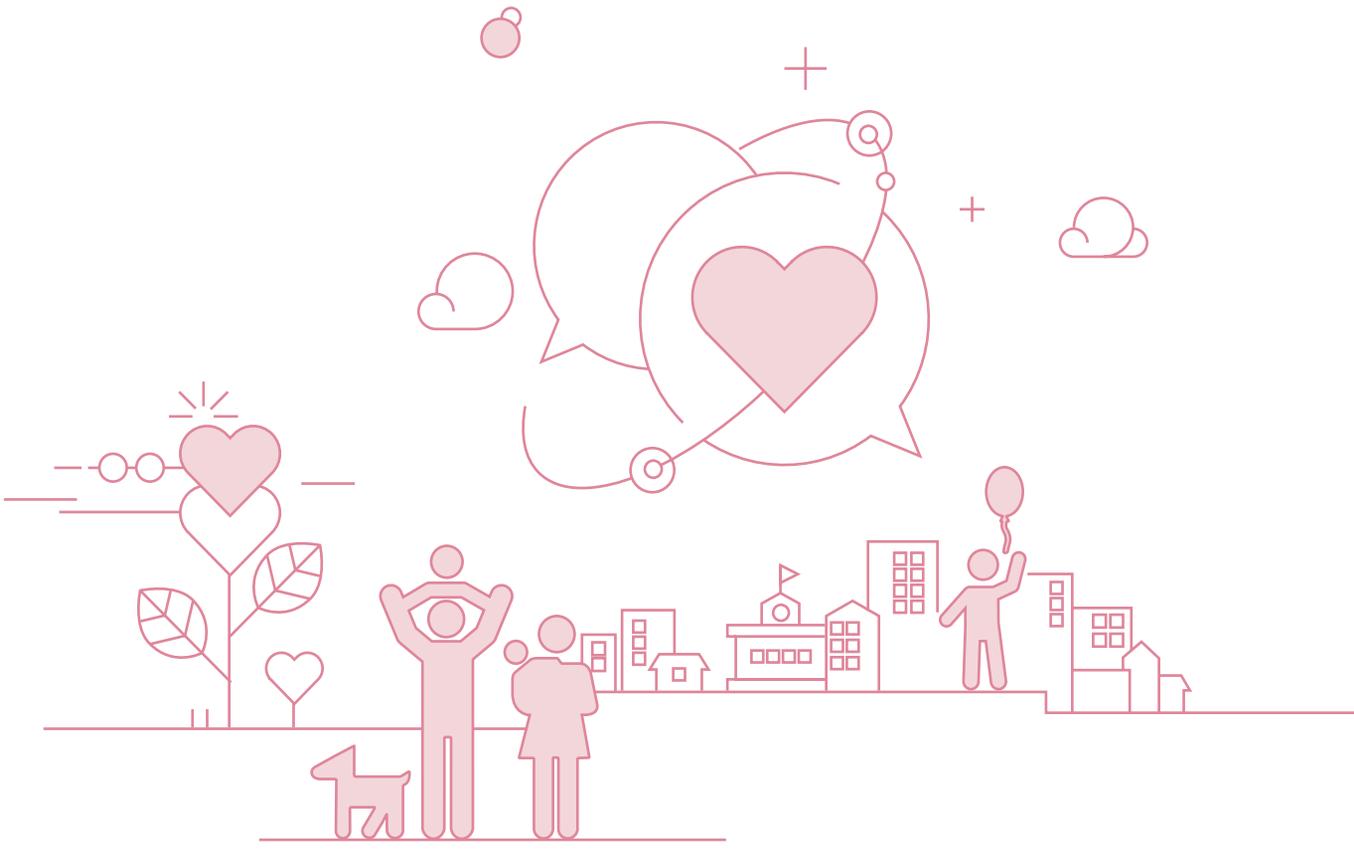


2021
LG H&H
Human Rights
Report



About this report

Report Overview

LG H&H has been publishing human rights reports since 2020 to share our various efforts for human rights management with the outside world. The '2021 LG H&H Human Rights Report' is the second human rights report published. Through this report, we intend to transparently disclose the status and performance of our human rights management, collect stakeholder opinions, and use them as a communication channel to reflect them in our business activities.

Reporting Period and Scope

The reporting period for this report is from January 1, 2021, to December 31, 2021. We used data from 2019 for some items to see trends and cumulative data. Depending on the timeliness and importance of the information, some data includes data for 2022. The reporting scope of this report contains the LG H&H headquarters, domestic and overseas subsidiaries of Coca-Cola Beverage and HAITAI htb, and the supply chain of LG H&H. In case of a different reporting scope or a change in the reporting data, we have marked them separately.

Reporting Standards and Principles

This report has been prepared in compliance with the items and contents that Human rights-related international initiatives and standards, such as the UN Guiding Principles Reporting Framework and other indicators, present.

Inquiries

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1

Human Rights Management Policy

LG H&H's management philosophy is 'management that respects humanity. Human rights management is the most critical factor in practicing human rights management. Accordingly, LG H&H has established and complies with human rights policies to respect all stakeholders, including employees, customers, suppliers, joint ventures, and affiliates, and to guarantee the right to human dignity. In addition, LG H&H complies with labor-related laws and regulations of each country and region and strives to ensure stable employment and fair wages for its employees in socio-economic aspects. Furthermore, as a corporate citizen, LG H&H supports the human rights implementation principles outlined in the UN Human Rights Commission's Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

LG H&H has established human rights policy, related policies, and codes of conduct to practice human rights management.

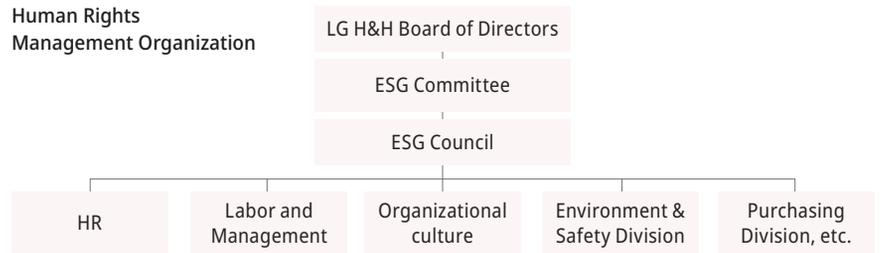
Policy	Target range	Contents
Human rights policy	Employees, suppliers, joint ventures, customers, and local communities	Policies to implement management to respect humanity
Ethics Guidelines	Employees	Guidelines that provide standards for correct behavior and value judgment for employees to follow
Workplace Sexual Harassment and Bullying Prevention Policy	Employees	Policies to prevent sexual harassment and bullying in the workplace
Supplier Code of Conduct	Suppliers	LG H&H's Code of Conduct including compliances to ensure that suppliers fulfill their social responsibilities
Sustainable Purchasing Policy	Employees, suppliers, and local communities	Policies to proceed with the purchase of raw materials, considering the materials' potential to affect the environment and society

2 /

Human Rights Management System

Human Rights Management Governance

LG H&H has established human rights management governance to promote human rights management systematically and manages principal human rights and ESG-related issues through the 'ESG Committee', the highest decision-making organization.



Human Rights Management Process

Based on the 'UN Guiding Principles on Business and Human Rights', 'LG H&H strives to implement its human rights and stakeholders' in the entire business process through 'Protect, Respect, and Relief(Remedy)'. LG H&H also conducts due diligence¹⁾ regarding direct and potential human rights impacts on its business activities.

LG H&H Care conducts 'Human Rights Impact Assessment' for domestic and overseas production sites and corporations through the LG Way survey, compliance risk check, and environmental safety diagnosis. LG H&H also evaluates the supply chain ESG of domestic partner companies, reflecting domestic and overseas labor and human rights trends. In addition, we regularly review human rights issues by conducting annual evaluations and have dedicated departments intensively manage the identified issues to establish mitigation plans and monitor improvement and implementation.

LG H&H reports the issues and management results found to the ESG Council and the Compliance Council for review.

1) Due Diligence : Investigations conducted to identify, prevent, and mitigate potential negative impacts that may occur on a company's operations, supply chain, and other business relationships. See OECD Due Diligence Guidance for Responsible Business Conduct

Human Rights Management Process



Identification and Evaluation



- Investigation of human rights risks and impacts
- Stakeholder engagement to verify significant human rights risks and impacts
- Preliminary assessment of human rights risks and impacts
- Due diligence evaluation of major business sites
- Identifying human rights risks when entering new business(M&A, JV, etc.)

Mitigation Measures



- Analysis of human rights impact assessment results
- Establishing mitigation action plans for workplaces with potential risks
- Recommending mitigation action plans for major suppliers

Communication



- Report results
- Reviewing and improving the evaluation process

Tracking & Results



- Implementing mitigation action plans and checking results
- Reflecting the results of action plan implementation

Identification of Human Rights Impacts

LG H&H regularly inspects human rights status based on the risk identification process to eradicate human rights violations in its entire business process. LG H&H analyzes the internal and external environment to identify human rights risks and, based on this, identifies human rights impacts and identifies risks. LG H&H also utilizes global human rights standards and principles and the results of stakeholder engagement.

In addition, LG H&H considers the safety of products that may affect stakeholders, including local communities and customers. LG H&H complies with domestic and international laws and regulations related to product design, manufacturing, distribution, and marketing, and establishes an internal management process that conforms to and reviews them in advance. LG H&H also builds a sustainable business model by factoring in potential impacts from the design process and reflecting stakeholder opinions when launching new products.

