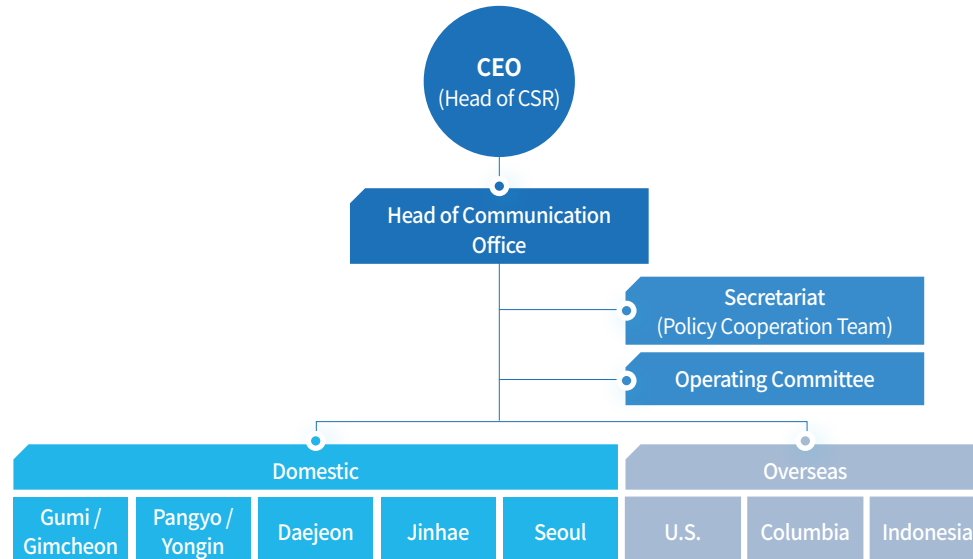
Social Contribution Promotion System

Social Contribution Implementing Organization

LIG Nex1 strives to fulfill our social responsibilities, sharing our resources and continuously communicating to create a brighter tomorrow. Under the vision of ‘realizing win-win values through social contribution’, we are implementing happy social contribution by listening, sharing, and collaborating. We are realizing shared value with society / regions / organizations as a corporate citizen.

We established an organization dedicated to social contribution in 2007, and carry out systematic social volunteer activities to fulfill the company's social responsibility. Social contribution managers are appointed for main business sites in Pangyo, Gumi, and Daejeon, where we carry out activities to foster local win-win relationships based on close network with local governments and community service organizations.

Social Contribution Organizational Chart



Social Contribution Policy

Our social contribution activities have developed into a ‘Union-CSR’ that strengthens the impact of social contribution and secures efficiency by applying collaboration with various external organizations (foundations, NGOs, local governments, etc.) to existing corporate social contribution responsibility (CSR) activities. Furthermore, by continuously expanding our scope of social contribution domestically and internationally, and implementing new ‘sharing projects’ such as health hygiene and support for the underprivileged (multicultural, elderly living alone, etc.), it is transforming into an activity that creates economic and social impact (CSV), focusing on community issues and generating business opportunities for companies.

Social Contribution Policy



Management of Negative Impacts on the Community

We identify the negative impacts that the company's business activities may have on the local community and implement measures to mitigate them. In particular, in 2023, we carried out social contribution activities to mitigate the negative impacts within the region near our business sites in connection with local communities. LIG Nex1 is aware that the use of Anheung Defense System Test Site of the Agency for Defense Development may cause noise pollution to nearby residents, and we are working to protect their quality of life. Together with related defense companies such as the Agency for Defense Development and the Korea Defense Industry Association, we listened to the voices of the residents and raised a fund with the Korea Defense Industry Association. In addition, we identified environmental, safety, and noise impacts that may arise from production facilities and carried out cooperative activities with the local communities. For example, the activities included ‘rice of love’ donation and the ‘one company, one village’ urban-rural co-prosperity, centered around Gumi House.

Cooperation with Local Communities

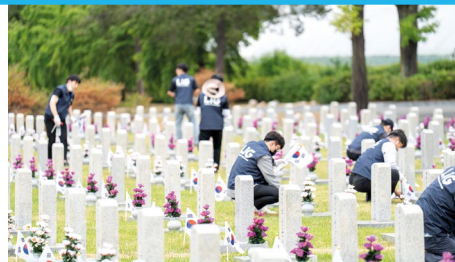
Social Contribution Program

Activities related to Patriots and Veterans

Based on the foundation philosophy of ‘defense of and allegiance to our country’, we engage in various activities to pay respect to the souls of patriotic martyrs and fallen heroes as well as to enhance the morale of Korean soldiers defending national security. In addition to the activities listed below, we are also promoting various activities related to patriots and veterans’ affairs, including the Korea-US Alliance Foundation, Gyeryong-si Veterans Council, Korea Military Song Choir, poetry exhibition for patriots and veterans, dinner for descendants of Filipino veterans, and sponsoring the Korea UNC Friendship Association.

Sisterhood Relationship regarding Cemeteries

We have been continuously conducting this cemetery cleanup volunteer activity since 2010, under the first sisterhood relationship established in the defense industry. We have signed a one-company-one-cemetery sisterhood relationship with various cemeteries, including No.30 graveyard of Seoul National Cemetery, No.2 graveyard of Daejeon National Cemetery, and the 11/12 graveyard of Yeongcheon National Cemetery. We conduct volunteer activities to clean up the grave sites at Daejeon National Cemetery and Yeongcheon National Cemetery twice a year.



Commemorate West Sea Defense Day

To honor the spirits of our national heroes from the Second Battle of Yeonpyeong, the Yeonpyeong Island Bombardment, and the sinking of the ROKS Cheonan, and to express gratitude to their families, we have been conducting this activity for 13 years from 2011. Employees, including new employees, visit the Navy’s 2nd Fleet Command to hold memorial events. We also hold a photo exhibition commemorating West Sea Defense Day and deliver gifts and letters of gratitude to the families of the 55 fallen soldiers.



Sponsoring the Korea Disabled Veterans Organization

We have signed an MOU with the Korea Disabled Veterans Organization since 2017 and have been working to enhance the pride and welfare of national merit awardees. Every year, we sponsor participation in the Invictus Games and support the training of the athletes.



Sponsoring Military Scholarship Foundation

We sponsor scholarships for children of fallen soldiers. We deliver scholarships through sponsorship of various military scholarship foundations (Sky Love, Sea Love, Army Association, and Marine Corps Deoksan).



Promoting Korean Soldiers’ Welfare and Supporting Local Commercial Districts

Since 2012, we have provided support to boost morale and improve welfare for ROK soldiers through agreements with the 11th Mechanized Infantry Division and the 50th Infantry Division.



Gift Delivery to Low-income Individuals of National Merit

With the slogan of ‘Heartwarming LIG, Reassured Veterans’, our affiliates gather annually and deliver gifts to low-income individuals of national merit around the days designated by the government for commemoration of patriots and veterans (Independence Movement Day, Patriots and Veterans Day, and Patriotic Martyrs Day). In 2023, we provided winter supplies to low-income veterans of national merit, in collaboration with the Ministry of Patriots and Veterans Affairs and the Community Chest of Korea.

Sponsoring Korean War Veterans Memorial Project in the U.S.

LIG Nex1 is actively engaging in activities to promote the achievements of Korean war veterans. We have published "Korea Reborn," which contains the achievements of Korean War veterans and Korea’s development, and distributed it to public libraries and educational institutions across the United States. We are enhancing awareness about Korea’s post-war development to veterans and their families, as well as to prominent figures and students in the United States.

Cooperation with Local Communities

Social Contribution Program

Local Community Revitalization Activities

With the aim of creating a society that communicates and coexists with the local community, we are seeking various ways to enhance the quality of life for local residents and maximize the region's unique strengths. In particular, we operate programs that collaborate with or support locals near our business sites, and build cooperative partnerships for mutual growth and development.

Kimchi Sharing Event



This event is being held in collaboration with the Council of Partner Companies. In 2023, we delivered 3,300 portions of kimchi to 650 vulnerable households via a welfare agency affiliated with the Seongnam City Social Welfare Council. We have delivered a total of 16,100 portions of kimchi to marginalized neighbors from 2018 to 2023.

Purchasing Food Ingredients from Local Traditional Markets

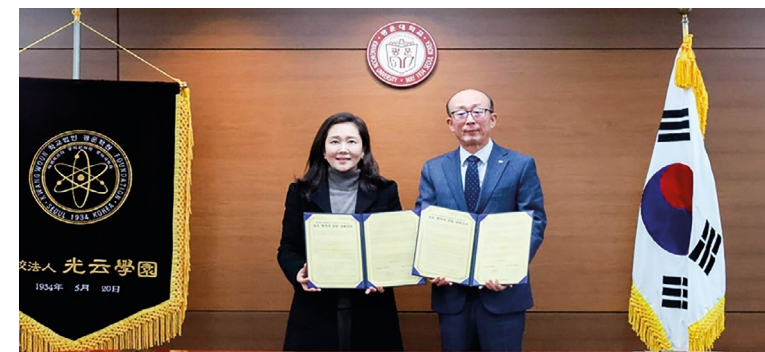
We are promoting the use of local agricultural products and supporting local revitalization through traditional market purchase agreements. With the agreement, we purchase food ingredients for our company cafeteria from traditional markets, achieving an annual expenditure of approximately KRW 100 million.

