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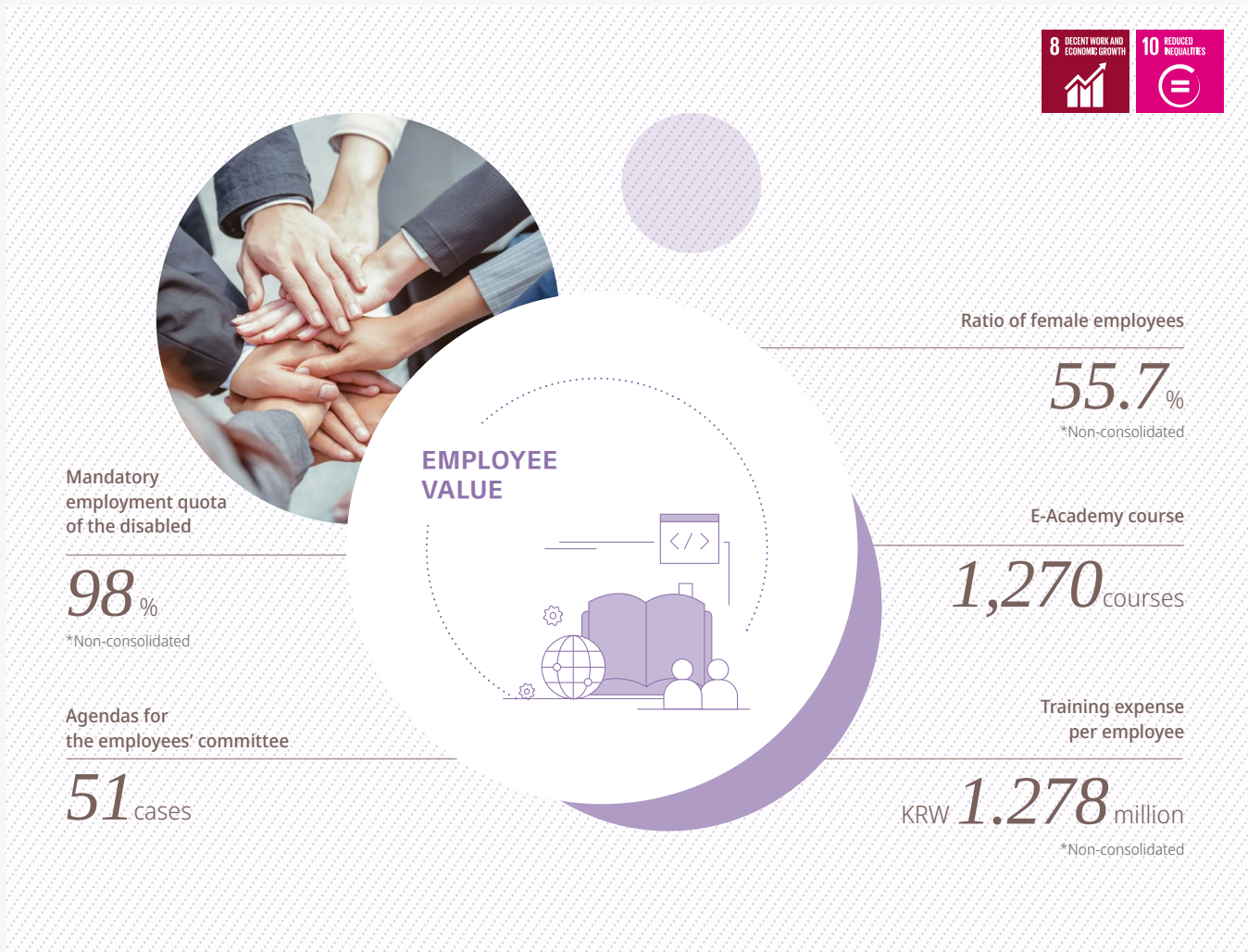
# Employee Value

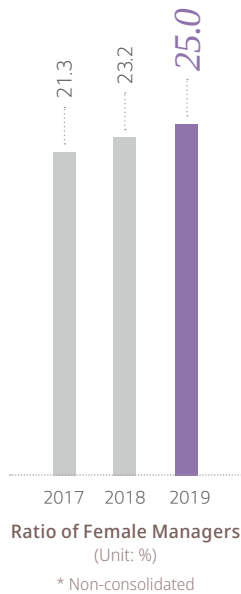
## CSR BACKGROUND

The biggest growth engine for a company comes from employees. A company should strive to create an environment where each and every employee can use his or her capability. For this aim, it is necessary to provide fair rewards based on performance and various education programs to encourage employees to grow as the core members of a company and take the lead in establishing an advanced corporate culture for internal members by ensuring work and life balance.