Identification of Human Rights Impacts and Remedies

Stakeholders	Human Rights Issues	Impact Assessment Results and Remedies
Employees	Employees' non-compliance with the Code of Conduct	<ul style="list-style-type: none"> · 38 employee-related reports in 2021(30 cases processed, 8 cases found groundless) · Operating 'ERM(Enterprise Risk Management) System' for risk pre-inspection(2021) · Operating a reward system for reporting and protecting whistleblowers
	Sexual Harassment and Workplace Harassment	<ul style="list-style-type: none"> · 2021 No.1 dignity survey results(including workplace harassment questions) <ul style="list-style-type: none"> - Serious issues : None, Potential issues : None · Implemented education to realize a No.1 dignity organizational culture · Operated workplace bullying counseling center and distributed workplace bullying guidebook · Operated the internal sexual harassment and workplace harassment reporting center
	Employee stress damage	<ul style="list-style-type: none"> · LG Way Survey Results : 82 points for employee engagement(2021) · Provided special lectures for emotional work groups and established and distributed emotional work guidelines(2020) · Operated a psychotherapy counseling room with a professional psychotherapist resident once a week (since 2020) · Ran Red circle weekly event of a health campaign to prevent cerebrovascular diseases(since 2018)
	Industrial Safety Accidents	<ul style="list-style-type: none"> · Expanded production-oriented safety quality diagnosis to product design and distribution(2021) <ul style="list-style-type: none"> - Established safety quality diagnosis standards in the design and distribution stages - Completed diagnosis of 69 company-wide logistics centers through internal and external expert-agencies · Established a new safety and health management system to enhance the prevention of safety accidents(2021) <ul style="list-style-type: none"> - Launched an organization dedicated to safety and health at the head office, established company-wide safety and health management policies, and promoted the enactment and revision of safety and health related regulations · Conducted safety diagnosis(electricity, firefighting, etc.) by an external expert agency for 4 business sites and 127 external suppliers and implemented improvement tasks(2020) · Implemented self-safety diagnosis and improvement tasks for 14 business sites and 69 logistics centers(2020)
Suppliers	Palm Oil Production and Supply	<ul style="list-style-type: none"> · Achieved 33.7% of sustainable palm oil(RSPO) purchases(2021) · Maintained RSPO segregation certification for Ulsan and Onsan plants · Established sustainable raw material purchasing policy
	Conflict Minerals	<ul style="list-style-type: none"> · Procured mica produced by skilled workers in mines in the United States, Japan, and China · Checked if the mines declared Non-Child Labor and the suppliers were certified as a member of the Responsible Mica Initiative(RMI) when using mica from India. · Increased the proportion of synthetic mica instead of natural mica in manufacturing cosmetics (plan to convert 100% to synthetic mica)
	Labor and human rights issues of suppliers' employees	<ul style="list-style-type: none"> · Conducted ESG evaluation of suppliers(2021) <ul style="list-style-type: none"> - Implemented ESG evaluation on 'Core partners' and 'Key suppliers' - Implemented improvement tasks for 12 high-risk suppliers · Conducted ESG evaluation on suppliers(2020) <ul style="list-style-type: none"> - Implemented ESG evaluation on 190 suppliers - Implemented improvement tasks for 10 high-risk suppliers



Stakeholders	Human Rights Issues	Impact Assessment Results and Remedies
Suppliers	Damages caused by unfair trade (unreasonable requests, etc.)	<ul style="list-style-type: none"> · Received 27 complaints from suppliers(2021) · LG H&H employee's activities on 'no gifts giving and receiving' · Operated unfair behavior reporting channel(Cyber Sinmungo : http://ethics.lg.co.kr)
 	Customers Customer personal information protection	<ul style="list-style-type: none"> · Inspected 65 personal information entrusted suppliers and took measures to improve risk factors(2021) · Inspected personal information management status in department stores(3 stores) and took measures to improve risk factors(2021) · Improved 5 systems, including the advancement of the information leakage monitoring system(2021) · Checked on mock hacking and vulnerability on a website, shopping mall, and sales information system(2021) · Analyzed personal information processing flow for genetic analysis, digital catalog, and door-to-door sales area(2021) · Passed Information Security Management System(ISMS) post-examination and maintained the certification(2021) · Enhanced the security review process(2021) <ul style="list-style-type: none"> - Performed 75 security reviews : Minimized security vulnerabilities in IT systems and prevented leakage of important information from hacking - Checked IT system inspection subject to security review : inspected infrastructure, conducted mock hacking, checked ISMS, personal information, internal control, security inspection, etc. · Inspected 50 personal information entrusted suppliers and took measures to improve risk factors(2020) · Discovered vulnerabilities in the personal information processing system for 219 systems and implemented improvements(2020)
	Customer damage (product safety, etc.)	<ul style="list-style-type: none"> · 2021 customer consultation satisfaction result : 4.7 points(out of 5 points) · Improved customer service system(2021) <ul style="list-style-type: none"> - Introduced 'Visible ARS' service available 24 hours a day - Collected customer complaints constantly and improved the accessibility of customers(for the deaf, etc.) uncomfortable using voice ARS · 2020 customer consultation satisfaction result : 4.67 points(out of 5 points) · Shared with the department in charge within 30 minutes and visited consumers within 1 day after receiving VOC through the intensive management claim system
Community	The socially disadvantaged people entering society (Disabled people, women, the elderly, etc.)	<ul style="list-style-type: none"> · Promoted the employment of the socially disadvantaged <ul style="list-style-type: none"> - Supported the employment of the socially disadvantaged by operating 'Gounnuri,' a subsidiary-type standard workplace for the disabled(2021) - Provided mock interview consulting using metaverse platform by participating in 'Chungbuk vocational fair for students with disabilities'(2021) - Continued to operate the Bargn Nuri Cosmetics Packaging Experience Booth at the 'Chungbuk Developmental Disability Training Center' - Supported the employment of the socially underprivileged by operating the Bargn Nuri., a standard workplace for the disabled(since 2015) · Selected 35 natural beauty creators in 2021(newbies in society, women with career interruptions) · Employed retirees and senior citizens through partner companies' technical support team

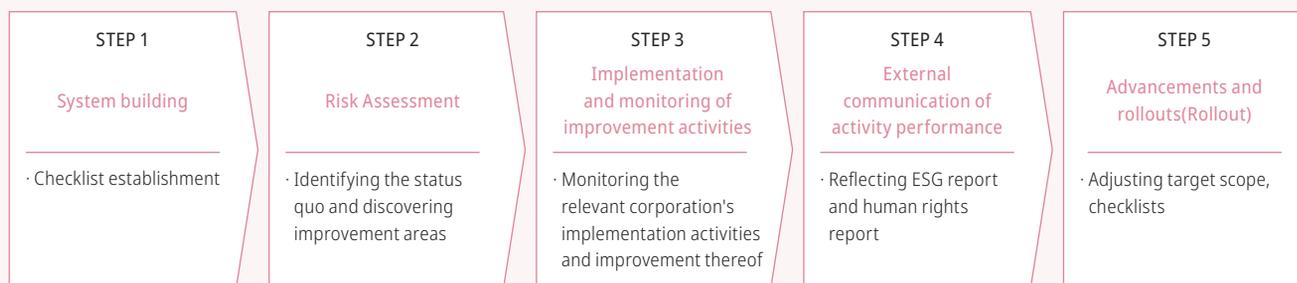
Human Rights Impact Assessment

Results of Employee Human Rights Impact Assessment

LG H&H conducts human rights impact assessments on its employees. LG H&H has identified latent factors in the human rights management system through the 'self-inspection of human rights at work sites' and 'due diligence on human rights at work sites' and found cases of human rights violations experienced directly or indirectly by employees through the 'Employee Human Rights Survey.' The 'Human Rights Self-Inspection' checked 6 domestic business sites in 2021 to learn that there were no serious human rights risks in all areas of LG H&H's business activities. Rather, we identified some issues in occupational safety assurance, such as safety equipment and facility safety and hygiene maintenance at the workplace, and regular occupational safety-related training as partial inadequacies. We plan to keep the safety equipment in the workplace clean by periodically managing the safety equipment storage box. We have prepared improvement measures for regular industrial safety training by checking whether or not regular safety training is conducted, including suppliers. Meanwhile, we inspected the company-wide human rights management system in 2020 and drew an opinion that the 'roles and responsibilities within the highest decision-making organization' should be supplemented, and have been reporting major human rights issues to the 'ESG committee' newly established under the board of directors in April 2021, when necessary.

In addition, the 'employee human rights survey' and 'workplace human rights due diligence' conducted for employees in 2020 showed no serious human rights violations but identified potential risks related to working hours and grievance handling processes. Accordingly, LG H&H implements a flexible working system for employees to achieve work-life balance and manages working hours by complying with the statutory working hours. We also operate an ongoing process to receive and resolve grievances through the employee council.

Workplace Human Rights Self-Inspection Process



Scope of Human Rights Impact Assessment for Employees

● Human rights self-inspection ● Third-party human rights due diligence



Implementation of Due Diligence on Human Rights in Domestic Workplaces

LG H&H conducted its first human rights survey on its employees in 2020 to discover related issues and implemented non-face-to-face due diligence at its Ulsan and Cheongju plants to manage labor and human rights risks for its business operations that comply with global guidelines. Through due diligence, we conducted self-inspections on a total of 96 indicators, including establishing a human rights management system, non-discrimination among workers, and guaranteeing freedom of association and collective bargaining. We also directly interviewed workers identified as vulnerable to human rights to help them preemptively manage potential human rights risks by establishing action plans and sharing relevant laws and regulations for matters that need improvement. LG H&H will continue to monitor implementation status and establish a systematic human rights impact and risk management system.

Implementation of Human Rights Due Diligence in Overseas Business Sites

LG H&H has conducted human rights due diligence to protect the human rights of workers at its overseas sites as well as domestic sites. In 2019, LG H&H worked human rights due diligence for LG H&H Vietnam and Beijing subsidiaries to manage labor and human rights risks and operate its business sites complying with global guidelines. We conducted document inspections, on-site verifications, and related interviews for 34 inspection items, including forced labor implementation, employment of young workers, and management of legal working hours. As a result, we established action plans for areas that needed improvement or supplementary review and shared laws and regulations for those items to help preemptively manage potential risks. LG H&H will continue to monitor the implementation status and establish a human rights impact and risk management system for overseas supply chains.

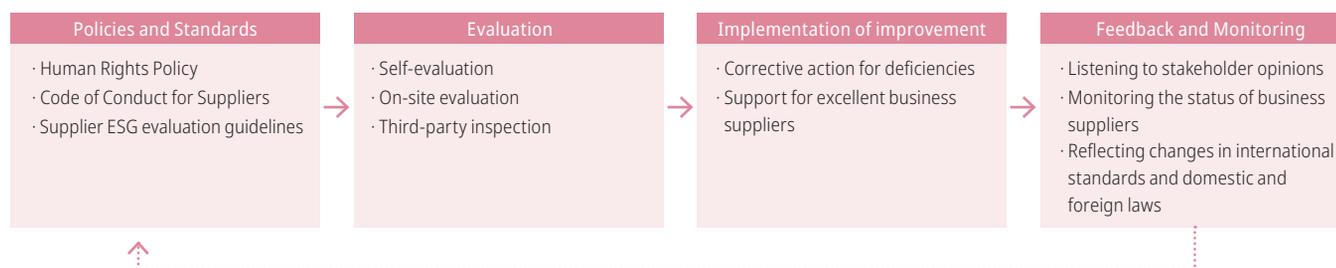
Human Rights Impact Assessment Results for Suppliers

LG H&H conducts ESG evaluations to help its suppliers discover and manage potential risk factors related to creating a safe working environment, managing workers' human rights, and environmental responsibility.

