



# 2020 LG H&H Human Rights Report

# Contents

## 03 Human Rights Management Policy

### Human Rights Management System

04 Human Rights Management Governance

04 Human Rights Management Process

05 Human Rights Impact Identification

06 Human Rights Impact Assessment

### Issue Management Status

12 Non-Discrimination

13 Humane Treatment

14 Prohibiting Forced Labor

14 Prohibiting Child Labor

15 Working Hours

15 Wages and Welfare

16 Freedom of Association

17 Personal Information Protection

17 Safety and Health

18 Supplier Support

19 Product Safety

## 20 Grievance-Handling Process

### Appendix

22 LG H&H Human Rights Policy

24 LG H&H Ethics Guideline

26 LG H&H Sexual Harassment Prohibition Policy

27 LG H&H Workplace Harassment Prohibition Policy

28 LG H&H Supplier Code of Conduct

30 LG H&H Sustainable Purchasing Policy

32 UN Guiding Principles Reporting Framework

# Human Rights Management Policy

Human rights management is the most important aspect of implementing LG H&H's management philosophy of "Respecting Human Dignity". To this end, we have established, and comply with, the LG H&H human rights policy to respect all stakeholders – including employees, customers, suppliers, joint ventures, and affiliates - and to guarantee the right to human dignity. LG H&H abides by regulations concerning labor-management relations in all countries and regions where we operate, and ensures stability in employment and adequate wage levels for employees from both a social and economic perspective. As a corporate citizen, we support the human rights principles stipulated by the United Nations Commission on Human Rights in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

To implement human rights management, we have established relevant policies and Codes of Conduct, including the 'Human Rights Policy'.

Policy	Scope of Targets	Content
Human Rights Policy	Employees, suppliers, joint ventures, customers, and local communities	A policy to implement management that respects human rights
Ethics Guideline	Employees	A guideline that provides standards for proper conduct and value judgment, to be observed by all employees
Sexual Harassment Prohibition Policy / Workplace Harassment Prohibition Policy	Employees	A policy to prevent sexual harassment and bullying in the workplace
Supplier Code of Conduct	Suppliers	A code of conduct that ensures LG H&H's suppliers fulfill their social responsibilities
Sustainable Purchasing Policy	Employees, suppliers, and local communities	A policy concerning the purchase of raw materials, taking into account their potential to affect the environment and society

# Human Rights Management System

## Human Rights Management Governance

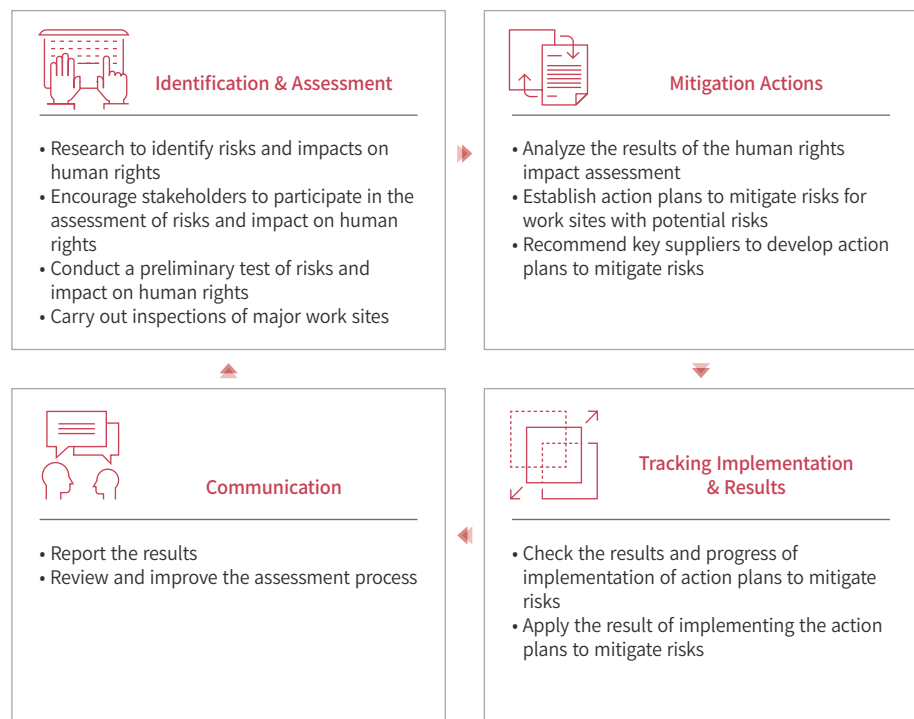
LG H&H has established human rights management governance to systematically promote human rights management. Key human rights and ESG issues are handled by the 'ESG Committee', which is the top decision-making body within the company.

## Human Rights Management Process

In accordance with the UN Guiding Principles on Business and Human Rights, LG H&H implements the principles of Protect, Respect, and Remedy to promote human rights across the entirety of our business operations and with our stakeholders. We also perform due diligence<sup>1)</sup> to examine the direct and potential impacts of our management activities on human rights. For each of our domestic and overseas offices and subsidiaries, a Human Rights Impact Assessment is carried out through the LG Way survey, compliance risk inspections, and environmental safety assessments. We also conduct CSR assessments in our supply chain, taking into account domestic and overseas trends in labor rights. We regularly examine issues relating to human rights based on the results of each annual assessment. A dedicated department comprehensively manages identified issues, establishes mitigation plans, and monitors improvement and implementation. LG H&H reviews the identified issues and management results by reporting them to the Compliance Committee and the CSR Committee.

1) Due Diligence: An investigation aimed at identifying a potential negative impact that may arise from business management activities, the supply chain, and other business relationships and preventing and alleviating such an impact. See the OECD Due Diligence Guidance for Responsible Business Conduct.





### Human Rights Management Process



## Human Rights Impact Identification

Based on a risk identification process, LG H&H conducts regular inspections of the current status of human rights with the aim of eradicating human rights violations across the entirety of our business processes. We identify human rights impacts and risk levels based on human rights risks identified through internal and external environmental analyses, using stakeholder engagement results and international standards and principles on human rights. In addition, we take into account the potential impact of product safety on stakeholders, including local communities and customers. We comply with domestic and international laws and regulations concerning product design, manufacturing, distribution and marketing, and have accordingly established an internal management process to review products proactively. In addition, when launching a new product, we review potential impacts in the design process and build a sustainable business model by integrating the opinions of stakeholders.