## OUR COMMITMENT

LG H&H leads an advanced corporate culture by utilizing various internal and external channels. The company encourages socially disadvantaged people to participate in society through open and fair recruitment, implements various activities to reinforce employees' capabilities and establish a corporate culture based on mutual respect, and fulfills the management philosophy of respecting human dignity.





## Diversity of Employees

### Development of Human Resources for Leading Business in the Future

LG H&H strives to secure young, smart and outstanding human resources with an aim to step up as a global company beyond Asia and continue sustainable growth. We focus on developing marketers who have capabilities and potential as an entrepreneur to lead the business in the future and R&D professionals who can take the initiative in enhancing emotional and functional quality. We try to strengthen internal capabilities by nurturing digital experts who can lead the digital transformation to keep up with the recent trend of the 4th Industrialization. With these efforts, LG H&H not only solidifies the existing business areas, but also makes various attempts in a wide range of new sectors to lay the groundwork for continuous growth. We provide these human resources with opportunities and experience to grow within the company by work-led cultivation and support them to build entrepreneurship and capability through performance-based promotion, global MBA courses and personnel policy.

### Favorable Environment for Female Talent to Work

LG H&H leads the corporate culture where the capabilities of employees are acknowledged based on performance regardless of gender. For instance, we boldly appointed a female employee in her 30s as a director in 2019, the youngest one to make this accomplishment. We also retained the 'Best Family Friendly Management certification' granted by the Ministry of Gender Equality and Family. To be specific, we create a working environment where employees can relieve the burden of pregnancy and childcare by operating a daycare center in the company and the family care leave system and allowing employees to apply for maternity and parental leave without hesitation. We also provide sexual harassment prevention training and promote desirable gathering practices among employees so that both male and female workers are considerate towards each other and fully perform their

capabilities. Maternity leave of 90 days (120 days for twins) is given, along with an additional system where those suffering from diagnosed pregnancy complications including threatened abortion are allowed to take paid sick leave for up to a month and those taking high-cost fertility treatment are offered financial support in addition to the government subsidy (KRW 1.5 million per each round of a fresh embryo transfer during in-vitro fertilization, up to four times, KRW 6 million of support in total). One-year parental leave and the one-year reduced working hour system for child rearing (for those with children under 8 or second graders or younger) are allowed for all employees regardless of gender. As a company that produces daily consumer goods such as cosmetics, home and personal care products, and beverages, we actively develop female employees who have an outstanding sense of business. As of the end of 2019, female workers take up 56% of the total number of employees. We operate a female talent development roadmap to nurture female leaders for the long term by helping them work with no career breaks due to marriage and childbirth.

### Development of Human Resources with Global Competence

With superb competitiveness in the domestic market, LG H&H is solidifying its business in Asia, including China and Japan, to become a global company. We are also accelerating the expansion of overseas business by securing a bridgehead to the markets on the American continent. As part of these efforts, we are actively finding global talent and strengthening internal capabilities. We try to hire those who studied overseas and international students studying in Korea for the marketing and R&D positions. We also focus on developing outstanding human resources at home and abroad who have a sense of global business and in-depth understanding of various cultures. Moreover, we provide various training programs for employees to build global capabilities, including global MBA courses, a regional expert course, and in-house foreign language classes (business English and Chinese).

## CASE Rehiring of Retired Employees

LG H&H rehires retired employees with expertise in a particular field to provide them with opportunities to perform their capabilities even after retirement. We appoint retired employees as technical consultants in the R&D sector and support them to share their R&D know-how and experience with juniors and make suggestions for various research projects. In the production sector, we have rehired retired employees who can share their expertise and technological capabilities, work as consultants for technical and quality affairs for suppliers, and cultivate juniors. In this way, we try to create jobs for the retired with expertise.