Employee Volunteer Activities

All members of LIG Nex1, including executives and employees, are building a win-win system by volunteering at Jungtap Comprehensive Social Welfare Center and delivering meals to neighbors. Through the voluntary participation of our employees, we will endeavor to deliver sincere sharing and strive to revitalize the local community.

Industry-academia Collaboration Activities

We have signed MOUs with universities for industry-academia collaboration to develop the defense industry technology field, foster talents, and strengthen employment capabilities. We will spare no effort in supporting best practices of cooperative partnership, such as establishing research centers and research support, to contribute to the development of domestic defense technology. We donated a total of KRW 123 million to support the establishment of future weapon systems at Sejong University, and a total of KRW 300 million to Kwangwoon University to support research projects in guided weapons and radar fields, and to establish a missile security strategy research center.



Cooperation with Local Communities

Social Contribution Program

Supporting Vulnerable Groups and Disaster Recovery

LIG Nex1 as a member of society, are actively participating in promoting sustainable development and creating social impact by sharing the profits obtained through our business activities with the world. Led by our dedicated social contribution organization, we are finding and implementing solutions to social issues to fulfill our social responsibilities as a corporate citizen.

Donation to the Korea Football Association for the Disabled



We have been contributing to the development of football for people with disabilities through continuous support and exchange with the Korea Football Association for the Disabled for 17 years, since 2007. In celebration of the Day of the Disabled in 2023, we delivered approximately KRW 130 million in development funds to promote soccer and the welfare of the disabled.

Support for the Recovery Fund for Türkiye

To help Turkish citizens affected by the earthquake, LIG Nex1 employees pitched in their support. In 2023, we raised funds through voluntary contributions from our employees and corporate donations, contributing a total of KRW 255 million as the LIG Group for the earthquake recovery of Türkiye.

Blood Donation of Love

We conducted a blood donation of love campaign with Hanmaum Blood Bank to support blood supply and demand. This event is a campaign in which employees participate voluntarily and has been held twice a year at each business site since 2010.

Donation to Soonchunhyang University Seoul Hospital



We are supporting Soonchunhyang University Seoul Hospital to alleviate the burden of medical expenses for the underprivileged and assist in their recovery. We have continued such donations since 2021, and in 2023, we delivered KRW 50 million in development funds to Soonchunhyang University Seoul Hospital.

Support for the Recovery of Heavy Rain Damage

LIG Nex1 supported funds for heavy rain damage to help the quick recovery of communities affected by heavy rain. In 2023, LIG Group collectively donated a total of KRW 100 million for heavy rain damage recovery.

Sponsoring Young Individuals Preparing for Independence

LIG Group supports young individuals preparing for independence to help them settle down stably in society after leaving legal protection facilities. In 2023, we donated KRW 40 million to the 'Self-Help Fund for Youth Preparing Independence' of World Vision, an international relief and development NGO, to support young individuals preparing for independence in using funds for living and housing.

LIG Nex1 aims to pursue transparent governance to enhance shareholder value, protect stakeholder rights, and enhance corporate value.

GOVERNANCE

64 Board of Directors

BOD Composition
BOD Interview
BOD Operation
Committees under the BOD

71 Shareholders

Shareholder Composition and
Communication with Investor
Shareholder-friendly System

LIG NEX1 SUSTAINABILITY REPORT 2023

Board of Directors

BOD Composition

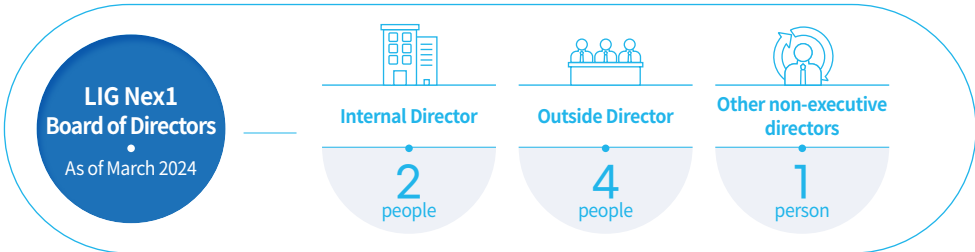
Principles for BOD Composition

The Board of Directors (BOD) should be structured to equitably represent the rights and interests of all shareholders and stakeholders, providing oversight of management. Director appointments are conducted through a process that is both fair and transparent. LIG Nex1 carefully manages the selection of outside director and CEO candidates, adhering to principles of independence, diversity, and expertise, ensuring appointments are made through a proper procedure. Moreover, we maintain transparency by disclosing all regulations pertaining to the BOD composition and activities on our website.

As of March 2024, the BOD of LIG Nex1 is composed of seven members, including two internal directors, four outside directors, and one other non-executive director. The appointment of four outside directors, constituting a majority of the board, and the selection of an outside director as the board Chairman, serve to separate the roles of CEO and the Chairman of Board of Directors, thereby enhancing the board's transparency and independence.

In addition, committees have been instituted within the Board to fortify sound decision-making and accountable management. As of March 2024, five committees are active, with details regarding each committee's regulations available under 'Investment Relation - Governance' on our website, reinforcing stakeholder understanding.

['Governance' on our website](#)



Procedures and Standards for Outside Director Appointment

We are identifying candidates for outside directors who possess the essential expertise for management decision-making across our business, technology, and ESG domains. During this process, we actively seek and consider recommendations from shareholders, stakeholders, and external advisory bodies. The process to appoint an outside director involves three stages of careful deliberation. Initially, the Outside Director Candidate Recommendation Committee evaluates potential candidates in accordance with the Commercial Act, related legislation, and committee guidelines. Subsequently, the Board of Directors undertakes a second review, emphasizing diversity and expertise. After these two thorough assessments, candidates are ultimately appointed through a final round of deliberation at the shareholders' meeting. We restrict the appointment of individuals who are majority shareholders or have a special relationship with the company, following the Commercial Act.

CEO Candidate Group Management

LIG Nex1 governs the qualifications for CEO candidates following the 'CEO succession regulations.' Every year, we devise a succession plan in the first and second halves of the year, which is then presented to the CEO. This plan divides candidates ready for immediate appointment (1st) and those who, after 3 to 5 years of preparatory training, will be eligible for future appointment (2nd).

The CEO succession regulations stipulate candidate recommendation and succession procedures, qualification requirements, and related training programs, and are disclosed in the 'Governance' section of our website.

CEO Succession Regulations Article 3, Paragraph 2, 1 <LIG Group common requirements>	CEO Succession Regulations Article 3, Paragraph 2, 2 <LIG Group special requirements>
1 Present strategic direction	1 Expertise in the defense industry
2 Establish a balanced control and goal achievement system	2 Bargaining power
3 Effectively control organizational resources	3 Understanding defense exports
4 Create an effective organizational culture	
5 Emphasize ethical practices	

Board of Directors

BOD Composition

BOD Independence

LIG Nex1 strives to form a transparent and sound Board of Directors (BOD) based on the principle of BOD independence to protect stakeholder rights and promote positive values. Of the seven board members, four are outside directors. To ensure fairness in the nomination process, we introduced and operate an Outside Director Candidate Recommendation Committee, with a majority of its members as outside directors.

BOD Diversity

LIG Nex1 appoints directors with a focus on diversity within the BOD composition. On March 28, 2022, to ensure gender diversity, we appointed Jin Kim as a female outside director. Moving forward, we aim to enhance diversity in terms of, age, experience, and industry in our appointments.

BOD Professionalism

Considering the unique characteristics of the defense industry and the internal and external business environment, LIG Nex1's BOD includes directors with expertise in various areas, including management, marketing, accounting, information security, ESG, and legal affairs. We consider diverse skills to facilitate rational decision-making and ensure each director's expertise is reflected in the company's management.

BOD Composition Status

as of March 25, 2024

Classification	Name	Gender	Position	Career	Appointment Date	Expected Appointment Expire Date	Appointment Term	No. of Reap- pointment
Internal Director	Ickhyun Shin	Male	CEO	CEO, LIG Nex1	Mar. 25, 2024	Mar. 25, 2027	3 years	-
	Sanghoon Cha	Male	Division Head	Head of Corporate Support Division, LIG Nex1	Mar. 27, 2023	Mar. 27, 2026	3 years	-
Outside Director	Jaewook Kim	Male	Chairman	Professor, Korea University Business School	Mar. 28, 2022	Mar. 28, 2025	3 years	-
	Wonwook Choi	Male	Director	Professor, Yonsei University School of Business	Mar. 27, 2019	Mar. 25, 2025	1 year	2 times
	Sangjin Lee	Male	Director	Professor, Korea University School of Cybersecurity	Mar. 25, 2020	Mar. 27, 2025	2 years	1 time
	Jin Kim	Female	Director	Lawyer, Jihyang Law	Mar. 28, 2022	Mar. 28, 2025	3 years	-
Other non-executive directors	Yongjoon Choi	Male	Director	CEO, LIG Corp.	Mar. 29, 2021	Mar. 25, 2027	3 years	1 time

Board Skills Matrix (BSM)

Classification	Internal Director		Outside Director				Other non-executive directors
	Ickhyun Shin	Sanghoon Cha	Jaewook Kim	Wonwook Choi	Sangjin Lee	Jin Kim	Yongjoon Choi
Leadership	●	●	●	●	●	●	●
Management(CEO/CFO)	●	●					●
Sales / Marketing	●		●				
Finance / Accounting		●		●			
Industry	●				●		
Security / Information Protection					●		
Legal Affairs						●	
Human Rights / Diversity						●	

BOD Interview

Q1 Why Companies Should Focus on ESG Management



“
Companies do not exist alone
but alongside various social entities.
”

Businesses interact with a diverse array of stakeholders, including governments influenced that influence and are influenced by their policies, supply chains encompassing customers and partners, employees who drive the company, and residents of the communities where they operate. Within these interactions companies can have both positive and negative impacts, making it essential for companies to focus on ESG management. E, S, G is not a separate entity but a comprehensive framework for sustainable growth that benefits both the company and society. By developing and implementing interconnected ESG strategies, companies can fulfill their social responsibilities and achieve sustainability.