### Human Rights Impact Identification and Mitigation

Category	Human rights issues	Human Rights Impact Assessment – Results and Mitigation
 <b>Employees</b>	Non-compliance with the behavioral code for employees	<ul style="list-style-type: none"> <li>Received 40 cases of reports related to employee issues (36 cases processed, 4 cases proven to be false)</li> <li>Operated a report reward system and a whistleblower protection system</li> </ul>
	Sexual harassment and bullying at work	<ul style="list-style-type: none"> <li>Results from the Top Dignity Survey in 2020               <ul style="list-style-type: none"> <li>- Serious issues: none, Potential issues: none</li> </ul> </li> <li>Conducted training programs for the top dignity corporate culture</li> <li>Operated a counseling center for harassment issues and distributed the guidelines</li> </ul>
	Employee stress	<ul style="list-style-type: none"> <li>Results of the LG Way Survey 2020: 79 points from the employee engagement assessment</li> <li>Provided special lectures for employees conducting emotional labor, and established and distributed emotional labor guidelines</li> <li>Operated a psychotherapy counseling center where an expert resides once a week</li> </ul>
	Industrial accidents caused by workplace negligence	<ul style="list-style-type: none"> <li>Conducted safety diagnoses (electricity, firefighting, etc.) via an external agency at 4 work sites and 127 external suppliers, and implemented actions for improvement</li> <li>Conducted safety diagnoses at 14 work sites and 69 logistics centers, and implemented actions for improvement (diagnoses for logistics centers are conducted non-face-to-face)</li> </ul>
 <b>Suppliers</b>	Production and supply process of palm oil	<ul style="list-style-type: none"> <li>Retained the RSPO Segregation Certification in work sites in Ulsan and Onsan</li> <li>Established a sustainable raw material purchasing policy</li> </ul>
	Labor rights issues of suppliers' employees	<ul style="list-style-type: none"> <li>Conducted a CSR assessment for suppliers               <ul style="list-style-type: none"> <li>- Conducted the online CSR assessment for 138 Tier 1 suppliers and 52 Tier 2 and above suppliers</li> </ul> </li> <li>Carried out improvement tasks for high risk suppliers (10 Tier 1 suppliers and 13 Tier 2 and above suppliers)</li> </ul>
	Damage from unfair transactions (unreasonable demands, etc.)	<ul style="list-style-type: none"> <li>Received 18 reports from suppliers</li> <li>Promoted a “No gift-giving&amp;taking” campaign among LG H&amp;H employees</li> </ul>
 <b>Customers</b>	Protection of customers' personal information	<ul style="list-style-type: none"> <li>Conducted inspections across 50 contracted suppliers that handle personal information to minimize risk factors, and implemented actions for improvement</li> <li>Detected vulnerabilities in personal information handling across 219 systems</li> </ul>
	Damage to customers (product safety, etc.)	<ul style="list-style-type: none"> <li>Achieved 4.67 points in the 2020 consumer counseling satisfaction survey (out of 5 points)</li> <li>Implemented an intensive claim management system to share issues with relevant departments within 30 minutes of receiving VOCs, and to ensure customers are visited within a day</li> </ul>
 <b>Local communities</b>	Integration of vulnerable groups within society (people with disabilities, women, senior citizens, etc.)	<ul style="list-style-type: none"> <li>Supported hiring of the socially vulnerable by running Bright World, which provides employment for people with disabilities</li> <li>Supported 35 people through LG H&amp;H's Natural Beauty Creator program (recent graduates or women coming back from career breaks)</li> <li>Rehired retired employees and hired senior citizens in cooperation with suppliers' technology support teams</li> </ul>

## Human Rights Impact Assessment

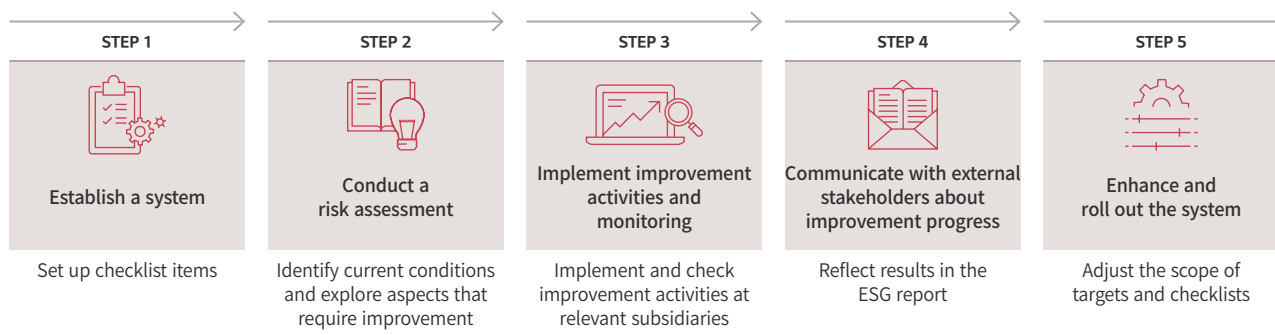
### Results of the Employee Human Rights Impact Assessment

LG H&H conducts human rights impact assessments for employees. We have identified issues that may occur in the human rights management system via the ‘Human Rights Self-Assessment at Work Sites’ and ‘Human Rights Due Diligence at Work Sites’, and have identified cases where employees have directly or indirectly experienced human rights violations through the ‘Survey on Human Rights for Employees’.

We have checked 16 domestic and overseas work sites through the ‘Human Rights Self-Assessment at Work sites’, and have found no serious human rights risks in all areas of our business activities. Some cases relating to non-discrimination and supply chain management were identified as partially inadequate. In the case of non-discrimination, we are making gradual improvements and have expanded the scope of CSR assessments in the supply chain to cover global work sites, with a view to advancing supply chain management. In addition, as a result of checking our company-wide human rights management system, ‘responsibilities and roles in the top decision-making body’ were identified as items that must be enhanced. To achieve this, we plan to report major human rights issues to the ‘ESG Committee’, established in April 2021 under the Board of Directors, if necessary.

The ‘Survey on Human Rights for Employees’ and ‘Human Rights Due Diligence at Work Sites’ found no serious human rights violations, while working hours and grievance handling processes were identified as potential risks. In response, LG H&H operates a flexible working-hour system to help employees achieve a work-life balance, and manages working hours in compliance with statutory standards. In addition, we have established a process that is always ready to receive and resolve grievances through the Employees’ Committee. We also plan to develop ‘Employee Human Rights Guidelines’ to prevent human rights violations at our production sites.

#### Human Rights Self-Assessment Process at Work Sites



#### CASE Implementation of Due Diligence at Domestic Work Sites

In 2020, we carried out our first human rights survey aimed at LG H&H employees to identify related issues, and conducted non-face-to-face due diligence at our Ulsan and Cheongju work sites. Due diligence is aimed at managing labor and human rights risks to ensure work sites are operated in accordance with global guidelines. To this end, we carried out self-inspections across a total of 96 indicators, including the establishment of a human rights management system, non-discrimination of workers, and guaranteed freedom of association and collective bargaining, as well as conducting interviews with workers identified as vulnerable to human rights abuses. For areas that needed improvement, we established action plans and shared relevant laws and regulations to support our subsidiaries in preemptively managing potential human rights risks. Moving forward, LG H&H will constantly monitor progress on improvement and establish a systematic management system for human rights impacts and risks.

## Scope of Human Rights Impact Assessment for Employees

**CASE** Implementation of Due Diligence at Overseas Work Sites

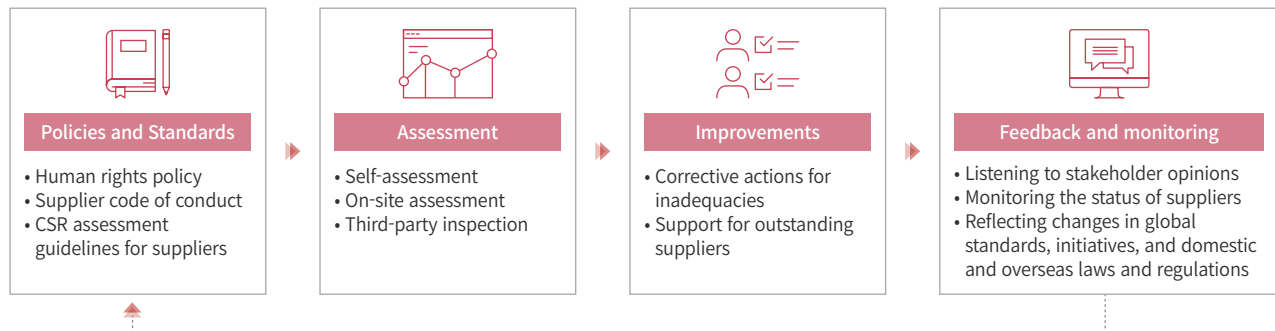
LG H&H implements human rights due diligence to protect workers' human rights not only at domestic sites, but also overseas. In 2019, we conducted due diligence at our subsidiaries in Vietnam and Beijing, China. Due diligence is aimed at managing risks related to labor and human rights so that we may operate our work sites in accordance with global guidelines. We have reviewed documents, examined work sites, and conducted interviews with relevant employees with respect to 34 categories, including forced labor, recruitment of children workers, and legal working hours. For areas needing improvement and further supplementary actions, we have established action plans and shared information about relevant laws and regulations to support our subsidiaries in preemptively managing potential human rights risks. LG H&H will constantly monitor the progress of implementation and establish a systematic management system for human rights impacts and relevant risks across our overseas supply chain.