Commendation by the Minister of Employment and Labor



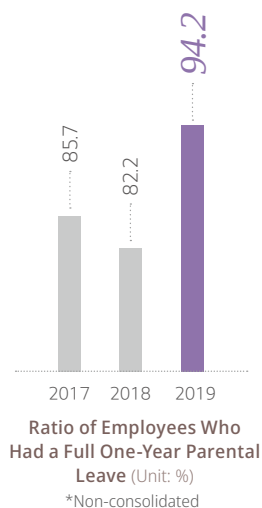
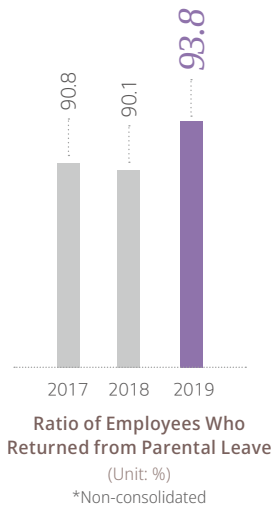
Job experience booth for those with developmental disabilities



2019 Outstanding employer for hiring people with disabilities

**Hiring of Socially-vulnerable Groups**

LG H&H runs Bright World, a sheltered workplace for the disabled, to contribute to revitalizing employment for people with disabilities as the disadvantaged. Among a total of 89 workers, 63 disabled people are employed by Bright World, working for a cafeteria, café, car washing, cleaning and packaging cosmetics. With the aim of fulfilling corporate social responsibility continuously, we also operate a job experience booth and field trip program. In partnership with Korea Employment Agency for Persons with Disabilities, we installed an experience booth for packaging cosmetics by Bright World at the 'Chungbuk Training Center for Persons with Disabilities' to provide disabled students with opportunities for career searching. We also operate the Bright World field trip program for the parents of people with disabilities, special education teachers and elementary, middle and high school principals to improve social awareness for employment and labor for people with disabilities. For the contribution in expanding recruitment of disabled people, the company received a commendation by the Minister of Employment and Labor in the sector of employers and employees for 'Disabled People Employment Promotion Awards 2019' and was selected as an 'outstanding employer for hiring people with disabilities' as a leading company for encouraging employment and improving awareness. In cooperation with Chungcheongbuk-do Education Office, three colleges in the province, and the Korea Employment Agency for Persons with Disabilities, Bright World will continue to operate various education programs customized for people with disabilities and support their self-reliance by encouraging their economic independence and reinforcing communication skills.



**Corporate Culture**

**Top Dignity Corporate Culture**

In order to create a corporate culture with respect and compassion, we conduct the 'Top Dignity' Education Program. With the aim of establishing a healthy and sound corporate culture with employees' awareness and behavior suitable for the top company, the Top Dignity Education provides training by utilizing VOE and actual cases each year based on work-life balance, smart work, making zero workplace harassment and sexual harassment, and respect for diversity (workplace with foreigners and people with disabilities). Along with the Top Dignity Education, we also provide all employees with online education each year to prevent sexual harassment, improve awareness and fulfill mutual respect, consideration and social responsibility.

**Work-life Balance**

We have been running the Smart Station since 2013 to focus more on field activities that create values for customers, thereby expanding programs for sales employees to communicate closely with customers. From February 2020, we are strengthening our employees' capability for dealing with non-contact work by having all employees work from home in response to the COVID-19 pandemic. We sent an email to 2,476 employees (LG H&H) to provide efficient work-from-home guidelines for each individual employee and department. LG H&H continues to develop a culture where employees can concentrate on their work during working hours, and maintain a work-life balance and focus on their personal life after work. Employees can choose between the flexible working hour system and the staggered working hour system depending on the characteristics of their jobs. We support work-life balance with customized working hours by implementing the flexible time system, in which employees may select their working hours. Employees may choose to start work between seven and nine in the morning, and leave the office between four and six in the afternoon. We play a song to encourage employees to leave the office on time so that they can comply with working hours. The company also runs the company-wide simultaneous vacation system, a monthly or biweekly system where all employees can take a day off without worrying about troubling others. In addition, we established the '2-hours off system', where employees take two hours off on personal urgent issues. Under this system, employees can run errands to the hospital, public offices or the bank or deal with childrearing affairs even during working days. In 2019, we started the 'Executive/Department Leader/Team Leader Day' to encourage leaders to use their leave.

**Employees' Committee**

We operate the Employees' Committee to help young employees build leadership and express their opinions to management. The committee consists of 87 members for each group, which runs a gathering and conducts corporate culture activities and communication activities to deliver employees' opinions to the management. The company-wide Employees' Committee supports members to grow by sharing recent issues in the company and activity cases and holding a theme-based special lecture. We run the 'Meet the Executive' session to have regular communication with C-level and business team leaders so that the current status of business and

the perspective of the management can be shared and acquired. We also strive to narrow the gap in perception between executives and employees by having an in-depth Q&A session. With these efforts, we promote two-way communication in the group and create an environment where young employees feel free to express their opinions and encourage all employees' opinions to be reflected in management activities.