LIG Nex1's ESG Management Direction Q2

“
Environmental, social, and governance aspects must all
interconnected in balance.
”

ESG management involves not only considering the unique identity and direction of the company but also building consensus based on trust and responsibility for each ESG management issue. Given the defense industry's characteristics, it is crucial to contemplate on environmental and social issues related to national defense, safety, and national protection and to internalize programs to address these problems. The company must establish systems to handle environmental, safety, and security issues and to prevent incidents in advance within its processes. Additionally, it should strive to build positive relationships with all stakeholders based on trust, including employees, supply chains, and local communities. Programs should be advanced to foster sustainable relationships with partner companies and to enhance mutual consensus for innovative organizational culture and management strategies. LIG Nex1's board aims to ensure that ESG activities are balanced and interconnected across environmental, social, and governance areas, thus achieving distinctive competitiveness and sustainable growth.

Special Interview

Q3 Unique Strengths of LIG Nex1's BOD



“
The expertise and diversity of the outside directors,
and their openness to accepting opinions,
are the greatest strengths of LIG Nex1's BOD.
”

LIG Nex1's outside directors are experts from various fields, doing their roles by working seamlessly with the internal directors. They drive meaningful changes at LIG Nex1 by receiving agendas in advance to have enough time for thorough review and discussing actively for a better future. Vibrant communication based on openness towards accepting opinions, and their combined expertise and diversity bring greater possibilities and balance to the decision-making process.



A Message to LIG Nex1 Stakeholders Q4

“
Please recognize ESG management as essential for the
sustainable development of the company.
”

ESG management is crucial not only for external evaluations but also for the sustainable growth of the company. Its ultimate goal is to listen to various stakeholders opinions, fulfill corporate social responsibility and positive impact, creating greater value. To strengthen LIG Nex1's competitiveness and expand its business in the evolving global market, we have to integrate ESG management system into our operations. The board members will continue to focus on stakeholders' opinions and do our best for the development of both the company and society.

LIG Nex1 Board of Directors

Board of Directors

BOD Operation

BOD Operation Regulation

LIG Nex1 has established and discloses BOD regulations that specify authority, management, procedures, and composition to ensure smooth board operations. According to these regulations, regular meetings are held quarterly, and ad hoc meeting can be convened as needed. Ad hoc meeting are called when the chairperson deems it necessary or when a director or the Audit Committee requests a meeting with understandable reasons.

BOD Activities

Board meetings are notified at least seven days in advance to ensure directors have sufficient time to make well-considered decisions on agendas. Minutes are recorded to manage decisions, and annual board activities are disclosed on the company's website to enhance information accessibility for shareholders and stakeholders. In 2023, a total of 12 board meetings, including regular meetings, were held, addressing 31 agendas with a 100% attendance rate. Key decisions included the approval of financial statements and business reports, appointment of committee members, approval of outside directors' compensation, approval of transactions between directors and the company, and the issuance of corporate bonds.

BOD Evaluation and Compensation

LIG Nex1 has put in place several institutional measures to bolster responsible decision-making by the board. Article 12 of the Board of Directors' regulations officially establishes the 'exemption of directors' liability to the company.' Furthermore, the company has procured Directors and Officers Liability Insurance at its own cost. For reappointment decisions, comprehensive evaluations of individual directors are conducted, considering expertise, fairness, objectivity, integrity, responsibility, as well as board attendance, advisory contributions, and contribution in internal control and audit systems. We plan to introduce evaluations of the board and its committees to strengthen board responsibilities. We consider various evaluation procedures including reflecting improved measures to next board activities based on evaluation results. The Compensation Committee reviews and the compensation limits for directors and BOD. Compensation is given based on the standard approved by the shareholders' meeting and stock options are not granted. To maintain the independence of outside directors, performance-based compensation policies are not applied, as compensation based on evaluations could undermine their independence.

Outside Director Training and Support

To make smooth decision-making and enhance expertise within the BOD, LIG Nex1 supports training operation through various channels. In particular, for outside directors, we hold regular meetings and provide diverse training to improve understanding of our business and related regulations. As of March 2024, in accordance with Article 6 of the BOD regulation, LIG Nex1's outside directors can utilize external experts to assist in decision-making. In 2023, they've received a total of five training sessions.

Outside Director Training in 2023

Date	Major Training Content	Participation Rate
Feb. 09, 2023	- Global Sustainability Report Standard Trend and Respond Strategy	100%
Mar. 27, 2023	- Overseas Business Strategy Report	100%
Apr. 27, 2023	- Mid-long Term Strategy Seminar	100%
Jun. 29, 2023	- Ethic · Compliance Training	100%
Dec. 08, 2023	- Current Status of Internal Accounting Management System Operation	100%






Board of Directors

Committees under the BOD

Committee Composition

LIG Nex1 has established five committees under the board to enhance the professionalism of its board operations. Each committee is chaired by an outside director with expertise in the relevant field and consists of a majority of outside directors, ensuring transparent and independent operations. Additionally, LIG Nex1 disclose committee regulations that clearly define the roles, responsibilities, and authority of each committee.



Performance of Committees under the BOD in 2023						
Committee	Goals and Authorities	Composition	Name of Director	Chairman	Operation Performance in 2023	
					No. of operation	Participation rate
 ESG Committee	Establish ESG strategy and policy	4 Outside Directors 1 Internal Director	Jin Kim (Part-time) Jaewook Kim (Part-time) Sangjin Lee (Part-time) Wonwook Choi (Part-time) Sanghoon Cha (Full-time)	Outside Director Jin Kim	5 times	100%
 Audit Committee	Audit overall management activities to enhance the transparency of management, review the financial statements and other accounting-related documents, as well as deliberate and approve the audit procedures and results of accounting firms	4 Outside Directors -	Wonwook Choi (Part-time) Jaewook Kim (Part-time) Sangjin Lee (Part-time) Jin Kim (Part-time)	Outside Director Wonwook Choi	12 times	100%
 Outside Director Candidate Recommendation Committee	Promote transparency of governance and recommend outside directors	2 Outside Directors 1 Internal Director	Wonwook Choi (Part-time) Jaewook Kim (Part-time) Sanghoon Cha (Full-time)	Outside Director Wonwook Choi	3 times	100%
 Compensation Committee	Secure objectivity and decide appropriate compensation Review and resolute director's compensation limit which will be submitted to shareholders' meeting	2 Outside Directors 1 Internal Director	Jaewook Kim (Part-time) Wonwook Choi (Part-time) Sanghoon Cha (Full-time)	Outside Director Jaewook Kim	3 times	100%
 Risk Management Committee	Review and make decisions on matters delegated to the Risk Management Committee by the Board of Directors	4 Outside Directors 1 Internal Director	Wonwook Choi (Part-time) Jaewook Kim (Part-time) Sangjin Lee (Part-time) Jin Kim (Part-time) Sanghoon Cha (Full-time)	Outside Director Wonwook Choi	12 times	100%