## Human Rights Impact Assessment

### Results of Human Rights Impact Assessment of Suppliers

LG H&H conducts CSR assessments so that suppliers can identify and manage potential risk factors related to creating a safe working environment, managing workers’ human rights, and environmental responsibility. In addition, we actively support our suppliers in strengthening their CSR capabilities by identifying and addressing CSR-related weaknesses. LG H&H also conducts annual self-assessments to enhance our suppliers’ CSR management capabilities, and to check whether they comply with our Code of Conduct. We reduce these risks by conducting on-site assessments of key suppliers to check for potential CSR risks, and reflecting the results in our comprehensive assessment of suppliers. Third-party reviews are also carried out to enhance the professionalism and objectivity of the CSR assessments of suppliers, and to present diverse information and improvements related to CSR. Inadequacies identified by the assessment are provided to suppliers in the results report, and recommendations for improvement are made.

#### CSR Assessment Process for Suppliers



### Status of CSR Assessment of Suppliers

(Unit: Company)

Category	2019	2020
Suppliers that conducted a CSR assessment	207	138
- Self-assessment <sup>1)</sup>	207	138
<b>Tier 1</b>		No assessment conducted due to COVID-19
- On-site assessment <sup>2)</sup>	63	
- Third-party inspection <sup>3)</sup>	10	10
Suppliers with high CSR risks <sup>4)</sup>	5	10 <sup>5)</sup>
<b>Tier 2 or higher</b>		
Suppliers that conducted a CSR assessment	21	52
Suppliers with high CSR risks	1	13 <sup>5)</sup>

1) Self-assessment: Online CSR self-assessment conducted for 181 existing suppliers (131 in Korea, 50 in other countries) and 9 new suppliers.

2) On-site assessment: On-site assessment was conducted to check the implementation of assessment items within work sites.

3) Third-party inspection: Third-party inspection was conducted with experts from third-party assessment agencies.

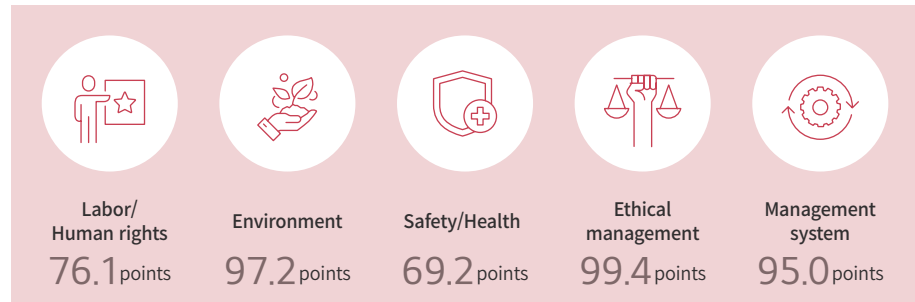
4) Suppliers with high CSR risks: As a result of the assessment to check potential CSR risks across a total of 41 assessment indicators (labor and human rights 12, environment 12, safety and health 8, ethical management 4, and other 5 items), some suppliers were classified as high-risk (those with less than 30 points out of 100 in total).

5) Reasons for increase: In 2020, the CSR assessment was conducted with a higher standard than the previous year due to an enhancement of assessment indicators.



## Results of Self-Assessment of Suppliers

Average scores in 2020 (out of 100 points)



\* Evaluation scores based on key assessment indicators

## Supplier Shortcomings

LG H&H determined the status of CSR implementation through a self-assessment covering labor/human rights, the environment, safety/health, ethical management, and the management system. For labor/human rights, we found that the official guidelines for the prevention of sexual harassment were not met, and official documentation on non-discrimination in employment and promotion was inadequate<sup>1)</sup>. In terms of safety/health, we identified inadequacies in the operation of the safety and health committee, and in the periodic risk assessment at work sites. Improvement of inadequacies was recommended for all suppliers.

1) No discrimination found.

Category	Issues	Major inadequacies	Ratio of subjected suppliers
Labor/ Human Rights	Humane treatment	Official guidelines for the prevention of sexual harassment were unmet	29%
	Prohibiting forced labor	No explicit prohibition against the storage of ID cards, visas, and passports when hiring foreigners/immigrants (no forced labor identified)	68%
	Non-discrimination	No explicit prohibition against employment or promotion based on gender, disability, race or nationality (no discrimination identified)	28%
	Freedom of association	Inadequate operation of the Labor-Management Committee	40%
Safety/Health	Safety and health	Inadequate operation of the Human Rights and Health Committee with respect to the safety and health management regulations	56%
		Inadequate implementation of periodic risk assessments at work sites	44%

### CASE Results of self-assessment of in-house suppliers




As part of supply chain management, LG H&H conducts a self-assessment of its in-house suppliers (subcontractors). In 2020, assessments of 61 subcontractors were conducted, with assessment items covering labor rights, health and safety. As a result of the 2020 assessment, 5 companies were identified as inadequate in the human rights/labor domain and 4 companies were identified as inadequate in the safety/health domain. To address the inadequacies identified, these in-house suppliers have established improvement plans and are in the process of improvement in consultation with each relevant LG H&H team.

## Human Rights Impact Assessment

### Summary of the Human Rights Assessment

To eradicate human rights violations across our entire business operations, LG H&H conducts regular inspections on the current status of human rights based on our risk identification process.

#### Status and Results of the Human Rights Assessment

Subject	Method
 <p><b>Employees<sup>1)</sup></b></p>	<p>Self-assessment of human rights at work sites</p> <hr/> <p>Human Rights Due Diligence</p> <hr/> <p>Employee Human Rights Survey</p> <hr/> <p>Other methods: Cyber SINMUNGO, LG Way Survey, Safety diagnosis of work sites, Health checkup of employees</p>
 <p><b>Suppliers<sup>2)</sup></b></p>	<p>Self-assessment of in-house suppliers</p> <hr/> <p>Online assessment of CSR for suppliers</p> <hr/> <p>On-site assessment of CSR for suppliers</p> <hr/> <p>Review of human rights violations when purchasing raw materials</p> <hr/> <p>Other methods: Cyber SINMUNGO, Bribery report system, confirmation of human rights violations in the purchase contract</p>
 <p><b>Customers/ Local communities</b></p>	<p>Personal information security review</p> <hr/> <p>Voice of the customer (VOC)</p>

1) 100% implementation of human rights impact assessment for all work sites (2018-2020), 100% implementation of improvement actions

2) 100% implementation of human rights impact assessment for all suppliers (2018-2020), 100% communication of inadequacies