LG H&H evaluates the human rights impact on its major domestic and foreign suppliers every year to enhance human rights-related assessments and conducts self-evaluations to reinforce the ESG management capabilities of suppliers and check whether suppliers comply with the Code of Conduct. LG H&H practices on-site evaluations of its key suppliers to identify potential risks and reflects the results in the supplier's comprehensive evaluation to reduce risks. At the same time, LG H&H conducts third-party inspections to enhance the expertise and objectivity of ESG evaluation of its partner companies and to present more diverse information and improvements related to ESG. LG H&H reports the results of deficiencies identified through the assessment, provides them for its suppliers and recommends improvements. LG H&H actively supports suppliers to ensure they can strengthen their ESG capabilities by identifying and improving ESG-related vulnerabilities.

From the human rights impact assessment conducted for its suppliers in 2021, LG H&H identified risks related to the 52-hour workweek, overtime work record management system, voluntary labor guarantee for foreign workers, and sexual harassment prevention process. As such, LG H&H has established top-priority, and long-term improvement tasks for each item needed of its partner companies found to have potential risks. LG H&H plans to monitor improvements in the future continuously.

Supplier ESG Evaluation Process



ESG evaluation status of business Suppliers

(Unit : company)

Category	Category in detail	2020		2021	
		Number of companies	Number of companies	Remarks	
Supply Chain ESG Assessment	Core Suppliers(Tier 1)	138	115	48%(purchasing share)	
	Core Suppliers(Tier 2)	-	38	-	
	Self-Assessment of Tier 1 suppliers ¹⁾	138	431	100%(all 115 Tier 1 core suppliers conducted self-assessment)	
	Core Suppliers(Tier 2) Self-assessment of suppliers ¹⁾	138	38	100%(all Tier 2 core suppliers conducted self-assessment)	
	Third-party inspection ³⁾	10	12	(Due diligence in progress among core suppliers)	
Identifying high-risk suppliers ²⁾	Tier 1 suppliers	10	11	Including 11 Tier 1 core suppliers	
	Core Tier 2 suppliers	13	1	-	
Monitoring key suppliers	Monitoring targets	-	12	-	
	High-risk among monitoring targets	-	6	50%(high-risk suppliers among monitoring targets)	
Corrective Actions for High-Risk Suppliers	Targets that completed Corrective Actions	-	6	100%(suppliers who completed corrective measures among the identified high-risk suppliers)	

1) Self-assessment : Tier 1 suppliers among all partners who conducted online ESG self-assessment. Self-assessment for all 645 suppliers has been conducted 100% for the last three years.

2) Suppliers with high ESG risk : Suppliers classified as high-risk group(less than 40 points in total out of 100 points) as a result of the assessment using indicators consisting of a total of 41 items(labor human rights 12 items, environment 12 items, safety and health 8 items, ethical management 4 items, management system 5 items) to check potential ESG risks

3) Third-party inspection : Third-party inspection with external experts

Supplier Self-evaluation Results



* Assessment scores based on key evaluation indicators

Supplier Deficiencies

LG H&H confirmed the status of ESG implementation through evaluations on labor and human rights, environment, safety and health, ethical management, and management system. Regarding labor and human rights, LG H&H discovered potential risks in the areas of 52 hours per week, overtime work record management system, voluntary labor guarantee for foreign workers, sexual harassment prevention process, contract management for contract workers and non-regular workers, protection devices for workers’ rights, etc. As for safety and health, LG H&H has identified risks such as basic safety and health management, safety and health accident prevention measures, and safety and health accident handling process. LG H&H recommended that suppliers with identified risks implement improvement measures for deficiencies.

Category	Issue	Major deficiencies	Ratio of target suppliers
Labor and Human Rights	Working hours	Complying with legal working hours, working hours record and management system	5.2%
	Overtime	Managing documentary evidence of overtime work by individual	9.0%
	Employment of foreigners and migrants	Establishing policies related to the employment of foreigners and migrants	52.7%
Safety and Health	Sexual Harassment Prevention	Establishing guidelines for preventing sexual harassment and disciplinary action management	35.6%
	Safety and Health Education	100% safety and health education for all workers	5.3%
	Safety and Health Management Regulations	Establishing safety and health management regulations and managing the content	37.0%
	Workplace Hazard Measurement	Implementing activities for facility safety and hazard assessment	13.3%

CASE Self-inspection results of In-house Suppliers

As part of supply chain management, LG H&H conducts a self-evaluation of its in-house suppliers(subcontractors). LG H&H conducted the evaluation on a total of 67 subcontractors for 26 items in the areas of human rights, labor and environment safety in 2021. The 2021 results identified shortcomings for three companies in human rights and labor and one in environmental safety. LG H&H has recommended improvement implementation for the four in-house partner companies identified, and improvement activities are in progress in consultation with relevant LG H&H teams.

Summary of Human Rights Impact Assessment

LG H&H regularly inspects human rights status based on its risk identification process to eradicate human rights violations in its entire business process.

Human Rights Assessment Status and Results

Target	Method
Employees ¹⁾ 	Human rights self-inspection at the workplace
	Due Diligence
	Employee Human Rights Survey
	Others : Cyber Shinmungo, LG Way survey, workplace safety checkup, employee health checkup
Suppliers ²⁾ 	Self-inspection of in-house suppliers
	ESG evaluation of suppliers
	ESG site inspection of suppliers
	Review of human rights violations in raw material purchase
Others : Cyber Shinmungo, bribery reporting system, and human rights violations in the purchase contract	
Customers and communities 	Personal information security check
	Customer VOC

1) Employees : 100% implemented human rights impact assessment at workplaces from 2018 to 2021, 100% implemented improvement measures

2) Suppliers : 100% implemented human rights impact assessment on suppliers from 2018 to 2021, and 100% delivered deficiencies

Contents	Implementation results
Checked the self-inspection checklist for all domestic and overseas business sites	· 6 domestic business sites(2021) · 16 domestic and overseas business sites(2020)
· Implemented human rights due diligence at major domestic and overseas business sites	· Domestic : Cheongju, Ulsan Plants(2020) · Overseas : Beijing, China, Vietnam(2019)
· Conducted interviews with underprivileged workers	* Not conducted in 2021 due to COVID19
Conducted for all employees(including subsidiaries' employees) to identify the status of employee human rights violations	Conducted for all employees(2020)
Confirmed the self-inspection checklist for in-house suppliers(subcontractors) at all domestic and overseas business sites	· 62 in-house suppliers(2021) · 61 in-house suppliers(2020) · 54 in-house suppliers(2019)
Conducted online evaluation and on-desk review for domestic and foreign suppliers ³⁾	· Domestic and overseas 'Core partners' and 'Key suppliers'(2021) · 190 domestic and foreign suppliers(2020) · 140 domestic suppliers, 50 overseas suppliers
Carried out due diligence for high-risk and key suppliers	· 12 suppliers(January 2022) · 10 suppliers(January 2021) * Conducted a video interview with a third party due to COVID19
Reviewed possible human rights violations in raw material purchase	· Achieved 33.7% of sustainable palm oil(RSPO) purchases(2021) · Maintained RSPO segregation certification for Ulsan and Onsan plants · Established sustainable raw material purchasing policy
Inspected domestic business sites and suppliers	· Inspected 65 personal information entrusted suppliers and took measures to improve risk factors(2021) · Inspected 50 personal information entrusted suppliers and took measures to improve risk factors(2020) · Inspected 81 personal information entrusted suppliers and took measures to improve risk factors(2019)
Listened to opinions on customer damage (product safety, etc.)	· 2021 customer consultation satisfaction result : 4.7 points (out of 5 points) · Improved customer service system(2021) · Introduced 'Visible ARS' service available 24 hours a day · Collected customer complaints constantly & improved the accessibility of customers uncomfortable using voice ARS (those with hearing impairments, etc.) · 2020 customer consultation satisfaction result : 4.67 points (out of 5 points) · Shared customer complaints with the department in charge within 30 minutes & visited consumers within 1 day after receiving VOC through the intensive claim system(2020)

3) Evaluation items : labor and human rights, environment, safety and health, ethical management, management system

3

Management Status by Issue

Prohibition of Discrimination

Establishing a Fair Recruitment Process

LG H&H introduced the 1:1 in-depth interview since 2017 to establish a fair recruitment process based on applicants' ability and competency rather than their specifications. LG H&H selects talents through three in-depth interviews, taking sufficient time to evaluate individual applicants and specifically verifying competencies that fit the characteristics of each job.

Evaluation is conducted in a comfortable atmosphere where the applicant and the interviewer communicate one-on-one, the applicant can improve their understanding of the company, and the interviewer can check the applicant's suitability for the job. As such, LG H&H is constantly striving to improve the fairness of the hiring process by subdividing the requirements and competencies that fit the characteristics of each job and going through a human resource verification process that suits them.

Female Talent Recruitment

LG H&H has maintained the 'Family-Friendly Excellent Company Certification' granted by the Ministry of Gender Equality and Family for eight consecutive years to have established an organizational culture for harmonious work regardless of gender. LG H&H has also created a work environment where female talents can work and raise children simultaneously without interruptions in their careers, such as operating daycare centers at work, free application for maternity and parental leave, family care leave system, work-from-home for emergency childcare, etc. We grant 90 days of maternity leave(120days for multiple births) but also operate a system to support KRW 1.5 million per session and KRW 6 million over four times a year for the costly 'fresh embryo procedure during in Vitro fertilization' in addition to pregnancy-related illness leave(if a pregnancy-related disease is diagnosed, such as acute lactic acidosis, paid sick leave is granted within one month) and infertility treatment expenses(infertility-related government support), going beyond the legal level. We are also operating a one-year parental leave and reduced working hours during the childcare period for workers with children under the age of 8 or under the second grade of elementary school. Employees are free to use them regardless of their gender. In particular, from June 2022, we expanded and reorganized the period of parental leave from one year, which was the existing legal standard, to two years to support all employees to have sufficient time for childcare to have created an environment where employees can be more immersed in their work after returning from a leave of absence. LG H&H actively secures female talents with excellent business senses to utilize the characteristics of the consumer goods industry, such as cosmetics, household goods, and beverages. As of the end of 2021, 52.9% of all employees are female. LG H&H is continuously improving related systems to ensure female talents can pursue work-life balance in the future and provides opportunities to work with the company again to female employees whose careers were inevitably cut off due to marriage or/and childcare.