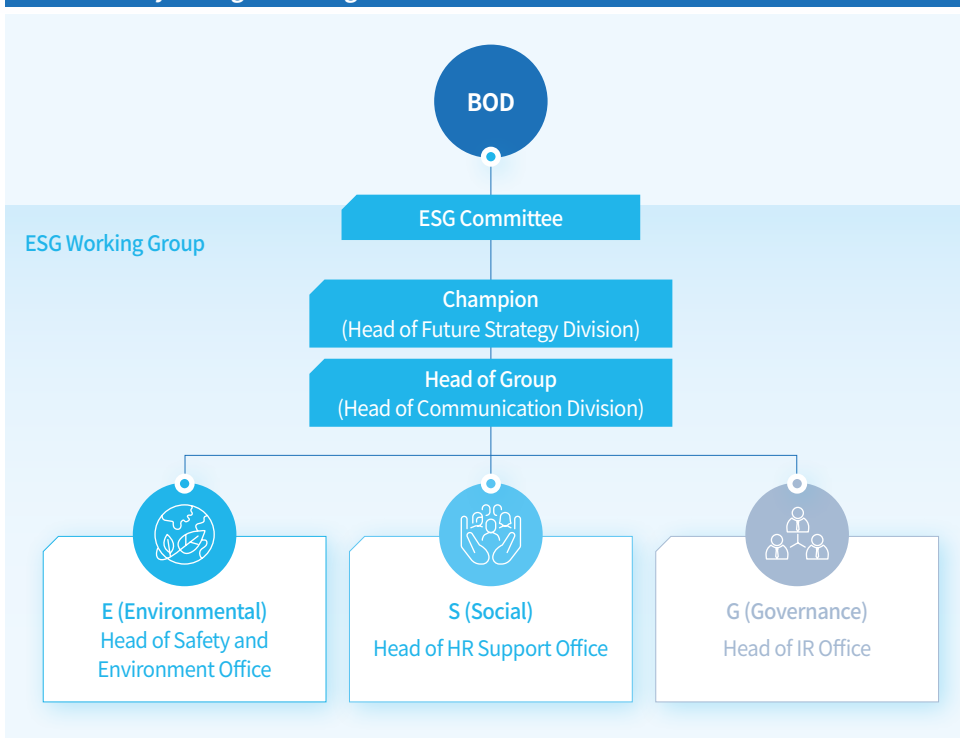
Board of Directors

Committees under BOD

ESG Committee

The ESG Committee, which drives the company-wide ESG strategy and communication with stakeholders, operates under the vision of ‘an advanced technology company designing a safe and convenient future,’ establishing a framework for sustainable management. To achieve the goal of practicing and spreading company-wide sustainability management, the ESG Committee deliberates on and determines key ESG strategies, presenting the company's vision and direction for climate change and carbon neutrality. Additionally, the ESG Committee reviews environmental management issues, such as air quality, water quality, pollutants, and chemicals as well as response strategies while communicating the results of major domestic and international evaluations.

Sustainability Management Organization



ESG Committee Operation Status in 2023

Round	Date	Resolution / Report Agendas
1st	Mar. 27, 2023	- Appoint ESG Committee Chairman
		- Approve ESG activities plan(draft) of 2023
2nd	Jul. 27, 2023	- Plan for achieving 2050 carbon neutrality (draft)
		- Establishment Plan for a Subsidiary-type Standard Workplace for Disabled Persons (draft)
3rd	Sep. 21, 2023	- Data protection system status and major activities
4th	Oct. 26, 2023	- Interactive organization culture and human rights management
		- Co-prosperity and shared growth activities
5th	Dec. 21, 2023	- Social contribution and local community coexistence activities
		- 2023 ESG Rating Evaluation Report



Board of Directors

Committees under BOD

Audit Committee

LIG Nex1 has established an Audit Committee based on the strict professional and independence requirements set by relevant laws. The committee is composed of four outside directors with expertise in accounting and finance, management and marketing, information security, and human rights and legal affairs.

The Audit Committee oversees whether the company enhances corporate and shareholder value through legal and rational procedures and decisions. It conducts audits on internal controls and accountings including financial statements, and overall management activities such as the internal audit department's plans and results. The committee also reviews and approves accounting documents and the audits conducted by external accounting firms. To ensure independence and objectivity, internal audit meetings are held quarterly without management participation, involving independent discussions with external auditors.

To support the effective functioning of the Audit Committee, LIG Nex1 provides support organizations and educational activities. The Management Diagnostics Team under the Business Management Office assists the Audit Committee. In 2023, the committee received four training sessions to help it quickly respond to business characteristics, management issues, and changes in laws and regulations.

Status of Audit Committee Training in 2023		
Date	Major Training Content	Participation Rate
Feb. 09, 2023	- Global Sustainability Report Standard Trend and Respond Strategy	100%
Jun. 29, 2023	- Current status and trend of Listed Companies' Audit Committee	100%
Sep. 21, 2023	- Trend of Mandatory ESG Disclosure and Response of Company	100%
Dec. 21, 2023	- Domestic and International Economy Amid the Shift of Global Economic Paradigm	100%

Outside Director Candidate Recommendation Committee

LIG Nex1 adheres to three key principles and we organize Outside Director Candidate Recommendation Committee to ensure that the board represents diverse stakeholders. The committee regulation says it utilizes recommendations from shareholders, stakeholders, and external advisory firms as much as possible when it identifies candidates. It manages appropriate outside director candidates with transparent and fair process. Additionally, for the reappoint of outside director, it manages candidates considering evaluation during their previous terms, and verifies whether each of them are appropriate with the legal requirements. The selection process is included in the committee's operating regulations and is made public to ensure stakeholders can verify appropriate candidate management.

Compensation Committee

To maximize the value of the company and its shareholders and to strengthen responsibility for their decisions, LIG Nex1 manages executive compensation under the approval of the Compensation Committee. This committee reviews the appropriate compensation limits, structures, and individual compensation details for the executives.

Risk Management Committee

Given the nature of its business, which involves large-scale transactions and contracts, LIG Nex1 makes board-level risk management decisions through its Risk Management Committee. The committee oversees and manages risks in all business phases, including investment, bidding, and contracts and makes various decisions. It establishes and revises necessary risk management policies, strategies, and regulations, and handles businesses with potential losses and identified major risks.

As LIG Nex1's business scale expands and risks and opportunities diversify, we will further specialize and systematize its risk management framework. In 2024, a risk manager will be appointed, and risk management activities and processes will be improved.

Shareholders

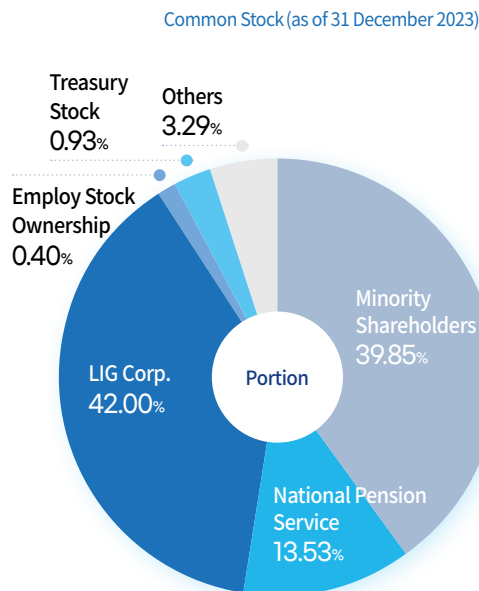
Shareholder Composition and Communication with Investors

Shareholder Composition

As of the end of 2023, LIG Nex1 has a total of 22,000,000 issued shares. The largest shareholder, LIG Corp., owns 42% of shares. The detailed breakdown is as follows.

Current Status of Share Ownership

No. of Stocks	
● LIG Corp.	9,239,461
● National Pension Service	2,975,858
● Minority Shareholders	8,767,323
● Employ Stock Ownership	88,530
● Treasury Stock	205,640
● Others	723,188



Total 22,000,000

Communication with Shareholders and Investors

LIG Nex1 ensures that shareholders can exercise their rights at appropriate times through proper procedures. The company convenes a regular shareholders' meeting within three months after the end of each fiscal year and holds ad hoc meetings as needed.

We announce the opening of shareholders' meeting at least 31 days before the regular meeting to make sure shareholders have enough time to review all agendas. To facilitate shareholder convenience, we actively participate in the 'Voluntary Compliance Program for Dispersed Shareholder Meetings,' avoiding peak days for these meetings.

In addition to the shareholders' meetings, we transparently disclose business performance and management status through various IR activities, including the publication of quarterly IR books in both Korean and English, Non-Deal Roadshows (NDR), and investor Relations (IR).

IR Activities in 2023

Date	Target	Major topic
Feb. 10, 2023	Domestic and international institutional investor, analyst	Business performance and current status of the company in 2022
Feb. 10 ~ 14, 2023	Domestic and international institutional investor, analyst	
Mar. 28, 2023	Securities Analyst	Business performance and current status of the company in the first quarter of 2023
Apr. 27, 2023	Securities Analyst	
Apr. 28 ~ May. 03, 2023	Domestic and international institutional investor, analyst	Business performance and current status of the company in the second quarter of 2023
Jul. 27, 2023	Securities Analyst	
Jul. 28 ~ Aug. 03, 2023	Domestic and international institutional investor, analyst	Business performance and current status of the company in the third quarter of 2023
Oct. 27, 2023	Securities Analyst	
Oct. 30 ~ Nov. 03, 2023	Securities Analyst	
Dec. 05, 2023	Domestic and international institutional investor, analyst	

Shareholders

Shareholder-friendly System

Exercising Voting Rights

LIG Nex1 has implemented an electronic voting system, supporting shareholders to exercise their voting rights even when they do not attend the shareholders' meetings. Our governance adheres to the one-share-one-vote principle as stipulated in the Articles of Incorporation, guaranteeing equitable voting rights for every shareholder. Moreover, to ensure a quorum and support the active participation of shareholders' voting rights, we conduct proxy voting for all shareholders listed in the register on the designated record date for rights confirmation.