Details	Implementation Results
<p>Checked the self-assessment checklist for all domestic and overseas work sites</p> <hr/> <ul style="list-style-type: none"> <li>• Conducted human rights due diligence at key domestic and overseas work sites</li> <li>• Interviewed vulnerable groups</li> </ul>	<p>16 domestic and overseas work sites (2020)</p> <hr/> <ul style="list-style-type: none"> <li>• Domestic: Cheongju, Ulsan Plants (2020)</li> <li>• Overseas: Beijing (China), Vietnam (2019)</li> </ul>
<p>Conducted for all employees (including employees of subsidiaries) to determine the status of human rights violations in the workplace</p>	<p>All employees (2020)</p>
<p>Checked the self-assessment checklist for in-house suppliers (subcontractors) at all domestic and overseas work sites</p>	<p>61 in-house suppliers (2020)</p>
<p>Carried out an online assessment and on-desk review for domestic and overseas suppliers (Assessment items: labor/human rights, environment, safety/health, ethics, management system)</p>	<ul style="list-style-type: none"> <li>• 140 domestic suppliers (2020)</li> <li>• 50 overseas suppliers (2020)</li> </ul>
<p>Implemented due diligence for high-risk suppliers and key suppliers</p>	<p>10 suppliers (Jan 2021) *Due to COVID-19, conducted video interviews with 10 suppliers, with third-party participation</p>
<p>Reviewed human rights violations that may occur when purchasing raw materials</p>	<p>Maintained RSPO Segregation Certification at the Ulsan and Onsan Plants</p>
<p>Conducted inspections for domestic work sites and suppliers</p>	<p>Inspection of 50 contracted suppliers that handle personal information, and implemented actions to improve risk factors</p>
<p>Listening to opinions regarding damages to customers (product safety, etc.)</p>	<ul style="list-style-type: none"> <li>• Results of the customer satisfaction survey: 4.67 points (out of 5 points)</li> <li>• Communicating with relevant departments within 30 minutes of receiving VOC through the intensive claim system, and visiting consumers within 1 day</li> </ul>

## Issue Management Status

### Non-Discrimination

#### Establishment of a Fair Recruitment Process

LG H&H has introduced a 1:1 in-depth interview in 2017 to establish a fair recruitment process that is evaluated based on skills and capabilities rather than “specifications”. Through three-phase in-depth interviews, we take sufficient time to evaluate individual applicants and select candidates by verifying competencies that fit the characteristics of each job. The evaluation is conducted in a comfortable atmosphere since the applicants and interviewers communicate one-on-one, and applicants can positively improve their understanding of the company and check their suitability for the job. In this way, we are constantly improving the fairness of the recruitment process by categorizing the requirements and competencies suitable for each job and passing candidates through a talent verification process that complements them.

#### Recruitment of Female Talent

Last year, LG H&H appointed our youngest ever female executive, and at the end of 2020, we additionally appointed a foreign female leader in her 30s and two female candidates with global perspectives and expertise as new executives. We have also established an organizational culture that allows people to work in harmony, regardless of gender, by retaining the “Best Family-Friendly Management Certification” granted by the Ministry of Gender Equality and Family for 8 consecutive years. In addition, we have realized a working environment where employees can feel less burdened by pregnancy and childcare, operating an in-company daycare center and offering a family care leave system. We also encourage employees to apply for maternity and parental leave without hesitation, and to work from home when urgent child-care needs arise. Specifically, maternity leave of 90 days (120 days for twins) is provided, along with an additional system where those with pregnancy complications, including the risk of miscarriage, are permitted to take paid sick leave for up to a month. Further, those taking high-cost fertility treatments are offered financial support in addition to any government subsidies (KRW 1.5 million per round of IVF, up to a maximum of four times and KRW 6 million of support in total). One year of parental leave and one year of reduced working hours for child-rearing (for those with children under 8, or second-graders or younger) are allowed for all employees, regardless of gender. As a company that produces daily consumer goods such as cosmetics, home and personal care products, and beverages, we actively foster female employees with outstanding business sense. As of the end of 2020, female workers account for 53.1% of the total number of employees. We constantly improve related systems so that our talent can pursue a healthy work-life balance, and also to provide opportunities for re-employment for female employees who are returning from career breaks due to marriage or child care.

#### CASE Recruitment of Socially Vulnerable Groups

LG H&H runs Bright World, a sheltered workplace for people with disabilities, to contribute to promoting employment for the disadvantaged. As of 2020, 70 out of 100 workers at Bright World have disabilities, and 58 with severe disabilities work at the cafeteria and café at our Cheongju work site, or perform duties such as car washing, cleaning, and packaging cosmetics. In 2020, we expanded the range of services to include parking management at our Cheongju plant and a café at our Gwanghwamun headquarters, while in 2021, we plan to open a store and café at the LG Cheongju Technopolis plant. LG H&H provides a life independence education program in collaboration with the Chungcheongbuk-do Office of Education, so that workers with disabilities can pursue economic independence and self-reliance in their daily lives. In addition, we have participated in a campaign designed to overcome COVID-19, led by the Korea Employment Agency for Persons with Disabilities, which contributes to improving awareness so that jobs for people with disabilities can be maintained during these difficult times. For this initiative, we were awarded the Grand Prize at the Contest for Best Practices for Improving Awareness of people with disabilities, hosted by the Ministry of Employment.

## Humane Treatment

### No. 1 Corporate Culture for Dignity

LG H&H conducts “No.1 Dignity Training” for all employees every year to achieve a corporate culture characterized by mutual respect and consideration. This training has been conducted annually for all employees since 2012. We can respond quickly to changes in the external environment to reduce internal risks, and to build a culture of mutual respect and consideration for all employees. We have established codes of conduct for the eradication of abuse of power and sexual harassment, and to promote mutual respect and consideration among employees, as well as guidelines for respecting foreigners and employees with disabilities to advance a culture of diversity. In addition, we have specified guidelines for leaders and employees on a basic organizational culture that must be maintained, which covers smart working methods, meetings and reporting, and work-life balance. As such, we will constantly strive to develop a healthy organizational culture that truly complements LG Household & Health Care.



To establish a sound corporate culture with employees demonstrating dignity befitting a top company, we pursue a culture of zero harassment and sexual harassment across our work sites and promote respect for diversity (work sites with non-Korean employees and people with disabilities). We have provided dignity training for all employees every year since 2012, including online training in 2020. In particular, as legal requirements for sexual harassment and awareness training for people with disabilities have been strengthened from 2018, we provide additional online training every year for all employees in this regard. Moreover, we provide training on smart work styles integrating digital transformation and support the development of a healthy culture by providing specific guidelines on the behavior of leaders and employees, such as guidelines on achieving a work-life balance. We are striving to create a culture of dignity in line with modern trends by actively reflecting rising topics such as ESG management and the MZ generation.

## Prohibition of Forced Labor

LG H&H's human rights policy prohibits all forms of forced labor. Employees are never forced to work against their will, nor is their mental and/or physical freedom restricted by means of assault, threat, or confinement. In addition, we ensure that all employees are not required to hand over their identification card, passport, and/or government-issued work permit card as a condition of employment. We check for the prohibition of child labor and forced labor in the labor rights section of the annual CSR risk assessment of suppliers, and in the CSR assessment of suppliers in 2020, no forced labor was found in our domestic or foreign work sites.

\*Recommendations for improvement have been completed for suppliers (68%) that did not explicitly prohibit the storage of ID cards, visas, and passports when hiring foreigners/immigrants.

## Prohibition of Child Labor

LG H&H's human rights policy complies with the core principles stipulated by the International Labor Organization (ILO) and ensures that we do not employ child workers for any job function. In our domestic work sites, this applies to children under the age of 18, while overseas work sites comply with the working age restrictions ratified by the ILO for each respective country. We have established a system to eradicate child labor in our supply chain through the annual CSR risk assessment of suppliers, and in the CSR assessment of suppliers in 2020, no child labor was found in our domestic or foreign work sites.