CASE Employment of the Socially Disadvantaged

LG H&H established and has been operating 'The Bargn Nuri,' a standard workplace for the disabled, in 2015 to promote employment of the disabled, who are socially disadvantaged. As of the end of 2021, out of 95 workers in 'The Bargn Nuri,' 62 were disabled workers, and 53 of them were severely disabled. The employees work at shops and cafes in the Gwanghwamun headquarters and Cheongju plant, washing cars, clean-ups, packaging cosmetics, and parking. In addition, we participated in the '2021 Job Fair for Students with Disabilities in Chungcheongbuk-do' hosted by the Special Education Center under the Chungcheongbuk-do Office of Education and provided mock interview consulting using the Metaverse platform. We continuously contribute to revitalizing employment for the disabled by steadily operating The Bargn Nuri cosmetic packaging experience booth at the 'Chungbuk Developmental Disability Training Center' through a partnership with the Korea Employment Agency for the Disabled. In July 2021, Coca-Cola Beverage, an LG H&H subsidiary, and the Korea Employment Agency for the Disabled signed an agreement to establish 'Gounnuri,' a subsidiary-type standard workplace for the disabled. As of the end of 2021, 'Gounnuri' comprises 10 out of its 12 workers with severe disabilities, working in shops and cafes in Anyang and Gwanghwamun workplaces.

Humane Treatment

No.1 Dignity Organizational Culture

LG H&H conducts the 'No.1 Dignity Education' every year to realize an organizational culture of mutual respect and consideration. The education has been run for all employees every year since 2012. Through this training, we reduce internal risks by quickly responding to changes in the external environment and ensure that all employees have an attitude of mutual respect and consideration. We have established behavioral guidelines for eradicating coercive and sexual harassment, mutual respect and care among employees, and respect for foreigners and disabled employees to expand a culture of diversity.

Not only such, but we have also set out guidelines for leaders and employees on the basic organizational culture to follow, such as a smart way of working, meeting and reporting, and work-life balance. Through this, we will strive to continuously develop a healthy organizational culture to be truthful to LG H&H.



LG H&H's 'No.1 dignity' is a concept that all employees should have the dignity appropriate for a No.1 company, to build a culture of zero bullying and sexual harassment in the workplace and respect for diversity(workplace with foreigners and people with disabilities). As part of that, LG H&H has conducted No.1 dignity education for all employees since 2012. We have been running all education courses online from 2020 and reorganized the contents into a musical drama format in 2021. We made it easier and more fun for employees to embody the culture of first-class quality by incorporating basic observances necessary for work life, such as the prohibition of harassment in the workplace, as well as ESG-related content, important topics in society. In addition, as the legal requirements for sexual harassment and awareness-raising education for persons with disabilities have been enhanced since 2018, LG H&H provides online education on the subject for all employees every year.

In addition, we support education for smart work methods by applying digital transformation and developing a healthy culture by specifically guiding the behaviors of leaders and employees related to organizational cultures, such as work-life balance. LG H&H is actively reflecting the latest topics such as ESG management and the MZ generation to cultivate a culture of No.1 dignity that suits the trend of the times.

Prohibition of Forced Labor

LG H&H's human rights policy prohibits all forms of forced labor. We do not force individuals to work against their free will by unreasonably restricting their mental or physical freedom, such as assault, intimidation, or confinement. We state that all work must be voluntary. We also ensure that workers will not be required to hand over their government-issued identifications, passports, or work permits as a condition of employment.

We check whether children and forced labor are prohibited in the field of labor human rights during the annual ESG risk assessment of our suppliers. The ESG performance evaluation of suppliers in 2021 showed no forced labor at home or abroad.

Prohibition of Child Labor

LG H&H's human rights policy complies with the core agreements guaranteed by the International Labor Organization(ILO) and ensures that child workers are not employed for any job.

We apply the human rights policy to children under 18 at our domestic workplaces and comply with the working age restrictions ratified by the ILO for each country at our overseas locations.

We are establishing a system to eradicate child labor in our supply chain through supplier annual ESG risk assessment. The ESG performance evaluation of suppliers in 2021 found no domestic and foreign child labor.

Responsible Raw Material Purchasing

Palm Oil

Palm oil is widely used in cosmetics and household goods processes, from palm-derived raw materials such as fatty acid used as a raw material for detergents to palm oil derivatives using glycerin used as an emulsifier for a solvent. LG H&H is well aware of the seriousness of the problem of human rights violations and indiscriminate destruction of the environment caused by such palm oil production and supports the RSPO(Roundtable on Sustainable Palm Oil)¹⁾ activities established with the participation of global NGOs and companies. Accordingly, our Ulsan and Onsan plants acquired RSPO segregation certification for the first time in the process from raw material storage to production, product storage and shipment in 2014 and recertification in 2019. In particular, we immediately suspend business with suppliers that violated human rights concerning palm oil production. LG H&H set the RSPO purchase rate target at 64.9% by 2025 and achieved a purchase rate of 33.7% in 2021.

1) RSPO(Roundtable on Sustainable Palm Oil) : Industry Council for Sustainable Palm Oil

Mica

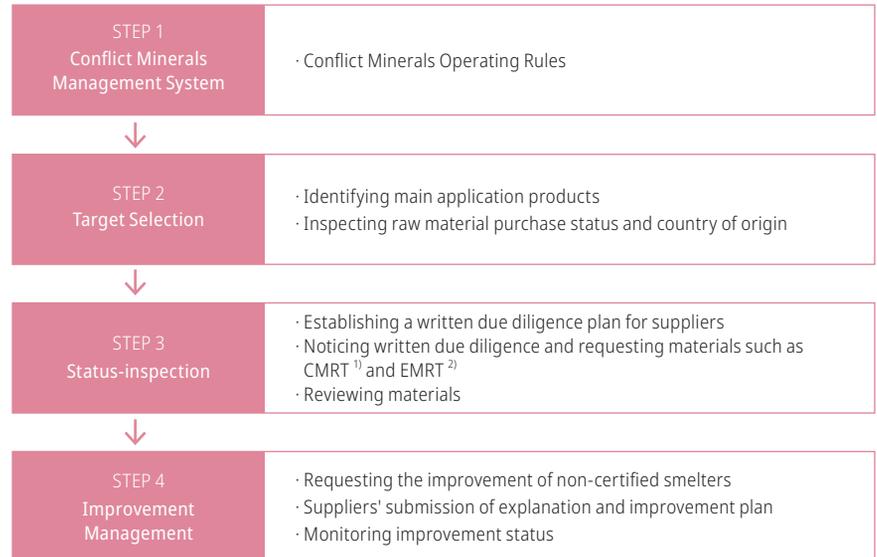
Mica is a raw material used in color cosmetics and is mainly used for the color effect of lipsticks, foundations, and cushion foundations. More than 60% of the world's mica is mined in India, and child labor and unethical labor practices are frequent in the process. In addition, depending on the collection location, natural mica may contain harmful substances such as heavy metals, which may cause safety issues. LG H&H procures mica produced by skilled workers in mines in the United States, Japan, and China. When using mica from India, LG H&H checks whether the mine has declared Non-Child labor or the supplier is certified as a member of the Responsible Mica Initiative(RMI)²⁾. In addition, we are increasing the proportion of synthetic mica instead of natural mica in our cosmetics manufacturing to eradicate potential illegal child labor and use safer raw materials. We plan to switch to 100% synthetic mica in the future.

2) RMI(Responsible Mica Initiative) : an industrial initiative to abolish child labor in mica mines in India

Mica Raw Material Purchase Status

Number of items (items)	Main application products	3-year purchase status (cumulative from 2019 to 2021)		Number of items by country of origin (items)			
		Purchase volume(tons)	Supplier (Company)	India	USA	Japan	China
54	Colors (lipstick, cushion, foundation, etc.)	72	14	10	16	16	12

Conflict Minerals Management Process



1) CMRT : Conflict Minerals Reporting Template
 2) EMRT : Extended Minerals Reporting Template
 * CMRT, EMRT : Template for Reporting Conflict Minerals

Working Hours

Efficient Working Hour Management

The annual working hours of Korean workers are ranked at the top among OECD countries. Such long work hours are a significant factor in low labor productivity and occupational accidents.

LG H&H has established principles and systems to comply with legal working hours and work efficiently within working hours and strives to comply with the laws related to working hours in the countries where its overseas business sites are located.

LG H&H guarantees adequate rest during working hours to its employees and is implementing a system that allows all employees to freely take 1 or 2 vacations a month through the company-wide simultaneous vacation system. Not only this, but LG H&H has newly established the 'semi-half day leave system' to ensure its employees use it for urgent personal matters and improved the system so that employees can use annual leave in increments of two hours.

Operation of Flexible Working Hours System

LG H&H operates five flexible time systems to ensure its employees can adjust their working hours according to their lifestyles. LG H&H encourages employees to balance work and life by dividing the start time(7:00 to 9:00) and leave time(16:00 to 18:00) into 30-minute increments.

Smart Station

LG H&H has been promoting Smart Station since 2013 to transform into a field-oriented sales organization that expands its time to communicate and interact with customers, away from the existing sales activity centering on office work. After the introduction of the smart station, salespeople were able to go directly to the sales field and leave home from there after finishing their work. Naturally, salespeople's travel time to visit customers has been reduced, and their work has become effective, such as doing only necessary work inside the office, creating an environment where salespeople can lead a work-life balance personally.

Wages and Welfare

Operation of a Fair Reward System Based on Performance

Fair compensation, differentiated by job, is a basic value that motivates employees, improves satisfaction, and enables work immersion. With this in mind, LG H&H has expanded the individual wage management system that differentiates the period and scope of compensation for high and low performers to give business leaders discretion and introduced it to all office and technical positions. LG H&H also established a framework for fair compensation by introducing a competency-based system tailored to individual competency and performance for sales positions.

Improving the Standard of Living

A Living Wage must be guaranteed to maintain a basic family life and help break the cycle of poverty. LG H&H supports the minimum wage set by the local laws of each country and intends to contribute to realizing an equal and inclusive society through this. We will continue to do our best to ensure that we pay appropriate salaries in our operating regions.

Freedom of Association

Activation of Labor-Management Communication

LG H&H operates labor-management communication channels by business division, business site, and job group to listen to employees' complaints and suggest reasonable solutions through horizontal and smooth communication between labor and management. LG H&H strives to create an environment that improves the work environment, handles grievances, promotes welfare, and maintains a work-life balance through a wide range of communication through various channels.