Shareholder Return Policy

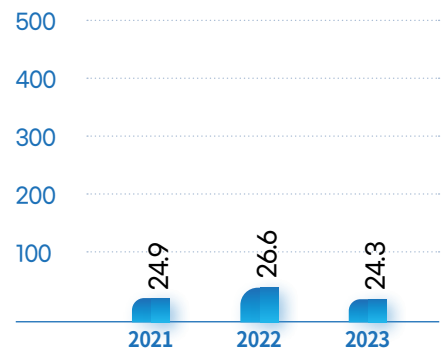
Our Corporate Governance Charter clearly outlines the rights and responsibilities of our shareholders. Following the fundamental principle to raise shareholder value and actively pursue shareholder return policy, we have annually distributed dividends since our initial public offering. The determination of dividend amounts takes into account future investment opportunities, our financial structure, and the stability of dividends. We have mixed policy for dividends. We implement a specific payout ratio when earnings exceed a predefined threshold, while adopting a stable dividend policy during periods of lower profitability. Details regarding dividends, such as amounts ratified during the shareholders' meeting and payment schedules, are disclosed on our website.

[Corporate Governance Charter](#)

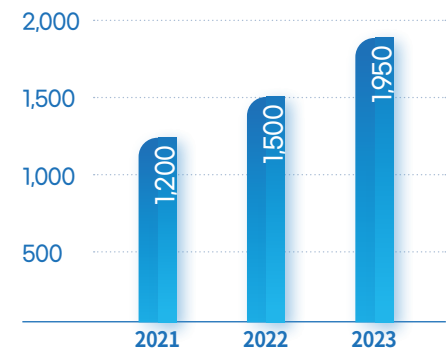


Main Dividend Indicators (recent 3 years)

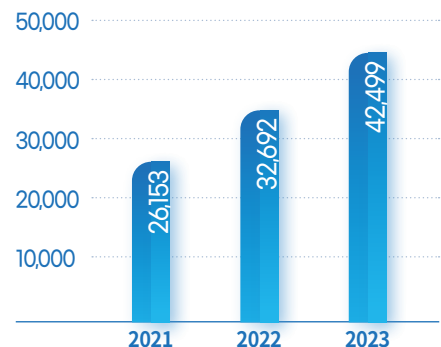
(Consolidated)
Cash dividend payout ratio (Unit: %)



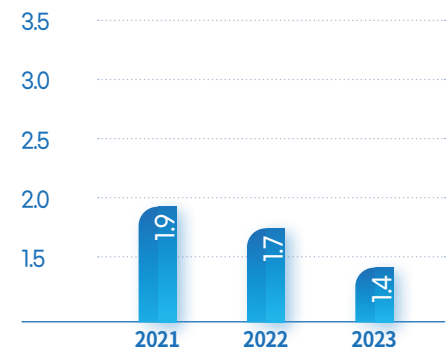
Dividend per share (Unit: KRW)



Total cash dividend (Unit: KRW million)



Cash dividend yield (Unit: %)









74	Stakeholder Engagement	86	Awards and Certificates
75	ESG Data	87	Memberships
82	GRI Standards Index	88	GHG Emissions Assurance Statement
84	SASB Index	89	Third-Party Assurance Statement
85	TCFD Index		

APPENDIX

Stakeholder Engagement

We define our key stakeholders as our employees, shareholders and investors, customers, governments, local communities, and partner companies. We collect feedback through communication channels for each stakeholder group and reflect it in our business operations.

Stakeholder	Employee 	Shareholder and Investor 	Customer 	Government 	Local Community 	Partner Company 
Communication Channel	<ul style="list-style-type: none">· Labor Management Council· N-Board· Monthly meetings· In-house bulletin board· Member opinion survey· Meetings by level	<ul style="list-style-type: none">· Shareholders' Meeting· Corporate Briefing (IR)	<ul style="list-style-type: none">· LIG Nex1 website	<ul style="list-style-type: none">· Defense industry CEO meeting hosted by the Commissioner of the DAPA· Defense industry CEO meeting hosted by the Minister of National Defense	<ul style="list-style-type: none">· Community social contribution· LIG Nex1 website	<ul style="list-style-type: none">· Meeting of representatives· Regular general meeting· Briefing session, networking event· Partner company grievance counseling center
Main Interests	<ul style="list-style-type: none">· Organizational culture· Welfare· Evaluation and compensation· Talent development	<ul style="list-style-type: none">· Shareholder value enhancement· Investment information· Internal and external risk management	<ul style="list-style-type: none">· Product quality and safety· Customer satisfaction enhancement	<ul style="list-style-type: none">· Policies and regulations· Tax compliance	<ul style="list-style-type: none">· Local community participation and development	<ul style="list-style-type: none">· Win-win cooperation and shared growth· Fair trade

ESG Data

Environmental

Greenhouse Gas Emissions

Category	Unit	2021	2022	2023
GHG emissions (Scope 1, 2) ²⁾	Total	tCO ₂ e	21,361	22,828
	Scope 1	tCO ₂ e	4,718	4,945
	Scope 2	tCO ₂ e	16,646	17,886
	Carbon intensity ¹⁾	tCO ₂ e/KRW billion	11.72	10.28
GHG emission increase/decrease	Total	tCO ₂ e	N/A	1,467
	Scope 1	tCO ₂ e	N/A	227
	Scope 2	tCO ₂ e	N/A	1,240
	Total	%	N/A	6.87
GHG emission increase/decrease rate	Scope 1	%	N/A	4.81
	Scope 2	%	N/A	7.45
	Scope 2	%	N/A	3.59

1) Emissions as a percentage of sales

2) Total Scope 1 and 2 emissions may differ from the sum of Scope 1 and 2 as it is calculated as an integer by summing the emissions of each business site.

Energy Consumption

Category	Unit	2021	2021	2021
Total Energy Consumption	TJ	437.07	467.87	496.45
Energy intensity	TJ/KRW billion	0.24	0.21	0.22
Non-renewable energy consumption ¹⁾	Total	TJ	435	465
	Electricity	TJ	344.42	369.93
	Diesel	TJ	7.45	10.00
	Gasoline	TJ	2.31	3.20
	LNG	TJ	77.53	77.10
	LPG	TJ	2.18	2.22
	Jet fuel kerosene	TJ	0	0.13
	Purchased steam	TJ	4.44	4.95
Renewable energy consumption	Total	TJ	2.07	2.87
	Solar	TJ	0.22	0.22
	Geothermal heat	TJ	1.85	2.65
	Renewable energy consumption rate	%	0.47	0.61
Grid power rate ²⁾	%	79	79	77

1) Total non-renewable energy consumption may differ from the sum of consumption by energy source as it is calculated as an integer by summing the consumption of each business site.

2) Electricity consumption as a percentage of total energy consumption.

The scope of this ESG Data is as follows, and we will gradually expand the scope of management of subsidiaries based on the order of materiality of the data in the future.

- **Environmental data:** domestic operations

- **Other workforce and training data:** domestic operations, including overseas offices and service centers

Air Pollutants

Category	Unit	2021	2022	2023
Nitrogen Oxide(NO _x)	ton	1.99	1.78	2.54
Sulfur oxides(SO _x)	ton	0.01	0.02	0.02
Particulate matter(PM)	ton	0.53	0.46	0.23
Volatile organic compounds(VOC _s)	ton	0.24	0.15	0.05

Water

Category	Unit	2021	2022	2023
Water consumption ¹⁾	Total	ton	179,612	198,998
	Domestic water	ton	147,507	169,681
	Industrial water	ton	27,706	27,810
	Groundwater	ton	4,399	1,507
	Increase/decrease rate of total water consumption	%	-6.21	10.79
Water consumption intensity	ton/ KRW 100 million	9.86	8.96	8.45
Water reuse	Reuse amount	ton	74,800	62,400
	Reuse rate	%	42	31

1) Water consumption by business site in 2023 is as follows. All sites except Gumi 1 House use domestic water only

- Gumi 1 House: 103,702 tons (85,901 tons of domestic water, 17,801 tons of industrial water)

- Gumi 2 House: 6,662 tons

- Pangyo House: 38,239 tons

- Daejeon House: 23,546 tons

- Yongin House: 15,099 tons

- Gimcheon House: 7,753 tons

ESG Data

Environmental

Waste*

	Category	Unit	2021	2022	2023
Waste generation		ton	695	843	749
Waste disposal	Total	ton	695	843	749
	Incineration	ton	280	116	63
	With energy recovery	ton	128	57	20
	Without energy recovery	ton	152	59	43
	Landfill	ton	26	39	43
	Recycle	ton	389	688	644
Amount of general waste disposed	Total	ton	648	788	699
	Incineration	ton	246	99	49
	With energy recovery	ton	128	57	20
	Without energy recovery	ton	117	42	28
	Landfill	ton	22	37	39
	Recycle	ton	380	652	612
Amount of hazardous waste disposed	Total	ton	47	55	50
	Incineration	ton	34	17	15
	With energy recovery	ton	0	0	0
	Without energy recovery	ton	34	17	15
	Landfill	ton	4	2	4
	Recycle	ton	10	36	32
Waste recycling rate ¹⁾		%	56	82	86

1) In accordance with Article 8 and Annex 2 of the Defence Industrial Security Work Order, performance on the use of raw and recycled materials is not disclosed.