### CASE Responsible procurement of raw materials

#### Palm Oil

Whether it is used in products, such as detergents, as a fatty acid derived from palm, or in emulsifiers as glycerin, a solvent that is a secondary - or tertiary-processed raw material, palm oil is widely utilized in the manufacturing process of cosmetics – as well as home and personal care products. LG H&H is aware of the seriousness of issues relating to the human rights of workers and the reckless destruction of the environment caused during palm oil production. We support the activities of the RSPO (Roundtable on Sustainable Palm Oil), which was established with the participation of global NGOs and companies. In 2014, our work sites in Ulsan and Onsan became the first to receive the RSPO Segregation Certification for the entire production process, from raw material storage to production, product warehousing, and shipment. We retained the certification in 2019. We immediately terminate contracts with suppliers that violate human rights in producing palm oil.

#### Mica

Mica, a raw material used in cosmetics, is mainly used to produce color for lipsticks, foundations, and cushion foundations. More than 60% of the world's mica comes from India, and child labor and unethical labor practices frequently occur during its production. LG H&H procures mica through skilled workers from mines in the US, Japan, and China, and when using Indian mica, we check whether the mine has declared itself free from child labor or has been certified as a member by the supplier's Responsible Mica Initiative (RMI). LG H&H will strive to procure mica that has been mined in an ethical manner, and we aim to gradually switch to 100% synthetic mica in a bid to eradicate illegal child labor.

## Working Hours

### Management of Efficient Working Hours

Amongst the OECD countries, Korea ranks at the top in terms of the annual number of hours worked. Such long work hours are pointed out as a major factor in low labor productivity and industrial accidents. LG H&H has established principles and systems to comply with statutory limits on working hours, to ensure that work is performed efficiently during working hours, and to abide by the laws relating to working hours in the countries where we operate - even at our overseas work sites.

Employees are guaranteed adequate rest during working hours, and through the company-wide vacation system, we have implemented a system that enables all employees to use their vacation without notice once or twice a month. In addition, by establishing the “2-hours off system”, we have enabled employees to use annual leave in units of two hours so that they may take care of urgent personal matters.

### Flexible Working-Hour System

We operate five “flexible time” systems that enable our employees to adjust their working hours to better suit their lifestyles. The flexible time system promotes a healthy work-life balance by allowing employees to the choice of starting between 7:00 and 9:00 AM and finishing between 4:00 and 6:00 PM.

### Smart Station

Since 2013, we have promoted the Smart Station to nurture field-based sales activities by expanding the opportunities and time for communication with customers beyond the existing desk-job-based sales activities. After the introduction of the Smart Station, LG H&H’s sales employees start work in the field and go home after completing their task there. Naturally, the travel time between the office and the business partner’s site has reduced. In this system, employees can work efficiently by only doing essential tasks in the office, which helps to balance work and life.

## Wages and Welfare

### Performance-Based Fair Compensation System

Fair compensation for each job is the most basic value that motivates employees and enables them to focus on their work to improve their satisfaction. To achieve this, we have expanded the individual wage management system that differentiates the period and scope of compensation for high performers and low performers, introducing it to all technical staff and giving discretion to site leaders. We have also introduced a competency-based system tailored to individual competency and performance for sales-related positions, laying the foundation for fair compensation.

### Improvement of Living Standards

A “Living Wage” should be guaranteed to support the basic living needs of the family, and to help break the vicious cycle of poverty. LG H&H supports the minimum wage set by local laws in each country where we operate, and we aim to contribute to realizing an egalitarian and inclusive society. We will do our utmost to pay appropriate salaries in the regions where we operate.

## Freedom of Association

### Active Labor-Management Communication

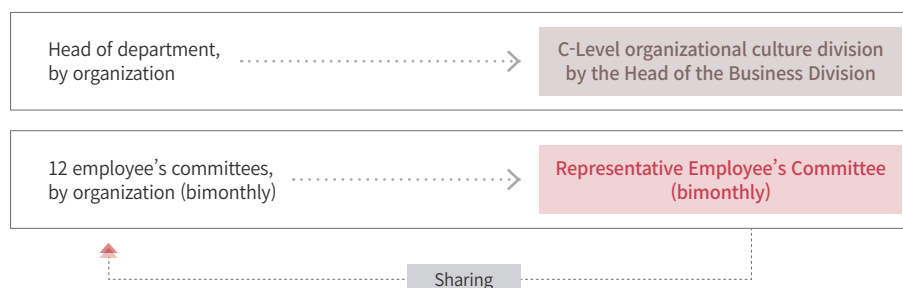
LG H&H operates labor-management communication channels for each business division, work site, and job group to listen to employee complaints and suggest reasonable solutions based on horizontal and smooth communication between labor and management. We strive to create an environment where employees can improve their work environment, handle grievances, promote welfare, and maintain a work-life balance based on wide communication through various channels.

Category	Frequency	Details
LG H&H Employees' Committee	Quarterly	Listening to VOEs through employee representatives for each organization, and identifying issues and solutions
Division Committee	Bimonthly	Determining on-site feelings and listening to VOEs for each division-level channel
Sales and Sales Promotion Group Meeting by Position	Quarterly	Listening to sales and promotion-related VOEs, and identifying issues and solutions
Labor-Management Committee at each Work Site	Quarterly	Work site improvement, safety and health-related issues questionnaire and collection, feedback on solutions
Employees' Meeting in each Division	Annually	Employee meeting organized by the Head of the Business Division and feedback on detailed agenda

### Employees' Committee

LG H&H operates the Employees' Committee to help young employees build leadership capabilities and express their opinions to management. The committee consists of a total of 82 members and 10 representatives, and conducts organizational culture activities tailored to the characteristics of each business unit. We also share key company issues at company-wide meetings 2-3 times a year and help the young generation cultivate their insights through topic-specific special lectures. The Employees' Committee regularly communicates with executives through "Meet the Executive" and holds in-depth Q&A sessions to share managers' perspectives and the status of management, thus narrowing the gap in perceptions between the top and the bottom and reflecting the opinions of employees in our management activities.

### Employees' Committee Activities





## Personal Information Protection

### Strengthening the Personal Information Protection System

We operate a personal information protection system to prevent data leakages from internal sources, hacking, and malicious codes. In 2020, we inspected 26 systems and upgraded the level of server access control, personal information log monitoring, DB access control, network separation system, and the Endpoint DLP operating system. In order to enhance security management for suppliers, we have systemized the information security pledge, personal information protection pledge, discontinuation confirmation, and training confirmation. We have also expanded the subjects of the annual mock hacking exercise aimed at preventing hacking attacks, from 213 to 219 systems, and have removed identified vulnerabilities. In addition, we have established a source vulnerability inspection and vulnerability management system to strengthen the elimination of vulnerabilities from the system construction stage, and to systematically manage any vulnerabilities that arise.

## Safety and Health

### Safe Work Environment

We promote safety and health management to create a safe work environment for both our employees and suppliers' employees, and to minimize diseases and accidents. Through the Environmental Safety Committee, we carry out integrated safety management activities to create a zero-accident workplace with no industrial accidents. For all domestic work sites, we apply strict internal safety and health standards that exceed environmental safety laws and international standards in accordance with the characteristics and size of each work site, and conduct regular monitoring of the implementation of key tasks.

We have stipulated safety and health support for suppliers in the LG H&H Environmental Safety and Health Policy to ensure a safe work environment for the employees of our suppliers. As a result, we assess the safety and health risks of our suppliers and provide human and material support – including safety protection equipment and mitigation of harmful risk factors.

In order to protect and maintain the health of our employees, we provide a comprehensive health checkup every other year for all employees over the age of 35 and employees under the age of 35 who have worked for more than 5 years, as well as general health checkups for other employees. We conduct mandatory cerebrovascular disease examinations for all employees every five years, and provide individualized treatment programs to those who complain of musculoskeletal disorders and related pain in collaboration with an external rehabilitation center.