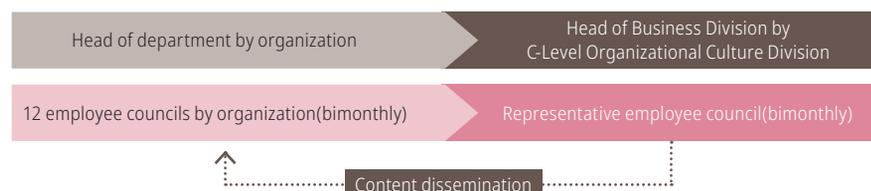
Category	Operation time	Contents
Company-wide employee council	Quarterly	Listening to VOEs through representatives of each organization and deriving issues and solutions
Business division council	Every other month	Understanding on-site atmosphere and listening to VOEs by channel of each division
Sales promotion group meeting by position	Quarterly	Listening to VOEs related to sales promotions and deriving issues and solutions
Labor-Management Council by business site	Quarterly	Collecting questionnaires on issues related to workplace improvement and safety and health
Business division meeting	Once a year	Employee meetings organized by business unit managers and feedback by detailed agenda

Operation of the Employee Council

LG H&H operates an employee council to foster leadership early and deliver the voices of the younger generation to the management.

The employee council, which consists of a total of 82 people and 10 representatives, is staging organizational culture activities that fit the characteristics of each business unit. The employee council shares the company's major issues at company-wide meetings held two to three times a year and supports the cultivation of insights of the younger generation through special lectures by topic. In addition, the employee council regularly communicates with the executives through 'Meet the Executive' time. Through in-depth Q&A, the employee council not only shares the perspectives of managers and management status but also narrows down the perception gap between the senior and junior employees and actively reflects employees' opinions in our management activities.

Employee Council Activities



Personal Information Protection

Enhancing the Personal Information Protection System

LG H&H has built and been operating a personal information protection system to prevent internal leakage of personal information, hacking and malicious code. In 2020, LG H&H upgraded the OS of the server access control, personal information log monitoring, DB access control, network separation system, and Endpoint DLP that needed to be upgraded by inspecting 26 systems already in operation. In 2021, LG H&H systemized the security review process and expanded the scope of management, which helped a lot in detecting IT system security and vulnerabilities in advance, preventing the possibility of critical leaks from hacking and complying with the Personal Information and Information Network Act. LG H&H has systemized the management of information security pledges, personal information protection pledges, withdrawal confirmations, and education confirmations to strengthen the security management of suppliers. In addition, LG H&H expanded the number of mock hacking target systems, which it conducts annually to prevent hacking, from 213 to 219, and removed the discovered vulnerabilities. LG H&H has established a source vulnerability check and management system to strengthen the removal of vulnerabilities from the system construction stage and systematically manage them. We maintain the certification by passing the information security management system (ISMS) follow-up examination in 2021.

Safety and Health

Creating a Safe Work Environment

LG H&H pursues the safety and health of its employees as its top management principles and carries out systematic safety and health activities to achieve zero accidents and no accidents at domestic and overseas business sites. We establish a new company-wide safety and health management system based on the safety and health management system and thoroughly manage safety and health risks, including major disasters, through an organization dedicated to safety and health. We also actively implement a safe working environment and support employee health management. We work hard to embed a safety and health culture into work and life by conducting regular education and training to raise employees' awareness of safety and health and respond to emergencies. LG H&H carries out integrated safety management activities to create an accident-free workplace where no one suffers from industrial accidents, centering on the company-wide safety and health committee. LG H&H regularly monitors the implementation of critical tasks by applying strict internal safety and health standards that exceed environmental safety laws and international standards for all its domestic business sites, depending on their characteristics and size. To ensure a safe work environment for workers of our suppliers, we have stipulated the safety and health support for suppliers in the LG H&H Safety and Health Policy. Accordingly, we are providing human and material support, including support for safety equipment and improvement of harmful risk factors. When selecting and operating a partner company, we established a qualification evaluation system to support our suppliers' operation inspection and improvement activities. To protect and maintain our employees' health, we provide a comprehensive health check-up every other year to all members over the age of 35 and employees under the age of 35 with more than 5 years of service and support general health check-ups for other employees. In addition, we make it mandatory for all employees to undergo detailed examinations for cerebrovascular diseases every five years and provide individualized treatment programs to those who complain of musculoskeletal disease-related pain in connection with an external rehabilitation center.

Operation of Employee Psychological Counseling Room

LG H&H is operating a psychological care program for its employees suffering from psychological problems of varying intensity and scope, including stress and emotional isolation due to the prolonged COVID19. We are helping our employees regain psychological stability and focus on work and life through video counseling introduced in 2020 and telephone counseling added to reflect the employees' needs. We also supported non-face-to-face communication lectures and a small group film therapy program 4 times to help employees in charge of customer counseling, who are at the point of contact with emotional labor, overcome the psychological crisis they face at work. As a result, we earned positive feedback that our efforts strengthened our employees' resilience and suggested a direction for stress management. Based on these results, we will continue to support various psychological care programs for occupations likely to be exposed to psychological risks.

Supplier Support

Open Communication

We organized the CEO Academy and Competitiveness Reinforcement Workshop based on the LG H&H Cooperation Association and formed the Win-win Growth Deliberation Committee with our suppliers, centered on the executives of our suppliers, prominent social figures, and internal reviewers for LG H&H's subcontract transactions.

We discuss issues related to the win-win growth support system and subcontract transactions through three meetings by issue and deliberate and decide on the issues with the representatives of our suppliers. In addition, we are operating meetings and deliberation groups by layer as an open communication activity unique to LG H&H that listens to and reflects the voices of the field more practically.

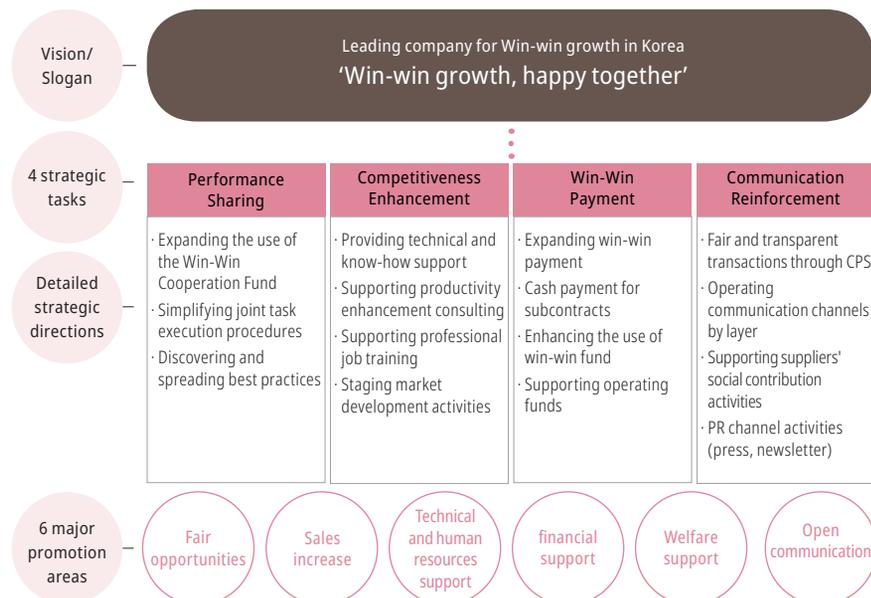
Communication Channels for Suppliers

Category	Win-win Growth Review Committee with Suppliers ¹⁾	CEO Academy ²⁾	Competitiveness Reinforcement Workshop ²⁾
Frequency	4 times a year	Once a year	Once a year
Contents	Deliberated subcontract transactions and win-win growth issues	Shared Win-win growth and purchasing policy	Shared Win-win growth and purchasing policy
Participants	2 outside directors / 5 representatives of suppliers / 3 LG H&H internal review members	130 representatives of suppliers	130 members of suppliers

1) Conducted online to prevent the spread of COVID19

2) Integrated individually held workshops into one session and conducted online to prevent the spread of COVID19

Supplier Support System



CASE Consulting Support for Suppliers

LG H&H has been conducting external consulting projects for many years, represented by innovative partnerships and industrial innovation movements, based on its understanding that risks such as environment, product quality, and supplier labor are ultimately directly linked to its problems. Through this, LG H&H has reduced various risks in suppliers' manufacturing processes and supported their stable management while helping its suppliers acquire certifications in environmental and safety and health management systems. LG H&H has also formed an internal expert organization to produce high-quality products and conducts continuous and effective consulting activities to introduce its own safety quality certification evaluation system to prepare product quality standards that consumers can use safely.

Product Safety

Operation of Consumer Safety Center

In 2017, LG H&H launched the 'Consumer Confidence Center' as a professional organization that manages the quality of the entire process from product development to consumer use and continues to promote product quality control so that consumers can use it confidently.

In 2020, LG H&H focused on customer pain points¹⁾ and promoted activities to discover product improvement points from the customer's point of view. In 2021, LG H&H provided practical value to customers by optimizing the entire process, including design, mass production, distribution, and consumer response, from the customer's point of view.

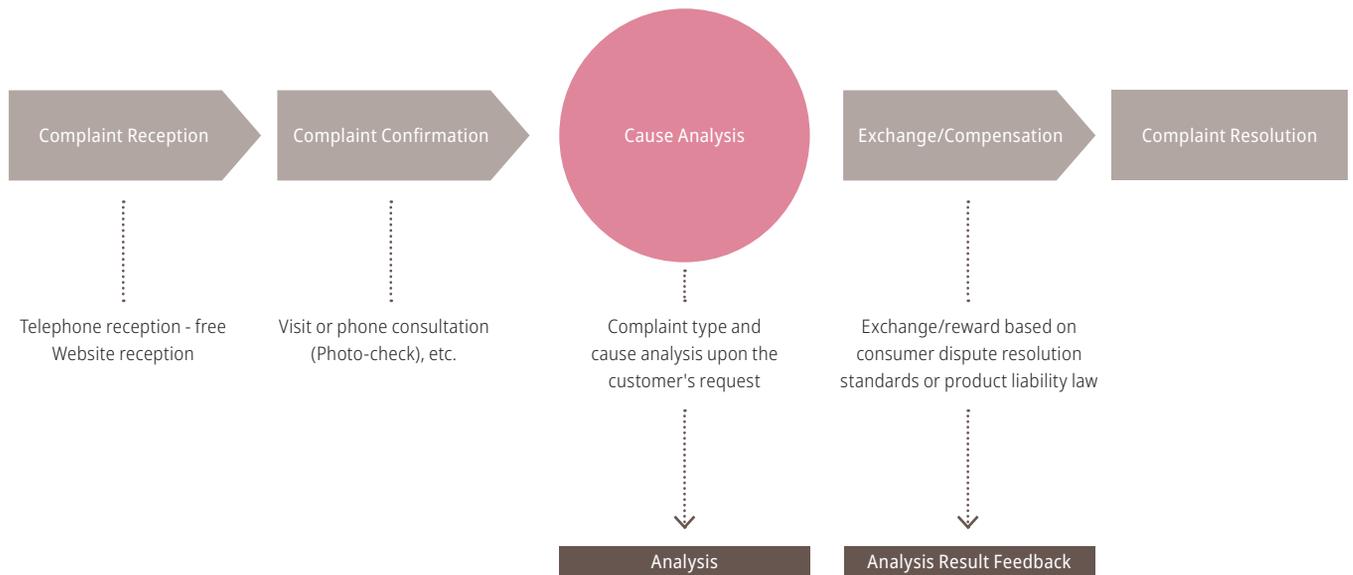
LG H&H will continue to grow into a consumer-oriented company.