*The data is based on the performance aggregated from the 'Albaro System'. The data for Pangyo, Yongin, and Daejeon Houses are aggregated by the amount generated by the company and outsourced to Huseco, and the data for Gumi House is aggregated by including the amount outsourced through Hobak Family.

Green Procurement

	Category	Unit	2021	2022	2023
Green procurement status	Green procurement performance	KRW million	960	2,350	2,875
	Green procurement performance increase rate	%	10.34	144.79	22.34

Environment-conscious Vehicle*

	Category	Unit	2021	2022	2023
Environment-conscious vehicle ownership status	Total number of vehicles owned	Vehicles	N/A	N/A	363
	Total number of environment-conscious vehicles owned (hydrogen vehicles, electric vehicles, etc.)	Vehicles	N/A	N/A	9

*N/A means data that has not been aggregated (This indicator has been collected since 2023)

Environmental Education

	Category	Unit	2021	2022	2023
In-house education status	Total annual participants	Persons	0	685	2,071
	Total annual hours completed	Hours	0	685	2,071
Partner company education status	Total annual number of participating partner companies	Companies	0	2	2
	Total annual hours completed	Hours	0	2	3

Violation of Environmental Regulation

	Category	Unit	2021	2022	2023
Environmental regulation violations	No. of environmental regulation violations	Cases	0	0	0
	Amount of fines imposed for environmental regulation violation	KRW million	0	0	0

ESG Data

Social

Employee Status*

Category			Unit	2021	2022	2023	
Total number of employees			Persons	3,270	3,779	4,282	
By type of employment	Full-time	Total	Persons	3,131	3,631	4,102	
		Male	Persons	2,806	3,226	3,615	
		Female	Persons	325	405	487	
	Contract ¹⁾	Total	Persons	139	148	180	
		Male	Persons	131	140	170	
		Female	Persons	8	8	10	
	By position	Executive	Male	Persons	31	33	45
Female			Persons	0	2	2	
Employee		Male	Persons	2,906	3,333	3,740	
		Female	Persons	333	411	495	
Manager		Total	Persons	1,208	1,298	1,430	
		Male	Persons	1,172	1,253	1,376	
		Female	Persons	36	45	54	
		Female rate	%	3.0	3.5	3.8	
Staff		Total	Persons	2,031	2,446	2,805	
		Male	Persons	1,734	2,080	2,364	
		Female	Persons	297	366	441	
By age		Under 30 years old		Persons	285	631	950
		Between 30 and 50 years old		Persons	2,456	2,566	2,682
	Over 50 years old		Persons	529	582	650	
By nationality	Korea		Persons	3,268	3,776	4,278	
	Americas ²⁾		Persons	2	3	4	
Employees with disabilities	No. of employees with disabilities		Persons	23	28	29	
	Employees with disabilities rate		%	1	1	1	

1) Includes executives

2) Includes US and Canada

*LIG Nex1 has set targets to increase the proportion of female employees to 18% by 2030 and the proportion of employees with disabilities to 3% by 2030.

Recruitment and Turnover

Category		Unit	2021	2022	2023
No. of newly hired employees	Total	Persons	218	720	697
	Male	Persons	182	618	591
	Female	Persons	36	102	106
	Female rate	%	17	14	15
Voluntary turnover	Voluntary turnover rate	%	3	5	3
Average retention years		Years	14	12	12

Employee Training*

Category		Unit	2021	2022	2023
Total training cost		KRW million	1,369	2,256	3,230
Total no. of participants ¹⁾		Persons	3,280	3,877	4,337
Training hours per person		Hours	48.2	70.4	88.6
Leadership training ²⁾	Training hours	Hours	40,451	77,555	94,255
	No. of trainees	Persons	2,017	3,204	4,872
Capability training ²⁾	Training hours	Hours	97,813	152,040	265,134
	No. of trainees	Persons	4,874	8,429	23,475
Human rights training	Training hours	Hours	N/A	1,785	1,406
	No. of trainees	Persons	N/A	3,569	4,218
	Completion rate	%	N/A	94	98
Safety and health training	Training hours	Hours	74,191	94,965	81,854
	No. of trainees	Persons	12,378	14,420	12,982
	Completion rate	%	100	100	100

1) Total number of participants participating in training may differ from the number of employees at the end of the year, including those who left the company.

2) Data for leadership training and competency training includes duplicate participation

*N/A means data that has not been aggregated

ESG Data

Social

Employee Salary and Welfare Benefits

Category		Unit	2021	2022	2023
Employee salary	Total	KRW million	288,205	334,833	406,470
	Labor costs				
	Male	KRW million	266,308	308,433	369,959
	Female	KRW million	21,897	26,400	36,511
	Salary per capita				
	Total	KRW million	88	89	95
	Male	KRW million	91	92	98
	Female	KRW million	66	64	74
Basic salary ratio between male and female		%	72	70	75
Employee welfare expense		KRW million	68,204	83,125	103,250
Employee pension	Pension(severance pay)	KRW million	25,298	25,542	22,699
	Ratio of pension to employee labor costs	%	9	8	6

Parental Leave

Category		Unit	2021	2022	2023
No. of people who used parental leave	Total	Persons	36	56	37
	Male	Persons	11	38	26
	Female	Persons	25	18	11
No. of people who plan to return from parental leave	Total	Persons	30	51	53
	Male	Persons	14	28	34
	Female	Persons	16	23	19
Return rate from parental leave	Total	%	93	94	96
	Male	%	92	89	94
	Female	%	94	100	100

Labor and Management Communications

Category		Unit	2021	2022	2023
Labor Union and Labor Management Council	No. of meetings	Times	4	4	4
	Application rate	%	100	100	100

Human Rights Violations and Grievance Handling

Category		Unit	2021	2022	2023
Human rights violation and grievance handling status	No. of cases received	Cases	1	6	3
	No. of cases handled	Cases	1	6	3
Partner company grievance handling status	No. of cases received	Cases	2	27	13
	No. of cases handled ¹⁾	Cases	2	27	12

1) One unresolved grievance in 2023 was a request to install a patrol path when inspecting the fence near the main gate guard room, which is scheduled to be installed in July 2024 after the construction of Gumi 2 House.

ESG Data

Social

Industrial Accidents*

	Category	Unit	2021	2022	2023
Employee accident	No. of fatalities	Persons	0	0	0
	Industrial accident rate ¹⁾	%	0.03	0	0.02
	Lost time injury frequency rate (LTIFR) ²⁾	Cases/ million hours	0.16	0	0.12
	Inquiry frequency rate ³⁾	Cases/ million hours	0.16	0	0.12
	Lost workday rate ⁴⁾	%	0.24	0	4.56
Partner company accident	No. of fatalities	Persons	N/A	N/A	0
	Industrial accident rate	%	N/A	N/A	0.01

1) Industrial accident rate = (Number of Industrial Accidents/Number of Employees) x 100

2) Lost time injury frequency rate (LTIFR) = (Number of Lost Time Injuries/Working Hours**) x 1,000,000

3) Inquiry frequency rate = (Number of Accidents/Working Hours) x 1,000,000

4) Lost workday rate = (Lost Days/Number of Employees) x 100

*N/A means data that has not been aggregated (Industrial accident rate of partner companies has been calculated since 2023)

**Working hours = 8 hours x 1 year x number of working days x number of employees

Safety and Health Investment*

	Category	Unit	2021	2022	2023
Investment amount in safety and health	Investment in safety equipment	KRW million	229	269	101
	Safety training	KRW million	74	81	83
	Investment in safety management of partner companies	KRW million	N/A	N/A	14

*N/A means data that has not been aggregated

Partner Company Support and Management*

	Category	Unit	2021	2022	2023
Finance support	Support amount	KRW 100 million	N/A	200	200
	No. of participating companies	Companies	N/A	11	14
Technology development support	No. of participating companies	Companies	N/A	8	18
Overseas expansion support	No. of participating companies	Companies	N/A	N/A	9
Recruitment support	No. of participating companies	Companies	N/A	N/A	22
Sustainability support (ESG evaluation consulting)	No. of participating companies	Companies	N/A	N/A	2
Education support	No. of participating companies	Companies	N/A	N/A	24
Partner company management education	Quality education	Times	9	9	20
	Safety education	Times	N/A	N/A	1

*N/A means data that has not been aggregated (The indicator for partner company support and management has been collected since 2023)

	Category	Unit	2021	2022	2023
Social contribution expenses	Operational costs	KRW million	0.48	7.7	12.92
	Donations	KRW million	424	929	1,314
Employee volunteering	Volunteer hours	Hours	136	1,008	1,244
	No. of participants	Persons	34	287	375

ESG Data

Governance

Main Financial Performance

	Category	Unit	2021	2022	2023
Sales · operating income	Sales	KRW million	1,822,194	2,220,752	2,308,571
	Operating income	KRW million	97,201	179,112	186,378
	Net income	KRW million	105,056	122,940	174,962
Dividend	Dividend	KRW million	26,153	32,692	42,499
	Cash dividend	%	24.9	26.6	24.3
	Frequency of interim / quarterly dividends	Times	0	0	0