### Psychological Counseling Center

We operate internal and external psychological counseling centers to help employees improve their quality of life by eliminating stress and resolving conflicts with other people. In 2020, we introduced non-face-to-face video psychological counseling to prevent infection risks due to the COVID-19 pandemic. Through this, we have created an environment where employees can receive counseling anytime, anywhere, and are providing counseling such that employees can focus on work and life based on a sense of psychological stability. In addition, through the prevention of “corona blues” caused by the COVID-19 pandemic and the provision of psychological counseling for employees and their families who have experienced challenging situations (contracting COVID-19, self-isolation, etc.), we have laid the foundation for psychological support that helps to resolve deprivation and difficulties. We will continue to operate a crisis management counseling program for the health of our employees and their families in consideration of the protracted pandemic crisis.

## Support for Suppliers

### Open Communication

Through the LG H&H Cooperation Committee, we have organized a CEO Academy and an Enhancing Competitiveness Workshop, as well as a Mutual Growth Review Committee composed of directors, supplier CEOs, eminent social figures, and LG H&H’s internal subcontract committee members. Dividing them into three subcommittees depending on the agenda type, we discuss the mutual growth support system and other subcontract issues, and make decisions with the suppliers’ representatives. Committees and discussion bodies at each level serve as our open communication channels for the practical identification and integration of workers’ opinions from the field.

#### Communication Channels for Suppliers

Category	Mutual Growth Review Committee <sup>1)</sup>	CEO Academy <sup>2)</sup>	Enhancing Competitiveness Workshop <sup>2)</sup>
<b>Number of meetings</b>	Quarterly	Annually	Annually
<b>Details</b>	Deliberate subcontracts and mutual growth issues	Share mutual growth issues and the procurement policy	Share mutual growth issues and the procurement policy
<b>Members</b>	2 independent directors/5 supplier CEOs/ 3 LGHH internal committee members	132 supplier CEOs	132 supplier employees

1) Conducted online to prevent the spread of COVID-19.

2) Workshops have been integrated into one and conducted online to prevent the spread of COVID-19.

#### Supplier Support System



#### CASE Supplier Consulting Support

With the belief that suppliers’ risks in terms of the environment, product quality, and labor can lead directly to our own risks, LG H&H has provided external consulting for years based on innovative partnerships and industrial innovation. Through this, we have achieved certifications for our environmental management system and our safety and health management system. We have also helped our suppliers reduce various risks in the manufacturing process and stabilize their business management. Moreover, we have introduced the Safe Quality Certification Assessment System to establish product quality criteria so that consumers can safely use our products. We have further organized an in-house expert group to develop high-quality products, and with these efforts we are implementing continuous and effective consulting activities.

## Product Safety

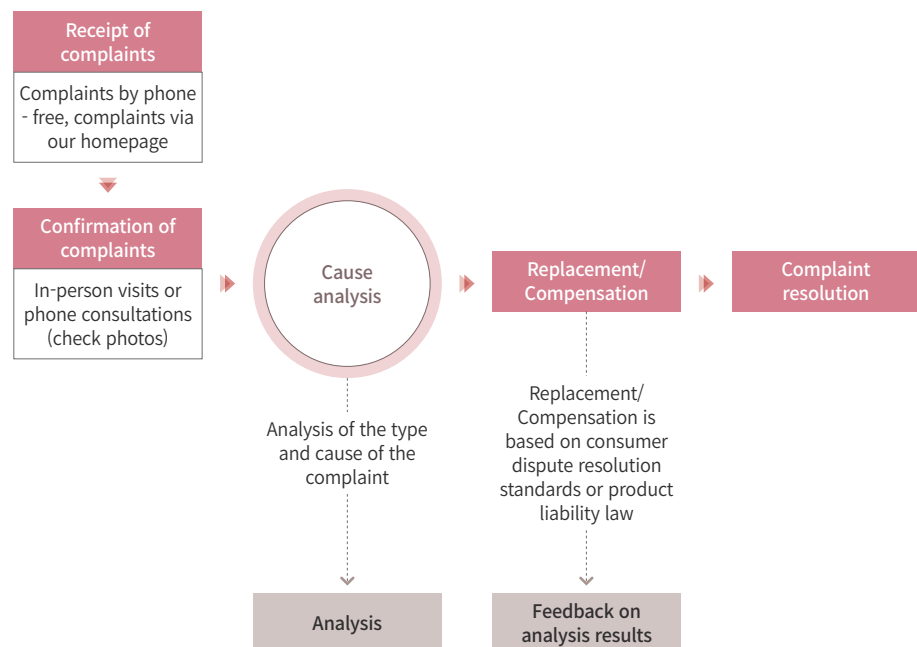
### Consumer Reassurance Center

Since LG H&H launched the Consumer Reassurance Center, which specializes in managing quality across the entire process from product development to consumer use, in 2017, we have been continuously pursuing quality management for products that consumers can use with confidence. In 2020, we focused on customers' pain points<sup>1)</sup> to identify, from their perspective, aspects of products that require improvement. In 2021, we will grow into a consumer-centered company that provides real value to customers by optimizing the entire process, including design, mass production, distribution, and consumer response, from a customer perspective.

1) Pain Point: Unmet customer demands or complaints about products

### Listening to Customer Opinions

LG H&H strives to minimize harm to customers caused by our products. When customer complaints arise, the CS department addresses them in a variety of ways, such as visits, delivery services, and call services, with the aim of prompt resolution. Moreover, we strive to realize customer satisfaction in accordance with reasonable standards, such as the consumer dispute resolution standard. We publish customer complaint handling processes and compensation standards on our website, so that customers can easily check them. And, in order to accurately analyze the causes of customer requests and provide efficient feedback, we implement items such as analysis requests, analysis result inputs, and analysis performance management in our VOC system to make improvements and prevent recurrence of the same claims.



# Grievance-Handling Process

## Human Rights Grievance-Handling

All employees, suppliers, customers, and local communities can report human rights grievances related to the company at any time through our grievance-handling channels. We do not disclose any information that reveals or alludes to the identity of an informant without his/her consent.

## Human Rights Grievance-Handling Channels

Organizational Culture	Jeong-Do Management
<ul style="list-style-type: none"> <li>• Tel. 82-2-6924-6824</li> <li>• E-Mail. culture@lghnh.com</li> </ul>	<ul style="list-style-type: none"> <li>• Tel. 82-2-6924-6780</li> <li>• E-Mail. justice@lghnh.com</li> </ul>

## Stakeholder Engagement Channels

Stakeholders	Communication Channels	Frequency
 <b>Customers</b>	Company and brand websites, CS portal, VOC, call center, receipt of customer complaints and feedback	Always
	Customer survey	Annually
 <b>Suppliers</b>	Integrated procurement portal	Always
	CSR assessment for suppliers, listening to suppliers' opinions	Annually
 <b>Employees</b>	Intranet and grievance-handling programs	Always
	Employee satisfaction survey	Annually
	Employees' Committee	Bimonthly
	Employees' Meeting in each Division	Always
 <b>Local Communities</b>	Labor-Management Committee at each work site	Quarterly
	Expert panel meetings	3 Times/Year
	Community Committee	2 Times/Year
	Community CSR survey	Annually

# Appendix

- 22 LG H&H Human Rights Policy
- 24 LG H&H Ethics Guideline
- 26 LG H&H Sexual Harassment Prohibition Policy
- 27 LG H&H Workplace Harassment Prohibition Policy
- 28 LG H&H Supplier Code of Conduct
- 30 LG H&H Sustainable Purchasing Policy
- 32 UN Guiding Principles Reporting Framework



## LG H&H Human Rights Policy

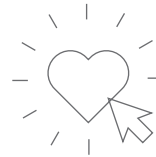
LG H&H implements our own human rights policy to respect all stakeholders including employees, customers, suppliers, joint ventures and partners, and guarantees their rights and human dignity in pursuit of LG’s management philosophy, “Respecting Human Dignity”. LG H&H complies with labor-relation-related regulations in all countries and regions, strives to secure employment stability and adequate wage level for employees in the social and economic aspects. As a corporate citizen, we support the principles of human rights specified in the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights presented by the United Nations Commission on Human Rights.