1) Pain Point : Consumers' unmet needs when using the product and dissatisfaction with the product

Listening to Customer Opinions

LG H&H strives to minimize customer damage caused by its products. In the event of customer complaints, LG H&H's CS department does its best to quickly resolve customer complaints through various methods such as visits, courier services, and phone consultations, and works hard to improve customer satisfaction under reasonable standards such as consumer dispute resolution standards.

We also post customer complaint handling procedures and compensation standards on our website for customers to check easily. In addition, we operate items such as analysis request, analysis result input, and analysis performance management within the VOC system to prevent and improve the recurrence of the same claims to accurately analyze the cause of the customer's requests and provide efficient feedback thereupon.



Grievance Handling Process

Human Rights Grievance Handling

Employees, suppliers, customers, and local communities can report any human rights grievances related to LG H&H at any time through LG H&H's grievance handling channels. LG H&H does not disclose the informant's identity without their consent or any information that suggests it.

Human Rights Grievance Channel

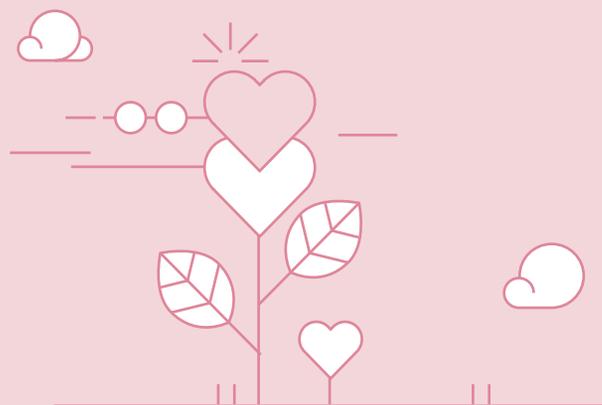
Organizational Culture Part	Jeong-Do Management Part
<ul style="list-style-type: none"> · Phone number : 02-6924-6824 · E-mail : culture@lghnh.com 	<ul style="list-style-type: none"> · Phone number : 02-6924-6780 · E-mail : justice@lghnh.com

Stakeholder Engagement Channel

Stakeholders	Communication channel	Frequency
 Clients	Company and brand website, CS portal, VOC, call center, customer complaint reception and feedback	Ongoing
	Customer survey	Once a year
 Suppliers	Integrated purchasing portal	Ongoing
	Supplier ESG evaluation, listening to suppliers' opinions	Once a year
 Employees	Intranet and Grievance handling program	Ongoing
	Employee Satisfaction Survey	Once a year
	Employee council	Once every other month
	Business Division employee meeting	Ongoing
	Workplace Labor-Management Council	Quarterly
 Communities	Expert panel meeting	3 times a year
	Local council	Twice a year
	Community ESG Survey	Once a year

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LG H&H Human Rights Policy

To practice LG Group's management philosophy, 'management with respect for humanity,' LG H&H establishes and implements human rights policies to respect all its stakeholders, such as employees, customers, suppliers, joint ventures, and affiliates, as human beings and to guarantee them the right to human dignity. LG H&H complies with labor-related laws and regulations of each country and region and strives to secure employment stability and fair wages for its employees in social and economic aspects. As a corporate citizen, LG H&H also supports the human rights implementation principles set forth in the UN Human Rights Commission's Universal Declaration of Human Rights and the Basic Guidelines on Business and Human Rights.

1. Prohibition of Discrimination



LG H&H strives to prohibit discrimination on nationality, race, age, gender, sexual orientation, disability, pregnancy, religion, membership in a political group, union membership, or marital status in operating its HR system and providing its products and services, such as hiring, promotion, compensation, and provision of training opportunities for its employees. LG H&H applies the zero-tolerance principle to particularly severe discriminatory practices.

2. Humane Treatment



LG H&H respects all workers as human beings and ensures that there is no harsh or inhumane treatment such as sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse, and unreasonable restrictions at work.

3. Prohibition of Forced Labor



LG H&H does not force people to work against their free will by unreasonably restricting their mental or physical freedom, such as assault, intimidation, or confinement. LG H&H also prohibits forced labor practices, including slavery and human trafficking. All work must be done voluntarily. LG H&H does not require workers to hand over government-issued IDs, passports or work permits as a condition of employment.

4. Women and Child Labor



LG H&H does not employ child workers for any job. 'Child' means a person who does not meet certain minimum age, and this minimum working age is determined by the laws of each country and region. LG H&H also excludes young workers and pregnant women from hazardous work and complies with working conditions such as working age restrictions under the International Labor Organization (ILO) agreements ratified by each country.

5. Working Hours



LG H&H complies with regulations related to regular and overtime hours and holidays specified by the laws of each country and region.

6. Wages and Welfare



LG H&H complies with all applicable national and regional labor-related laws and regulations, including minimum wage, overtime hours, and statutory welfare benefits for all workers. LG H&H treats workers fairly and reasonably according to their capabilities and performance.

7. Freedom of Association



LG H&H recognizes the right to freedom of association and collective bargaining guaranteed by labor-related laws and regulations of each country and region and creates an environment where workers can communicate with management about working conditions without fear of discrimination, retaliation, intimidation, or harassment.

8. Protection of Personal Information



LG H&H thoroughly protects the confidentiality of all stakeholders' personal information and does not disclose information or use it for other purposes without prior approval from stakeholders. LG H&H also delivers truthful information, does not provide false facts and information, and keeps its promises.

LG Household & Health Care Ethics Guidelines

LG H&H shares “Value Creation for Customers” and “Management with Respect for Humanity” as its management philosophy and pursues autonomous management based on autonomy and responsibility in the spirit of its management charter. LG H&H seeks to continue to develop into a world-class super company by respecting the free market economic order that aims for free and fair competition and pursuing shared interests with all its stakeholders based on mutual trust and cooperation. Accordingly, we establish a code of conduct as a standard for correct behavior and value judgment to be observed by all employees, suppliers, and business partners and are committed to implementing it.

Responsibilities and Obligations for Customers

1. Respect for Customers

- (1) LG H&H always listens to customers' opinions, believes that customers' true needs are always right, and places customers as the top priority for all its judgments and actions.

2. Creation of Value

- (1) LG H&H always strives to find the values customers need, believing that customer prosperity is our prosperity.
- (2) LG H&H continues to create true values that can help and satisfy customers.

3. Value Delivery

- (1) LG H&H only tells the truth to customers and always keeps its promises to them.
- (2) LG H&H provides customers with the highest quality products and services at reasonable prices and responds quickly and accurately to customers' legitimate requests.

4. Information Protection

- (1) LG H&H does its best to protect customer information safely.
- (2) LG H&H clearly informs customers when using customer information and guarantees customers' right to know.

Fair Competition

1. Pursuit of Free Competition

- (1) Following the principle of free competition, LG H&H respects the order of the market economy everywhere in the world and secures customer trust through the quality of its products and services.
- (2) LG H&H competes fairly and in good faith with true competence and does not infringe on competitors' interests or exploit their weaknesses unreasonably.
- (3) LG H&H prohibits antitrust/anti-competition practices.

2. Compliance with Laws

- (1) LG H&H conducts all its business activities in Korea and abroad in compliance with all laws and regulations of the relevant country and respecting trade customs.

Fair Trade

1. Equal Opportunity

- (1) LG H&H provides all qualified suppliers an equal opportunity to participate in supplier registration and selection.
- (2) LG H&H performs the supplier registration and selection in a reasonable way by objective and fair evaluation standards.

2. Fair Trade Procedures

- (1) LG H&H conducts all its transactions fairly on an equal footing and undergoes sufficient consultations on trade conditions and procedures.
- (2) LG H&H does not engage in any form of unfair conduct by taking advantage of its superior position.
- (3) LG H&H provides information necessary for trade to its suppliers in a timely manner through appropriate procedures and periodically evaluates trade results according to fair standards to complement each other.
- (4) LG H&H prohibits money laundering and insider trading.

3. Pursuit of Mutual Growth

- (1) LG H&H actively supports its customers to grow competitively in the long term through its technical support and management guidance and shares the profits generated through innovation.
- (2) LG H&H collaborates with its suppliers to create a clean trading climate and maintain a fair-trade order.

Basic Ethics of Employees

1. Basic Ethics

- (1) LG H&H employees shall have pride and pride as LG people and always maintain an honest and fair attitude.
- (2) LG H&H employees shall always strive to maintain personal dignity and LG's honor with high ethical values.

2. Fulfillment of Mission

- (1) LG H&H employees shall faithfully carry out their respective missions following the company's vision and policy.
- (2) LG H&H employees shall do their best to perform their assigned duties in a fair way and comply with all related laws.
- (3) LG H&H employees shall maintain and manage the company's assets and protect the company's secrets acquired in the course of business.
- (4) LG H&H employees shall increase work efficiency through active cooperation and smooth communication between colleagues and related departments.

3. Self-Development

- (1) LG H&H employees shall develop ideal talent by themselves and continuously strive to conform to the ideal through continuous self-development.

4. Fair Performance of Duties

- (1) LG H&H employees shall perform all duties honestly and fairly and always strive to create a sound corporate culture.
- (2) LG H&H employees shall not take any form of financial gain or bribes from stakeholders that may impair the fairness of judgment concerning their duties.
- (3) LG H&H employees shall not engage in immoral or unethical conduct that may be condemned by society concerning their daily life and duties.

5. Avoiding Conflicts of Interest with the Company

- (1) LG H&H employees shall avoid any act or relationship that conflicts with the company's and individuals' interests.
- (2) LG H&H employees must not use company property for personal gain without permission.

Responsibilities for Employees

1. Respect for Humanity

- (1) LG H&H shall treat each of its employees as an independent person with mutually equal trust and genuine affection for people.
- (2) LG H&H shall do its best to help its employees achieve pride and reward through work based on a sense of ownership.
- (3) LG H&H shall take necessary measures such as establishing a system, education, and guidance to ensure its employees carry out their missions fairly.