Management Compensation and Shareholder Status

	Category	Unit	2021	2022	2023
CEO-to-employee compensation ratio	CEO compensation compared to average employee salary	%	1,005	1,172	1,192
Domestic top shareholders	LIG Corporation ¹⁾	Shares	10,350,939	9,359,660	9,358,660
	National Pension Service	Shares	2,992,749	2,791,610	2,975,858
Overseas top shareholders	MORGAN STANLEY&CO. INTERNATIONAL PLC	Shares	246,801	0	0
	NORGES BANK	Shares	0	617,843	473,578
	The Government of Singapore	Shares	0	0	482,012

1) Includes related party equity

Board of Directors

	Category	Unit	2021	2022	2023
BOD diversity	Male	Persons	7	6	6
	Female	Persons	0	1	1
BOD composition	No. of internal directors	Persons	2	2	2
	No. of outside directors	Persons	4	4	4
No. of board meetings	No. of board meetings	Times	11	11	12
	Attendance rate(outside directors)	%	100	100	100
	Attendance rate(internal directors)	%	100	100	100
BOD agenda items	No. of BOD agenda items	Cases	40	39	31
	No. of agenda items opposed or amended by outside directors	Cases	0	0	0

Committees under the Board

	Category	Unit	2021	2022	2023
ESG Committee	No. of meetings	Times	3	6	5
	Attendance rate	%	100	100	100
	No. of outside directors	Persons	2	2	4
Audit Committee	No. of meetings	Times	10	11	12
	Attendance rate	%	100	100	100
	No. of outside directors	Persons	4	4	4
Outside Director Candidate Recommendation Committee	No. of meetings	Times	2	3	3
	Attendance rate	%	100	100	100
	No. of outside directors	Persons	2	2	2
Compensation Committee	No. of meetings	Times	1	3	3
	Attendance rate	%	100	100	100
	No. of outside directors	Persons	2	2	2
Risk Management Committee	No. of meetings	Times	9	6	12
	Attendance rate	%	100	100	100
	No. of outside directors	Persons	4	4	4

	Category	Unit	2021	2022	2023
Information security personnel	No. of information security personnel	Persons	23	28	35
	No. of information technology(IT) personnel	Persons	91	91	103
	Information security personnel rate	%	24.9	31.2	34.5
Information security investment	Total investment amount in information security	KRW million	4,651	4,371	5,486
	Total investment amount in information technology (IT)	KRW million	30,201	32,738	34,316
	Information security investment amount rate	%	15.4	13.4	16.0
No. of information security certification and evaluation		Cases	1	1	1
No. of employees who participated in information security education		Persons	3,270	3,779	4,282

GRI Standards Index

LIG Nex1 has reported on its ESG performance for the period 1 January 2023 to 31 December 2023 in accordance with the Global Reporting Initiative (GRI) Standards 2021, the international sustainability reporting standard.

- GRI 1 used: GRI 1: Foundation 2021
- Applicable GRI Sector Standards: N/A

Category	Disclosure	Page	Remarks
GRI 2 General Disclosures			
The organization and its reporting practices	2-1 Organizational details	5-7	-
	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	-	Not applicable since it is our inaugural report
	2-5 External assurance	88-90	-
Activities and workers	2-6 Activities, value chain and other business relationships	5-9	-
	2-7 Employees	77	-
	2-8 Workers who are not employees	Business Report	-
Governance	2-9 Governance structure and composition	64-65, 67-70	-
	2-10 Nomination and selection of the highest governance body	64	-
	2-11 Chair of the highest governance body	65	-
	2-12 Role of the highest governance body in overseeing the management of impacts	64-65, 67-70	-
	2-13 Delegation of responsibility for managing impacts	64-65, 67-70	-
	2-14 Role of the highest governance body in sustainability reporting	69	-
	2-15 Conflicts of interest	65	-
	2-16 Communication of critical concerns	67	-
	2-17 Collective knowledge of the highest governance body	65, 67	-
	2-18 Evaluation of the performance of the highest governance body	67	-
	2-19 Remuneration policies	67	-
	2-20 Process to determine remuneration	67, 70	-
	2-21 Annual total compensation ratio	80	-
	2-22 Statement on sustainable development strategy	4	-
	2-23 Policy commitments	21, 24, 39, 40, 45	-
	2-24 Embedding policy commitments	21-28, 38-42, 45-50	-

Category	Disclosure	Page	Remarks
GRI 2 General Disclosures			
-	2-25 Processes to remediate negative impacts	21, 41	-
	2-26 Mechanisms for seeking advice and raising concerns	68	-
	2-27 Compliance with laws and regulations	81	-
	2-28 Membership associations	87	-
Stakeholder engagement	2-29 Approach to stakeholder engagement	74	-
	2-30 Collective bargaining agreements	54, 83	-
GRI 3 Material Topics			
Material Topics	3-1 Process to determine material topics	11	-
	3-2 List of material topics	12	-
Climate Action and Energy Consumption Reduction			
Material Topics	3-3 Management of material topics	12-13	-
Energy	302-1 Energy consumption within the organization	75	-
	302-2 Energy consumption outside of the organization	-	Not managed indicator
	302-3 Energy intensity	75	-
	302-4 Reduction of energy consumption	75	-
	302-5 Reductions in energy requirements of products and services	-	Not applicable
Emissions	305-1 Direct (Scope 1) GHG emissions	75	-
	305-2 Energy indirect (Scope 2) GHG emissions	75	-
	305-3 Other indirect (Scope 3) GHG emissions	-	Not managed indicator
	305-4 GHG emissions intensity	75	-
	305-5 Reduction of GHG emissions	75	-
	305-6 Emissions of ozone-depleting substances (ODS)	-	Not applicable
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	75	-
Waste and Pollutants			
Material Topics	3-3 Management of material topics	12-13	-
Waste	306-1 Waste generation and significant waste-related impacts	12	-
	306-2 Management of significant waste-related impact	12, 19	-
	306-3 Waste generated	76	-
	306-4 Waste diverted from disposal	76	-
	306-5 Waste directed to disposal	76	-

GRI Standards Index

Category		Disclosure	Page	Remarks
Product Safety and Quality				
Material Topics	3-3	Management of material topics	12, 14	-
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	31-32	-
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No legal violations
Working Conditions (Work-Life Balance, Occupational Health and Safety)				
Material Topics	3-3	Management of material topics	12, 14	-
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	54	-
Occupational Health and Safety	403-1	Occupational health and safety management system	24	-
	403-2	Hazard identification, risk assessment, and incident investigation	27-28	-
	403-3	Occupational health services	26	-
	403-4	Worker participation, consultation, and communication on occupational health and safety	24	-
	403-5	Worker training on occupational health and safety	79	-
	403-6	Promotion of worker health	26	-
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	26	-
	403-8	Workers covered by an occupational health and safety management system	28	-
	403-9	Work-related injuries	79	-
	403-10	Work-related ill health	-	Not applicable
Data Security				
Material Topics	3-3	Management of material topics	12, 15	-
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No breaches and complaints
Ethics · Compliance Management				
Material Topics	3-3	Management of material topics	12, 15	-
Anti-corruption	205-1	Operations assessed for risks related to corruption	-	- ¹⁾
	205-2	Communication and training about anti-corruption policies and procedures	40-42	-
	205-3	Confirmed incidents of corruption and actions taken	81	-
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	81	-


1) The case was conducted at all sites in accordance with our fair trade risk assessment and disclosed in the Ethics and Compliance Management Annual Report.

SASB Index

Resource Transformation(Aerospace & Defense)

Category	Code	Disclosure	Page
Energy Management	RT-AE-130a.1	(1) Total energy consumed	75
		(2) Percentage grid electricity	75
		(3) percentage renewable	75
Hazardous Waste Management	RT-AE-150a.1	Amount of hazardous waste generated	76
		Percentage recycled	76
	RT-AE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	No cases of leaks
Data Security	RT-AE-230a.1	(1) Number of data breaches	No cases of data breaches
		(2) Percentage involving confidential information	No cases of data breaches
	RT-AE-230a.2	(1) Description of approach to identifying and addressing data security risks in entity operations	35-37
		(2) Description of approach to identifying and addressing data security risks in products	35-37
Product Safety	RT-AE-250a.1	Number of recalls issued, total units recalled	Not an internally managed metric
	RT-AE-250a.2	Number of counterfeit parts detected, percentage avoided	Not an internally managed metric
	RT-AE-250a.3	Number of Airworthiness Directives received, total units affected	Not an internally managed metric
	RT-AE-250a.4	Total amount of monetary losses as a result of legal proceedings associated with product safety	Not an internally managed metric
Fuel Economy & Emissions in Use-Phase	RT-AE-410a.1	Revenue from alternative energy-related products	N/A
	RT-AE-410a.2	Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	N/A
Materials Sourcing	RT-AE-440a.1	Description of the management of risks associated with the use of critical materials	56-57
Business Ethics	RT-AE-510a.1	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade	No cases of violations
	RT-AE-510a.2	Revenue from countries ranked in the “E” or “F” Band of Transparency International’s Government Defence Anti-Corruption Index	Confidentiality constraints
	RT-AE-510a.3	Discussion of processes to manage business ethics risks throughout the value chain	38-41
Activity Metrics	RT-AE-000.A	Production by reportable segment	Confidentiality constraints
	RT-AE-000.B	Number of employees	77