**Columbus Project**

We have run the Columbus Project since 2015 to build a dynamic corporate culture of pursuing challenges. Participants are selected through the submitted documents and executive interview processes, and use up to three months of free time and KRW 10 million of support funds for their challenges. In 2019, we selected a total of five themes for this project: the research of the 'development in distribution market utilizing new-concept launderette'; 'proposal of vegan-friendly cosmetics concept'; 'development of functional sports cosmetic brand concept'; 'study of the current status of convergence technology development of cosmetics and textile industry and proposal of application'; and 'market search and proposal for customized cosmetics'. With the proposal of various ideas, participants contributed to developing the company and had a meaningful time for growth by carrying out the project related to their interest.

**Reverse Mentoring**

We conducted the 'Reverse Mentoring' to encourage executives and team leaders to think, play and consume like the employees of the millennial generation, who were born in the 90s. Mentoring was carried out six times in a two-to-one setting, in which two team members played mentor for one leader. With this mentoring activity, the millennial team members introduced the YouTube channels to which they subscribed, while also watching other channels that were suitable for the leaders. They also came to popular places together and shared their young sensibility. For instance, they shared how to experience small but certain happiness by visiting famous bakeries, and experienced the young generation's leisure culture such as escape rooms and craft shops. In terms of work, team leaders listened to the ways in which the young members preferred to work and engaged in communication. As the mentoring created a chance to exchange opinions from different generations and find something in common to empathize with, we will continue to conduct Reverse Mentoring so that employees of different generations can relate to each other.

**Labor-Management Relations**

LG H&H aims to establish reasonable labor-management relations in compliance with laws and principles based on mutual trust and communication through various channels between the management and employees. We hold a company meeting to share the management performance and direction and swiftly deliver business-specific major projects and strategies, which are presented by team leaders at a conference call, to all employees. We also operate various communication channels to listen to diverse opinions such as the labor-management council meeting, company-wide and divisional Employees' Committee and What If I Board to enhance the working environment to allow employees to focus on their work and improve the quality of life. We also launched a YouTube channel called 'LG H&H TV' to form mutual trust and promote communication with employees beyond different positions and generations, and issue the 'CEO Message' to share the CEO's management philosophy. The company also issues the newsletter 'LG H&H Family' and delivers it to employees' houses so that their family members can share in the company news and issues. With such two-way communication, we share the company's vision and policy to help build understanding between employees. We also carry out various other activities such as expanding support for family events (funerals for maternal grandparents) for gender equality, increased support funds for purchasing a house to improve residential life, and continuous operation of the counseling program to enhance work concentration. With such activities, we collect various wishes and opinions from employees, reflect the opinions in the system and create partnerships as a community based on trust.

**Labor-Management Communication Channels**

Category	Frequency	Description
Company-wide Employees' Committee	Quarterly	Listen to VOE through the representatives of employees in each group, identify issues and find solutions
Divisional Committee	Bimonthly	Identify the atmosphere of the workplaces of each division by channel and listen to VOE
Meeting for each position level in sales and sales promotion	Quarterly	Listen to VOE related to sales and promotion, identify issues and find solutions
Labor-management committee at each business site	Quarterly	Improve the working environment of each business site, conduct surveys regarding safety and health issues, summarize results, and give feedback with solutions
Employee meeting in each division	Yearly	Conduct an employee meeting led by the leader of a division and give feedback for each agenda

**CASE Me and You Training with Warmth and Communication for the Production Sector**

In 2019, employees from the Cheongju, Naju and Ulsan Plants participated in training sessions 17 times, realizing the power of cooperation, importance of colleagues and strengths of the company. In 2018, we provided training for employees in the production sector to deal with conflicts, from which we gained positive energy. To grow that positive energy as a passion for work and pride for the company, we had participants carry out various missions, including a high-level mission for cooperation, mission for tracking the company's history, and virtual mission for describing the strengths of the company to foreign investors and attracting investment. With these training sessions, employees had time to discover the precious meaning of the job and workplace and recover from fatigue. Above all, it was helpful for employees to restore relations with colleagues and promote a sense of community.