2. Fair Treatment

- (1) LG H&H shall provide equal opportunities to its employees according to their abilities and qualities and shall not discriminate on unfair grounds.
- (2) LG H&H shall evaluate the abilities and achievements of its employees according to fair standards and reward them fairly.

3. Promotion of Creativity

- (1) LG H&H shall create as many conditions as possible in which its employees' creative thinking and autonomous actions can be promoted.
- (2) LG H&H shall actively support the development of its employees' abilities and nurtures talents from a long-term perspective.
- (3) LG H&H shall respect individual privacy and build a mature organizational culture based on mutual trust and understanding.

Responsibilities for the Country and Society

1. Reasonable Business Development

- (1) LG H&H, regardless of domestic or overseas, shall conduct business with respect for the social values of each region.
- (2) LG H&H shall seek to expand its business based on its stable growth.

2. Protection of Shareholder Interests

- (1) LG H&H shall faithfully protect shareholders' investment returns by realizing sound profits through efficient management.

3. Contribution to Social Development

- (1) LG H&H shall contribute to national development by creating jobs, paying taxes faithfully, and social development through cultural and welfare projects.
- (2) LG H&H shall conduct charitable donations to legitimate organizations for a clear purpose, and any form of improper profit is prohibited.
- (3) LG H&H shall strictly prohibit donations and sponsorships using the company's assets and budget for political purposes.

4. Emphasis on Environment/Safety/Health

- (1) LG H&H shall make every effort to prevent environmental pollution and protect nature to preserve a clean environment.
- (2) LG H&H shall implement the best safety facilities and workplace safety/health measures.

LG H&H Sexual Harassment Prohibition Policy

LG H&H prohibits sexual harassment, or an act of an employer, superior, or worker making the other person feel sexually humiliated or disgusted, or giving a disadvantage in working conditions or employment due to non-response to sexual language or behavior or request by using either their superior positions or work relationship, etc.

LG H&H responds immediately to sexual harassment after receiving it by its zero-tolerance policy for sexual harassment, thoroughly guarantees the confidentiality of victims and reporters, and ensures no disadvantage due to reporting. LG H&H also takes appropriate measures, such as disciplinary action, corrective action, and legal action, if the action is confirmed through fact-checking.

• Sexual Harassment Prevention Education

LG H&H conducts sexual harassment prevention education for all employees once a year.

• Reporting and Consultation Process

- Grievance reception : Victims or witnesses can report workplace harassment to the 'Sexual Harassment/Workplace Harassment Counseling Center' in Plus-I, and the report can be submitted via email/phone/interview.
- Official handling procedure : LG H&H formed the Sexual Harassment Review Committee(the organization responsible for sexual harassment) to investigate the facts.
- Informal handling procedure* : LG H&H organizes and reviews the complainant's request and delivers the request to the accused. If the accused accepts the request, LG H&H monitors whether the request is fulfilled. If the request is not accepted, LG H&H listens to the parties through mediation, reaches an agreement, and checks whether the agreement is implemented.

* If the complainant wants informal processing, we proceed according to the informal processing.

• Disciplinary and Corrective Actions

- The organization in charge of sexual harassment investigates the facts and takes appropriate personnel and disciplinary measures against the violators based on our internal regulations.
- To prevent the recurrence of the incident, we conduct a sexual harassment awareness and actual situation investigation and sexual harassment prevention training for all employees. We implement measures to restore victims' rights and continuously manage violators and victims.
- To prevent secondary damage, we take temporary separation measures such as paid leave for victims and putting violators on standby order. In addition, we actively support the psychological healing of victims by utilizing internal psychological recovery programs or state-sponsored psychotherapy.

LG H&H Workplace Harassment Prohibition Policy

LG H&H prohibits 'harassment in the workplace,' an act of the employer or worker inflicting physical or mental pain on other workers or worsening the working environment beyond the proper scope for work by taking advantage of their positions or relationship at work.

We make a comprehensive judgment on whether workplace harassment is applicable, taking into account specific circumstances such as the relationship with the person concerned, the place and situation where the act was committed, the content of the victim's explicit or presumed reaction to the act, and the content and extent of the act. We recognize an act as workplace harassment when it satisfies all of the following conditions.

- 1) Taking advantage of position or relationship at work,
- 2) exceeding the appropriate scope for work,
- 3) and causing physical or mental pain, worsening the working environment, etc.

In addition, where the act occurs does not necessarily have to be within the workplace. Even if it happens online, such as in-house messengers or social media, it may constitute workplace harassment.

In the case of workplace harassment, the identity of the victim and the reporter is strictly kept confidential, and there is no disadvantage due to reporting. In addition, if an act is confirmed through fact-checking, we take appropriate measures such as disciplinary actions, corrective actions, and legal actions.

• Workplace Harassment Prevention Education

LG H&H conducts the concerned education along with its No.1 dignity education every year.

• Reporting and Consultation Process

- Complaint reception : Victims or witnesses can report workplace harassment to the 'Sexual Harassment/Workplace Harassment Counseling Center' in Plus-I. The report can be submitted via email/phone/interview.
- Counseling/Investigation : Depending on the content received, we 1) consult and investigate the circumstances of the incident, 2) check whether the harassing behavior is repeated or persistent, 3) check the extent of damage to the victim, 4) collect direct or circumstantial evidence.
- Fact-checking and disciplinary action : After confirming the facts based on the contents of the investigation, we determine the disciplinary action in case disciplinary action is required according to the relevant company rules.
- Result notification : We inform the complainant or the victim of such matters as disciplinary actions, department transfer, etc.

• Disciplinary and Corrective Actions

- We take disciplinary actions when the charges are confirmed and require disciplinary action under the relevant company rules.
- We regularly conduct related training and prevent recurrence through continuous monitoring.

LG H&H Supplier Code of Conduct

1. Purpose

LG H&H has established the 'LG H&H Supplier Code of Conduct(hereinafter referred to as "Code")' to build a sustainable supply chain. It states social responsibilities that all suppliers transacting with LG H&H and its subsidiaries(collectively called "LG H&H") should be fulfilled. Moreover, it presents requirements for the suppliers of LG H&H to follow to fulfill social responsibilities at a global level in five areas of labor and human rights, environment, safety and health, ethical management, and management system. This Code was developed by referring to the Responsible Business Alliance(RBA) Code of Conduct, following international regulations, standards, and legal requirements.

2. Scope

This Code applies to all suppliers that provide goods and services to LG H&H under contract. All suppliers should make an effort to comply with this Code in their business operation and encourage their employees and partners(contractors) to also comply with it.

3. ESG Evaluation of Suppliers

LG H&H may inspect and perform due diligence on all suppliers for the compliance of Code to examine their potential risks. The inspection and due diligence on suppliers will be conducted within the bounds of law and may be conducted by LG H&H or a third-party organization appointed by LG H&H. LG H&H may provide recommendations to suppliers for the identified risks after the inspection and due diligence. The suppliers should take measures to establish and implement plans to mitigate the identified risks.

4. Efforts of LG H&H

LG H&H notifies this Code to its suppliers upon signing a transaction contract, provides ESG consulting services regularly, and informs them of the highlights of this Code to build a socially responsible supply line. Also, LG H&H releases an ESG Report, and human rights report each year to disclose the performance of suppliers for compliance with the Code. In addition, suppliers or their employees may report grievances arising from transactions, contracts, and business operations in line with LG H&H. LG H&H does not disclose any information that reveals or alludes to the identity of an informant without his/her consent.

- Organizational culture : 02-6924-6824, culture@lghnh.com

- Jeong-Do management : 02-6924-6780, justice@lghnh.com

5. Supplier Code of Conduct

A. Labor Conditions and Human Rights

1) Prohibition of Discrimination

In the operation of the human resource system, including employment, promotion, performance assessment and compensation, wage and welfare, and education and training opportunities, all suppliers shall strive to prevent their employees from being discriminated against on the grounds of nationality, race, age, gender, sexual orientation, disability, pregnancy, religion, membership of the political organization and/or labor union, and marital status.

2) Humane Treatment

All suppliers shall respect all workers and not treat them severely and inhumanely, including sexual harassment and abuse, corporal punishment, mental and physical coercion, verbal abuse, and irrational restriction at work. Also, suppliers should make an effort to prevent sexual harassment and bullying in their workplace and create channels for anyone to report grievances to manage the cases of damage properly. They should also develop related procedures, including victims' protection, disciplinary actions, and so forth.

3) Prohibition of Forced Labor

All suppliers shall not use workers' labor against their free will with their mental and/or physical freedom restricted utilizing assault, threat, and confinement. All labor shall be based on free will. All suppliers shall not require workers to hand over their identification card, passport, and/or work permit card issued by the government on condition of employment. Suppliers and workers shall write and keep a copy of the labor agreement. Suppliers should not limit workers' access to the restroom, restaurant, and other rest facilities as well as plant, dormitory, and external healthcare facilities.

4) Child Labor and Protection of Pregnant Women

All suppliers shall not employ children for any job position. Under 138 of ILO Convention, Convention concerning Minimum Age for Admission to Employment(1973), "children" signifies those under the age of 15 or those who do not exceed the school-leaving age. Suppose the regional laws and regulations stipulate a different age for children. In that case, a lower age shall be applied, and laws and regulations determine such minimum age for work. When children aged 15 or under are found to work in the workplace, suppliers should examine their health conditions and provide measures deemed necessary, including compulsory education, etc., according to their will. Young workers under the age of 18 and pregnant employees shall be excluded from hazardous or dangerous tasks limited by legislation. All suppliers shall comply with the working conditions, such as the limitation of age for work in accordance with the ILO(International Labour Organization) convention ratified by each country.

5) Working Hours

Working hours and days shall not exceed hours permitted by laws and regulations. Regular working hours should comply with the laws of the region or country where the plant is located and international standards, whichever is stricter. Working over hours should be conducted in respect of the voluntary willingness of workers, and suppliers should provide overtime pay according to the laws of the country and region where the plant is located. Furthermore, suppliers should guarantee their workers a paid holiday every 7 days.

6) Wage and Welfare

All payments for suppliers shall comply with all labor-related legislation concerning minimum wage, overtime working hours, and legal welfare. Suppliers should issue a payslip to workers containing a detailed breakdown of their salary and deductions for a given period and provide wages at the pre-determined date.

7) Freedom of Association

All suppliers shall ensure that workers have the freedom of association and membership in the labor union and recognize the workers' rights to select a representative and join the labor union. Furthermore, all employees shall be entitled to openly communicate with the management about working conditions with no fear of retaliation, threat, and harassment.