TCFD Index

Category	Disclosure	Page
Governance 	a) Describe the board's oversight of climate-related risks and opportunities.	13, 16
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	13, 16
Strategy 	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	13, 16-18
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	13, 16-18
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Unreported
Risk Management 	a) Describe the organization's processes for identifying and assessing climate-related risks.	13, 16-18
	b) Describe the organization's processes for managing climate-related risks.	13, 16-18
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	13, 16-18
Metrics and Targets 	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	13, 16, 75
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	13, 16, 75
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	13, 16, 75

Category	Date	Award	Organizer/host
Safety and Health	2023.02	Selected as the Excellent Workplace in Occupational Health Promotion	Korea Occupational Safety and Health Agency
Employee	2023.09	Selected as the Korea's Top Job-creating Company	Ministry of Employment and Labor
Quality	2023.11	Awarded the Presidential commendation for defense quality management	Ministry of National Defense
Information Protection	2024.03	Selected as the Excellent Security Management Defense Company	Ministry of National Defense

Category	Validity Period	Certification
Environment	2022.10 ~ 2025.10	ISO 14001 (Environmental Management System)
	2022.08 ~ 2025.08	Green Company Certification
Safety and Heath	2022.10 ~ 2025.10	ISO 45001 (Occupational Safety and Health Management System)
	2023.12 ~ 2026.11	Health-Friendly Workplace Certification
Employee	2022.12 ~ 2025.11	Family-Friendly Company Certification
Quality	2022.04 ~ 2025.04	KSQ 9100 (Aerospace Quality Management System)
	2022.04 ~ 2025.04	ISO 9001 (Quality Management System)
	2023.07~2027.07	DQMS (Defense Quality Management System)
	2021.10 ~ 2024.10	AS9110 (Aerospace Management Standard)
	2023.02 ~ 2024.01	ESD (Electro Static Discharge)
	2023.01 ~ 2024.07	KSPC (Korean Special Process Certification)
	2022.07 ~ 2025.07	CMMI(Capability Maturity Model Integration): Level 5
	2023.07 ~ 2027.07	KOLAS Accredited Testing Center Recognition
	2023.01 ~ 2027.01	KOLAS Accredited Calibration Center Recognition
	2024.05~2024.11	Productivity Management System: Level 8
	2019.09~ (No expiration)	Software Quality Certificate (Good Software): Grade 1
	2013.10~ (No expiration)	Aircraft Technical Standard Product Certification – MFD (Multi Function Display)
	2023.08~2027.08	Defense Quality (DQ) Mark Certification by the Defense Quality Assurance Agency- Raybolt

Memberships

Key membership associations

Defence Information Communication Association	Korean Institute of Electromagnetic Engineering and Science	Korea Defense & Security Forum	Korea-UNC Friendship Association
Defense Security Council (Seoul / Gyeonggi / Daegu / Gyeongbuk / Daejeon)	Association of Old Crows	Association of the ROK Army	Global Industrial Cooperation Association
Korea Defense Industry Association	Korea Electric Engineers Association	Association of the Republic of Korea Airforce	Association of Korean Firms in Riyadh, Saudi Arabia
Korea Aerospace Industries Association / Korea Aerospace Technology Research Association	Korea Electronics Technology Association & IPC member	Association of the ROK Navy	Association of Korean Firms in Washington
Korea Association for Space Technology Promotion / Association	Korean Society for Aeronautical and Space Sciences	Korea International Trade Association	Association of Korean Firms Colombia
Korea Defense Industry Association	Defense Quality Society	Korea Engineering&Consulting Association	Korean Management Association
Korean Academy of Space Security	Korea Aerospace Quality Group	Korea Software Industry Association	Korea Productivity Center
Korean Space Association for National Defense	Asia-pacific Aerospace Quality Group	KOMIF	Korea Service Management Society
Korea Society for Naval Science & Technology	International Aerospace Quality Group	Ministry of Trade, Industry and Energy Emergency Planning Council (Yongin)	Korea Customs Logistics Association
Korean Society of Propulsion Engineers	Research Quality Council	Gumi National Industrial Complex Integrated Defense Council	Korea Industrial Safety Association (Yongin / Pangyo / Daejeon)
Military Robotics Society	Korean Society for Quality Management	Korean Reliability Society	Gyeongbuk Western Environmental Engineers Association
Korea Drone Industry Promotion Association	Korean Institute of Communications and Information Sciences	Korean Society for Nondestructive Testing	Green Company Council
Korean Society for Precision Engineering	Future Quantum Convergence Forum	American Society for Nondestructive Testing	Korea Industrial Safety Association
Korea Industrial Technology Association	SatComForum	Korea Foundation of Nuclear Safety	Gimcheon Gumi Safety Manager Association
Military Operations Research Society	Korean Society of Systems Engineering	Korea Association of Standards. & Testing Organizations	Korea Nursing Association
Korea Institute of Military Science and Technology	Korea Council on Systems Engineering	Federation of Korean Industries	Korean Association of Occupational Health Nurses
Innovative Defense Acquisition Society	Korea Anti-Drone Industry Association	Korea Listed Companies Association	Guns and Explosive Safety Technology Association
Korea Association of Robot Industry	NextGeneratin communication RF Design center	Korea Exchange	Korea Armaments Safety Association
Korea Software Technology Association	Korean Society for Prognostics & Health Management	Korea International Business Council	Environmental Safety Manager Council
Institute of Positioning, Navigation, and Timing	Korean Institute of Defense Technology	Chamber of Commerce (Seongnam / Yongin / Gumi)	Gumi National Industrial Complex Fire Safety Council
Korea Society of Satellite Technology	Korea Security Association for Emerging Military Technologies	Institute of Internal Auditors Korea	Korea Mech. Const. Contractors Association
Korean Society of Mechanical Engineers	Optical Society of Korea	Fair Competition Federation	Korea Construction Engineers Association
Korean Society for Noise and Vibration Engineering	Korea Robotics Society	Korean Council on Latin America & the Caribbean	Korea Electric Engineers Association

GHG Emissions Assurance Statement



LIG Nex1 Co., Ltd.

Scope

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

Data Verified

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

(Unit: tCO₂e)

Business Sites	Scope1 emissions	Scope2 emissions	Emissions in 2023
Gumi House 1	3,724.587	9,464.429	13,189
Gumi House 2	282.741	685.352	968
Pangyo House	754.577	3,319.959	4,074
Yongin House (Head Office)	358.868	1,283.085	1,641
Daejeon House	379.533	1,943.984	2,323
Gimcheon House	340.957	1,831.474	2,172
Total amount	5,841.263	18,528.283	24,367

*The sum of scope 1&2 emissions for each business site are expressed as integer, so there may be some differences in total emissions.

GHG Criteria & Protocols used for Verification

The verification was carried out at the request of the LIG Nex1 Co., Ltd. using:

- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
- ISO14064-1 & ISO 14064-3
- BSI GHGEV Manual

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

Verification Opinion

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

- Scope1&2 greenhouse gas emissions verification for LIG Nex1's domestic operations was carried out with limited assurance levels.
- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.
- No material misstatement during the verification process for emissions was found, it was confirmed that relevant activity data and evidence were properly managed. Therefore, the BSI Group Korea Verification Team provides a verification opinion that is “appropriate”.

For and on behalf of BSI:
Issue: 16/05/2024

Managing Director Korea, SeongHwan Lim



Third-Party Assurance Statement

To readers of LIG Nex1 Sustainability Report 2023

Introduction

Korea Management Registrar (KMR) was commissioned by LIG Nex1 to conduct an independent assurance of its Sustainability Report 2023(the “Report”). The data and its presentation in the Report is the sole responsibility of the management of LIG Nex1. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with LIG Nex1 and issue an assurance statement.

Scope and Standards

LIG Nex1 described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process. We also confirmed that the report was prepared in accordance with the TCFD recommendations and SASB.

- GRI Sustainability Reporting Standards 2021
- Universal standards
- Topic specific standards
 - GRI 205: Anti-Corruption
 - GRI 206: Anti-competitive Behavior
 - GRI 302: Energy
 - GRI 305: Emissions
 - GRI 306: Waste
 - GRI 402: Labor/Management Relations

- GRI 403: Occupational Health and Safety
- GRI 416: Customer Health and Safety
- GRI 418: Customer Privacy
- SASB Sustainability Disclosure Topics & Accounting Metrics
- TCFD recommendations

As for the reporting boundary, the engagement excludes the data and information of LIG Nex1’ partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report’s performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by LIG Nex1 to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Third-Party Assurance Statement

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with LIG Nex1 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. Based on the work performed, it is our opinion that the Report applied the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

LIG Nex1 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

LIG Nex1 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

LIG Nex1 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 LIG Nex1's actions.

Impact

LIG Nex1 identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. 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.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021 : 2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with LIG Nex1 and did not provide any services to LIG Nex1 that could compromise the independence of our work.

June 2024 Seoul, Korea

CEO *E. J. Hwang*

LIG Nex1