### 1. Prohibition of Discrimination



In the operation of our human resource system including employment, promotion, compensation, and training opportunities, and the provision of products and services, all stakeholders shall not be discriminated against on the grounds of nationality, race, age, gender, sexual orientation, disability, pregnancy, religion, membership of political organization and/or labor union, and marital status. In particular, the principle of “zero tolerance” applies to serious discriminatory acts.

### 2. Humanitarian Treatment



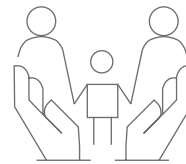
All employees shall be respected as humans, and they shall not be treated in any severe and inhumane way including sexual harassment and abuse, corporal punishment, mental and physical coercion, verbal abuse, or irrational restriction at work.

### 3. Prohibition of Forced Labor



All employees shall not be forced to work against their free will with their mental and/or physical freedom restricted by means of assault, threat, or confinement. Forced labor and related practices, including slavery and human trafficking, are also prohibited. All labor shall be based on free will, and no employees shall be required to hand over their identification card, passport, and/or work permission card issued by the government on condition of employment.

### 4. Women and Labor of Children



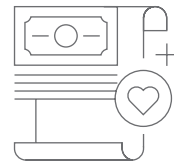
Children shall not be employed for any kind of job position. “Children” signifies those aged under a certain minimum age standard, and the minimum age for work is determined by the regulations of each country and region. Underage and/or pregnant employees are excluded from dangerous tasks. In accordance with ILO agreements ratified by each country, working conditions including age regulations shall be observed.

### 5. Working Hours



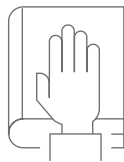
Working hours and days shall be determined in accordance with the regulations of each country and region concerning regular and overtime working hours and holidays.

### 6. Wage and Welfare



All employees shall be paid in accordance with the labor-related regulations of each country and region concerning minimum wage, overtime working hours, and legal welfare. We treat all workers fairly and reasonably in accordance with their capabilities and performance.

### 7. Freedom of Association



In accordance with the labor-related regulations of each country and region, the freedom of association and the right to bargain collectively shall be secured. All employees should be guaranteed an environment where they can communicate with the management with no fear of discrimination, retaliation, threat, or harassment.

### 8. Protection of Personal information



The personal information of all stakeholders shall be strictly protected, and it shall not be leaked or utilized for any other use without prior approval of the relevant stakeholder. The company shall deliver only true information, avoid any false information, and shall fulfill this promise.

## LG H&H Ethics Guideline

LG H&H (“the Company,” or “we”) shares the management principles of “creating value for customers” and “management based on respect for humans” and promotes self-management based on freedom and responsibility, in line with the spirit of the management charters. We respect the order of a free-market economy that promotes free and fair competition and pursue common interests with all stakeholders based on mutual trust and cooperation to continue growing into a world-class excellent company. In this regard, we established a code of conduct as the guidelines for proper behaviors and value judgment that all employees, partners, and contractors should follow and make ourselves committed to implementing the code of conduct.

### Duties and Responsibilities for Customers

#### 1. Respect for Customers

- (1) We always listen to customers’ voices, believe that the sincere requests of customers are always right, and put customers first in all our judgments and actions.

#### 2. Creation of Value

- (1) We always try to find values that customers need, believing that the development of our customers is our development.
- (2) We continue creating true values that can practically help and satisfy customers.

#### 3. Offering Value

- (1) We always tell our customers the truth and always keep our promise to them.
- (2) We provide customers with the best quality products and services at reasonable prices and rapidly and accurately respond to their fair requests.

#### 4. Protection of Information

- (1) We do our best to protect customer information safely.
- (2) We accurately inform our customers when we use their information and guarantee their right to know.

### Fair Competition

#### 1. Pursuit of Free Competition

- (1) In accordance with the principle of free competition, we respect global economic order anywhere in the world and gain customers’ trust by improving the quality of products and services.
- (2) We engage in competition in good faith utilizing our genuine ability and do not infringe upon the interest of our competitors or unfairly take advantage of their weaknesses.
- (3) We prohibit monopoly/anti-competitive behaviors.

#### 2. Compliance with Laws and Regulations

- (1) We conduct all business activities in and outside of Korea in compliance with laws and regulations in the countries we operate while respecting customs related to transactions.

### Fair Transactions

#### 1. Equal Opportunities

- (1) We give all qualified companies equal opportunities to join registration and selection of partners.
- (2) We register and select partners in a reasonable manner in accordance with objective and fair review criteria.

#### 2. Fair Transaction Procedure

- (1) All transactions are made fairly with both parties in an equal position; and we make sufficient discussions about the condition and procedures of transactions.
- (2) We do not conduct any kinds of illegal behaviors by taking advantage of our superior position.
- (3) Information needed for transactions should be provided mutually in a timely manner following adequate procedures, and results of the transactions should be regularly evaluated for mutual improvement.
- (4) We prohibit money laundering and internal transactions.

#### 3. Pursuit of Mutual Development

- (1) We provide active support, including technical support and management guidance, so that partners can develop competitiveness and grow in the long term. We share profits created through innovation.
- (2) We exert mutual effort together with our partners to foster a clean transaction environment and maintain fair transaction order.



## Basic Ethics for Employees

### 1. Basic Ethics

- (1) Employees take pride as LG employees and maintain honest and fair attitudes.
- (2) Employees should always try to maintain high ethical standards and keep their own dignity and the reputation of LG H&H.

### 2. Completion of Mission

- (1) Employees should fulfill their own missions in line with the Company's vision and policies.
- (2) Employees should do their best to perform their duties by fair means and comply with related laws and regulations.
- (3) Employees should maintain the Company's assets well and protect the secrets obtained during the process of doing their jobs.
- (4) Employees should provide active cooperation and communication with other colleagues and departments for higher work efficiency.

### 3. Self-development

- (1) Employees should define what kind of talent they want to be and stay committed to becoming the talent.

### 4. Fair Performance of Duties

- (1) Employees should always perform their duties honestly and fairly and should always try to create a sound corporate culture.
- (2) Employees do not receive any monetary gains or bribery from stakeholders that can deter fair judgment related to their duties.
- (3) Regarding their daily life and duties, employees do not conduct any immoral or unethical behaviors that can be socially criticized.

### 5. Avoiding Conflicts of Interest with the Company

- (1) Employees avoid any types of behaviors or relations that cause conflicts of interest with the Company.
- (2) Employees should not use the Company's assets for personal gain without authorization.

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## Responsibilities for Employees

### 1. Respect for Humans

- (1) We treat each employee as an independent personal entity with mutual trust and genuine affection for humans.
- (2) We do our best so that employees can work with a sense of ownership and feel rewarded and proud.
- (3) We take necessary actions, such as establishing systems and providing education and guidelines, so that employees can fairly fulfill their missions.

### 2. Fair Treatment

- (1) We provide employees with equal opportunities depending on their ability and talent and do not discriminate against them for unfair reasons.
- (2) We evaluate the abilities and achievements of employees based on fair criteria and provide them with fair compensation.