B. Safety and Health

1) Industrial Safety

All suppliers shall eliminate any physical and safety risks and take preemptive measures to prevent accidents and occupational diseases. Such risks shall be controlled by appropriate design, engineering and administrative control, preventive repair, safe work procedure, and continuous safety drills. They should conduct a hazard and risk assessment of machinery in the workplace regularly and install and maintain safety devices to prevent occupational accidents. Suppliers should provide workers with personal protective gear and replace and manage them regularly.

2) Industrial Hygiene

All suppliers shall identify, evaluate and manage any exposure of chemical, biological, and physical factors to employees. All suppliers shall prevent workers from being excessively exposed to these factors by using technical or administrative control devices. Suppliers should regularly conduct a risk assessment in the workplace, take notice of accident risk and harmful factors to workers, and take measures to reduce occupational risk. Suppliers should provide workers with personal protective gear and replace and manage them regularly.

3) Preparation for Emergency

All suppliers shall minimize any damage by identifying and assessing the emergency and its state if one happens and by implementing emergency measures and response procedures. Suppliers should prepare for scenarios to respond to natural disasters, fire, and safety accidents and provide emergency reports and response manuals. They should also conduct regular training according to the scenarios and manuals provided for emergency preparedness and response. Suppliers must install smoke detectors, fire alarms, and firefighting equipment and facilities and regularly check their everyday operations. They should also install emergency exit signs and safety luminaries to exit routes for prompt evacuation and response upon emergency.

4) Industrial Accidents and Disease

All suppliers shall establish the process to prevent, manage, track and report industrial accidents and occupational diseases. When industrial accidents and occupational diseases occur, suppliers should find the cause of occurrence and develop an improvement plan to take necessary actions. Also, suppliers should regularly conduct general health checkups for their workers according to the laws of the country and region where they operate and explore ways to improve the situation, including the conversion of work, shortening of working hours, and so forth.

5) Hygiene, Food, and Housing

All suppliers shall provide employees with a clean toilet, drinking water, hygienic food cooking, storage, and dining facilities. In addition, an employee dormitory for suppliers or third-party agents shall be maintained to be clean and safe. It will have the appropriate emergency exits, heating, and ventilating devices, proper personal spaces, and appropriate authority for entry.

C. Environment

1) Environmental Licensing and Reporting

All suppliers shall acquire and maintain any required environmental licenses(e.g., emission management and registration) and reflect the latest revised content at all times. In addition, all suppliers shall comply with the requirements of operation and reporting in the licensing process.

2) Hazardous Substances

All suppliers shall identify any compounds and other substances that cause safety risks in case of emission to the environment and manage the safe treatment, transfer, storage, use, recycling, reuse, and processing of these substances. As for the spaces and containers in which chemicals are used or stored, information indicating their toxicity and hazard should be marked.

3) Solid Waste

If necessary for the relevant laws and regulations, all suppliers shall identify, monitor, control, and handle any solid waste generated in the industrial process for operation and hygiene facilities before emission. Suppliers should store and treat hazardous waste properly per the laws of the country and region where they operate. Moreover, suppliers should measure and manage the amount of waste disposed of and take necessary measures to reduce the amount of waste generated.

4) Air Pollution

If necessary for the relevant laws and regulations, all suppliers shall identify the characteristics of any volatile organic compounds generated in the manufacturing process or aerosol, corrosive agents, fine powder, ozone layer-depleting substances, and combustion by-products in the process before emission, and monitor, control, and handle such substances. In addition, suppliers should measure and manage the air pollutants emitted into the atmosphere and take measures deemed necessary to reduce their amount.

5) Biodiversity and Protection from Deforestation

All suppliers shall make an effort not to destroy the ecosystem or cause severe forest degradation in the industrial process for operation. In addition, suppliers should collect and review the opinions of the local community and stakeholders on biodiversity loss and forest destruction risk in doing their business and take measures for improvement with regard to reasonable concerns.

6) Water Resources Management

All suppliers shall manage wastewater and water pollutants emitted in the industrial process for operation according to the laws and regulations of the country and region where they operate. In addition, they should measure and manage the status of water resources use, including the amount of water used and amount of wastewater disposed of, etc. and take measures to reduce the amount of water used and increase the amount of reclaimed water.

7) Energy use and Greenhouse Gas Emission

All suppliers shall measure and manage the amount of energy consumption and GHG emission and make an effort to reduce them.

8) Prevention of Pollution and Reduction of Resource use

Various wastes such as effluent and energy shall be reduced or removed from pollutants or by changing the production, maintenance, and facility process, replacing or conserving raw materials, and recycling and reducing raw materials. In addition, all suppliers shall make an effort to minimize environmental contamination by reducing water usage in the manufacturing and packaging process and using eco-friendly materials.

9) Regulation on Materials in Products

All suppliers shall comply with relevant laws and regulations and customer requests regarding the prohibition and restriction of certain substances, including the label of recycling and treatment. In addition, suppliers shall track and monitor the materials hazardous to human health and the environment contained in the raw materials, parts, and products they produce, supply, distribute, and sell.

10) An effort to Develop Sustainable Products

All the products and services provided shall comply with legal regulations by the local government. Furthermore, all suppliers shall strive to develop sustainable products which improve environmental friendliness and energy efficiency.

D. Ethical Management

1) Anti-corruption and Jeong-do Management

All suppliers shall ban any corruption act such as bribery and embezzlement, including gifts, by the LG H&H policy on Jeong-Do Management and continuously crack down and monitor corruption. Suppliers should ban all activities that promise, propose, allow, provide or accept specific means to obtain interest improperly or improper behaviors that request unjust costs by exploiting one's weakness. All transactions shall be transparent and accurately recorded in the account book.

2) Fair Trade

All suppliers shall prohibit any unfair trade and comply with the regulations on fair trade in the country and region where they operate to protect consumers' rights and interests. In addition, suppliers shall not collude or engage in any activities that hinder fair competition and shall not improperly limit the competitive conditions against other suppliers.

3) Identity Protection

All suppliers shall operate channels to report and give information on employee grievances or unethical behaviors and state that the anonymity of informants will be protected in such channels, and they will not face any disadvantages.

4) Responsible for Purchase of Raw Materials

All suppliers shall establish a process to identify a severe violation of human rights. Environmental damage may occur during the production and distribution process of raw materials, parts, and products they use and provide. Therefore, they should provide a policy on responsible procurement of raw materials and conduct due diligence to ensure that such raw materials, parts, and products are irrelevant to social and environmental issues.

5) Protection of Intellectual Property Rights

All suppliers shall respect all intellectual property rights and protect the rights in case of transferring technical know-how. Furthermore, the information of clients and partners shall be protected safely, and they shall not be stored, used, or disclosed without prior permission.

6) Protection of Personal Information

All suppliers shall systemically protect the personal information of all stakeholders(including suppliers, clients, customers, and employees). Furthermore, all suppliers shall comply with the laws and regulations for protecting personal information and information security in collecting, storing, processing, transmitting, and sharing personal information.

7) Responsibilities of Suppliers

All suppliers for comprehensive purchase assessment shall submit the results of self-diagnosis based on the CSR evaluation table. All Suppliers shall recommend that sub-suppliers observe this Code and conduct evaluation.

LG H&H Sustainable Purchasing Policy

To become a global FMCG company, LG H&H strives to create shared values between the company and society in areas that require social attention and contribute to the international community. LG H&H conducts purchases with fairness, legal compliance, and ethics, and takes into account natural resources, environmental conservation, safety, and human rights in an integrated manner to fulfill its corporate social responsibilities.

LG H&H's approach to sustainable raw material procurement is as follows.

- LG H&H selected core raw materials considering their potential to affect the environment and society. This policy explains the procurement status and approach, including the background for promoting sustainable procurement for each raw material.
- LG H&H introduced a sustainable raw material procurement policy for the first time in 2021 and established a comprehensive policy covering sustainability-related topics. We plan to expand the implementation of LG H&H's sustainable purchasing policy to our suppliers.

Palm Oil

Palm oil is a major raw material used in cosmetics, household goods, and beverages produced by LG Household & Health Care. It is used primarily to manufacture fatty acids, glycerol, and surfactants. Reckless palm oil procurement can have negative social and environmental impacts such as global forest degradation, climate change, biodiversity loss, and labor exploitation. Accordingly, LG H&H strives for sustainable production of palm oil.

1) Declaration

LG H&H has maintained its membership since joining the RSPO in 2014 as a sustainable approach to palm oil procurement. For sustainable palm oil production, LG H&H's Ulsan and Onsan plants acquired RSPO certification in 2015. LG H&H plans to expand the purchase of RSPO-certified palm oil continuously. Through this, LG H&H intends to comply with the following actively.

- Restriction on reckless deforestation
- Protection of workers' and labor rights
- Transparency and traceability of palm oil
- Biodiversity and conservation
- Monitoring of environmental and social issues related to each supply sector

2) Status

Currently, LG H&H's palm oil is mainly used to manufacture fatty acids, glycerol, and surfactants. LG H&H intends to gradually expand applying RSPO certification to its applicable quantity in the future.

Mica

Mica is a raw material used in color cosmetics produced by LG H&H. It is mainly used for the color effect of lipsticks, foundations, and cushion foundations. More than 60% of the world's mica is mined in India, and child labor and unethical labor practices are frequent. Accordingly, LG H&H is procuring mica by skilled workers from mines in the United States, Japan, and China. When using mica from India, LG H&H confirms whether the mine has declared Non-Child labor or the supplier is certified as a member of the Responsible Mica Initiative(RMI).

1) Declaration

LG H&H pursues not to use natural mica for sustainable mica procurement and is applying synthetic mica to its new products. LG H&H plans to contribute to eradicating child labor and reducing the dependence of local communities on illegal mines in the long term through a fade-out method that replaces existing products containing natural mica with synthetic mica ingredients. To this end, LG H&H intends to comply with the following actively.

- Traceability of Indian mica collection, transportation, processing, and supply routes
- Confirmation of child labor prohibition policies of supply chain participants

2) Status

LG H&H mainly uses mica to manufacture color cosmetics containing pearl raw materials. LG H&H examined its purchase history of mica for 3 years, from 2018 to 2020, to find that 10 of the total 54 raw materials are from India. When purchasing mica from India, LG H&H checks whether the mine has declared non-Child labor or whether the supplier is certified as a Responsible Mica Initiative(RMI) member.

LG H&H will make every effort to procure mica collected in an ethical environment. LG H&H also plans to switch to 100% synthetic mica to eradicate potential illegal child labor.

UN Guiding Principles Reporting Framework

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