ADM, LG Chem Expand Relationship with MoU For US Production of Lactic Acid and Polylactic Acid for Bioplastics, Other Plant-Based Solutions

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Companies advance intentions to launch new US lactic acid and polylactic acid production to meet growing demand for wide array of plant-based products, including bioplastics

LG Chem (KRX: 051910), a leading global diversified chemical company, and ADM (NYSE: ADM), a global leader in nutrition and biosolutions, announced today that they have signed a memorandum of understanding (MoU) to explore US-based production of lactic acid to meet growing demand for a wide variety of plant-based products, including bioplastics.

This press release features multimedia. View the full release here:
https://www.businesswire.com/news/home/20210914005305/en/

(Photo: Business Wire)

Under the terms of the agreement, which was signed by ADM Chairman and CEO Juan Luciano and LG Chem Vice Chairman and CEO Hak Cheol Shin at ADM's global headquarters in Chicago, the two companies plan to take steps toward launching a joint venture in early 2022 that would build, own and operate a US-based facility to produce high-purity corn-based lactic acid on a commercial scale. According to Grand View Research, global demand for lactic acid - which is used broadly in food, feed and cosmetics in addition to industrials like bioplastics - was valued at approximately USD 2.7 billion in 2020, with an expected annual growth rate of 8 percent.

In addition, the companies will collaborate on a second joint venture that would use lactic acid produced by the first joint venture to produce and commercialize polylactic acid (PLA), a plant-based, biodegradable plastic that can be used in a wide array of products, from food packaging to clothing to upholstery. According to new market research by MarketsandMarkets™, demand for global bioplastics and biopolymers is projected to grow from USD 10.7 billion in 2021 to USD 29.7 billion by 2026, representing a CAGR of 22.7%.

The two companies also agreed to actively cooperate in the joint development of technology for other biomaterials that can be applied in the biochemical and sustainability sector in the future.

"Consumers today are increasingly prioritizing environmentally-friendly, responsibly-produced products when they make buying decisions," said Luciano. "ADM is meeting that demand for both nutrition and biomaterials customers alike. For non-nutrition customers, our BioSolutions growth platform is using our product streams to grow our presence in sustainable, higher-margin demand areas as wide ranging as pharmaceuticals and personal care, textiles, paper products, and even adhesives for helicopters. Today's agreement is yet another way in which we're delivering on growth opportunities in plant-based solutions. We're excited to work with a global leader like LG Chem to expand US production of lactic acid and continue to expand our capabilities to meet growing demand for responsibly-produced products."

"The establishment of a joint venture with ADM would be the beginning of a new journey, formalizing our cooperation and advancing us toward a sustainable business structure for the benefit of the environment and society," said Hak Cheol Shin. "Once the joint venture is established, LG Chem would receive a stable supply of raw materials needed to enter the bioplastics market in earnest. As a part of our sustainable business strategy, LG Chem plans to accelerate the commercialization of biodegradable resins that can contribute to solving environmental problems such as climate change and waste plastics. As a leading

company in sustainability, LG Chem will actively seek new ways to contribute to carbon-neutral growth."

In addition to its use in the production of PLA, the lactic acid produced by the proposed joint venture would be sold for use in a wide variety of food and pharmaceutical applications.

This is not the first time LG Chem and ADM have worked together to meet growing demand for bio-based products. In 2019, the companies signed a joint development agreement (JDA) to secure mass production technology to create biobased acrylic acid, which can be used for the manufacture of superabsorbent polymers used in diapers and other hygiene products.

Forward-Looking Statements

Some of the above statements constitute forward-looking statements. ADM's filings with the SEC provide detailed information on such statements and risks and should be consulted along with this release. To the extent permitted under applicable law, ADM assumes no obligation to update any forward-looking statements.

About LG Chem

LG Chem is a global leading diversified chemical company that mainly operates petrochemicals, advanced materials and life sciences businesses. The chemical business manufactures a wide range of products from high-value added petrochemicals to renewable plastics. LG Chem also extends its chemical expertise into high-tech areas such as electronic & battery materials and drugs & vaccines to deliver differentiated solutions for our customers. LG Chem aims to reach carbon-neutral growth by 2050 and promote RE100 at all business sites worldwide to suppress carbon emissions to 10 million tons, which is equivalent to the amount in 2019. Throughout multiple production facilities and extensive distribution network around the globe, LG Chem employs approximately 17,000 people and generated sales of KRW 30.1 trillion(USD 25.9 billion) in 2020. For more information, please visit www.lgchem.com.

About ADM

At ADM, we unlock the power of nature to provide access to nutrition worldwide. With industry-advancing innovations, a complete portfolio of ingredients and solutions to meet any taste, and a commitment to sustainability, we give customers an edge in solving the nutritional challenges of today and tomorrow. We're a global leader in human and animal nutrition and the world's premier agricultural origination and processing company. Our breadth, depth, insights, facilities and logistical expertise give us unparalleled capabilities to meet needs for food, beverages, health and wellness, and more. From the seed of the idea to the outcome of the solution, we enrich the quality of life the world over. Learn more at www.adm.com.

Source: Corporate release

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