### 3. Promoting Creativity

- (1) We try our best to create an environment to promote employees' creative thinking and autonomous behaviors.
- (2) We actively support the development of employees' capabilities and nurture talents in the long term.
- (3) We respect the privacy of individuals and create a mature organizational culture based on mutual trust and understanding.

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## Responsibilities for the Country and Society

### 1. Reasonable Business

- (1) We conduct our business while respecting the social values of the region where we operate, both in and outside of Korea.
- (2) We try to expand our business based on the foundation for the Company's stable growth.

### 2. Protection of Shareholder's Interest

- (1) We protect shareholders' return on investment by realizing profit from efficient and sound management.

### 3. Contribution to Social Development

- (1) We contribute to national development by creating employment and paying taxes sincerely; and contribute to social development through cultural and welfare projects.
- (2) We make donations to eligible charities for clear purposes and prohibit any form of inappropriate profit from such donations.
- (3) We strictly prohibit donations and sponsorships for political purposes using the Company's assets, budget, and others.

### 4. Emphasis on Environment/Safety/Health

- (1) We exert our best effort to prevent environmental pollution and protect nature in order to preserve a clean environment.
- (2) We try to establish the best possible safety facilities and take necessary actions to ensure safety/health at business sites.

## LG H&H Sexual Harassment Prohibition Policy

LG H&H prohibits sexual harassment. This refers to an employer, superior, or worker improperly using their authority at work to humiliate or offend other workers in a sexual manner, or demonstrating sexual behavior, including suggestive language, at work. We also prohibit employees from disadvantaging anyone, with respect to working conditions or employment, who is not responsive to sexual language or behavior.

In accordance with our zero-tolerance policy, sexual harassment is dealt with immediately once reported. We thoroughly guarantee the confidentiality of victims and reporters, so they will not be subjected to negative repercussions. In addition, for improper acts verified through a fact-checking process, we take appropriate measures such as disciplinary action, corrective actions, and/or legal action.

- **Sexual Harassment Prevention Training**

We conduct sexual harassment prevention education for all employees once a year.

- **Reporting and Consultation Process**

- Grievance: Victims or witnesses can report workplace harassment to the 'Sexual Harassment/Workplace Harassment Counseling Center' in Plus-I, and grievances can be filed by email, over the phone, or through an interview.
- Official Handling Procedure: A Sexual Harassment Review Committee (an organization handling accusations of sexual harassment) is formed to investigate the relevant facts.
- Informal Procedure\*: After organizing and reviewing a complainant's request, we communicate the request to the respondent. If the respondent accepts the request, we monitor whether the request is fulfilled, and if the request is declined, we listen to the opinions of both parties through a mediation process, draw up an agreement, and check whether the agreement has been implemented.

\* If the complainant prefers an informal procedure, we proceed with an informal procedure in accordance with their wishes.

- **Disciplinary and Corrective Action**

- A dedicated body for handling cases of sexual harassment investigates the facts before taking appropriate HR and disciplinary measures against perpetrators in accordance with internal regulations.
- To prevent recurrence after a case is closed, we conduct sexual harassment prevention training and assess all of our employees on sexual harassment awareness. We also implement measures to restore victims' rights and constantly take action to manage both perpetrators and victims of sexual harassment.
- In order to prevent collateral damage, LG H&H implements measures to temporarily separate victims and perpetrators, such as paid leave for victims and provisionally relieving perpetrators of company duties. In addition, we actively support victims' psychological recovery through internal psychological recovery programs and state-supported psychotherapy.

## LG H&H Workplace Harassment Prohibition Policy

LG H&H prohibits 'workplace harassment', which refers to an employer or worker's use of his or her position or relationship at work to subject other workers to physical or mental distress, or to otherwise create an environment unfit for work.

Whether an act constitutes workplace harassment or not is judged comprehensively with consideration for specific circumstances, such as the relationship with the person concerned, the place and corresponding situation where the alleged act was committed, details of the victim's explicit or presumed reaction to the act, and the content and extent of the act. In order for an act to be recognized as workplace harassment, the following conditions must be met; if the behavior in question

- 1) takes advantage of workplace power differentials (relating to job positions or relationships),
- 2) falls outside a reasonable scope for the work, and
- 3) causes physical or mental distress, or worsens the working environment.

In addition, the place where the act is claimed to occur does not necessarily have to be within the workplace. Harassment that occurs online, including via in-house messenger programs and social media, can also constitute harassment in the workplace.

Regarding workplace harassment, the identity of victims and complainants is kept strictly confidential, and reporting is not subject to any disadvantages. In addition, if acts of harassment are confirmed through a fact-checking process, we will take appropriate measures including disciplinary action, corrective action, or legal action.

### • Workplace Harassment Prevention Training

We conduct workplace harassment prevention education for all employees on an annual basis.

### • Reporting and Consultation Process

- Filing a Grievance: Victims or witnesses can report workplace harassment to the 'Sexual Harassment/Workplace Harassment Counseling Center' in Plus-I. Grievances can be filed by email, over the phone, or through an interview.
- Counseling/Investigation: Based on each report, we 1) provide counseling and conduct an investigation to ascertain the circumstances of each incident, 2) identify whether the harassment is repeated or persistent, 3) assess the extent of damages to the victim, and 4) gather direct or circumstantial evidence.
- Disciplinary actions through fact-checking: After conducting an investigation to confirm the facts within each case, we decide on the appropriate disciplinary action in cases where disciplinary action is required in accordance with the relevant company regulations.
- Notification of results: We notify the complainants or victims of any developments, such as whether disciplinary action have been taken, or whether a transfer to another department has been implemented.

### • Disciplinary and Corrective Actions

- If allegations are confirmed and disciplinary actions are required according to company regulations, we will ensure that disciplinary action is taken.
- We regularly conduct related training and are preventing recurrence through continuous monitoring.

## LG H&H Supplier Code of Conduct

The LG H&H Supplier Code of Conduct (hereinafter referred to as the “Code”) is applied to all suppliers transacting with LG H&H and its subsidiaries (hereinafter referred to as “LG H&H”). This Code presents requirements which should be fulfilled by the company for all suppliers in cooperation with LG H&H. Suppliers are required to commit themselves to comply with the Code in all business activities.

### 1. Labor Conditions and Human Rights

#### **A. Prohibition of discrimination**

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

#### **B. Humane treatment**

All suppliers shall respect all workers and not treat them in any severe and inhumane way including sexual harassment and abuse, corporal punishment, mental and physical coercion, verbal abuse, and irrational restriction at work.

#### **C. Prohibition of forced labor**

All suppliers shall not use the labor of workers against their free will with their mental and/or physical freedom restricted by means of 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 permission card issued by the government on condition of employment. Both suppliers and workers shall write and keep a copy of the labor agreement.

#### **D. Child labor and protection of pregnant women**

All suppliers shall not employ children for any kind of job position. In accordance with 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. If a different age of children is stipulated in the regional laws and regulations, a lower age shall be applied, and such minimum age for work is determined by laws and regulations. Young workers under the age of 18 and pregnant employees shall be excluded from hazardous or dangerous tasks limited by legislations. 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.

#### **E. Working hours**

Working hours and days shall not exceed hours permitted by laws and regulations.

#### **F. Wage and welfare**

All payments for suppliers shall comply with all labor-related legislations concerning minimum wage, overtime working hours and legal welfare.

#### **G. Freedom of association**

All suppliers shall ensure workers to 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. All employees shall be entitled to openly communicate with the management about working conditions with no fear of retaliation, threat, and harassment.

### 2. Safety and Health

#### **A. Industrial Safety**

All suppliers shall eliminate any physical risk and safety risk elements 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. In case risks cannot be sufficiently controlled by using these means, workers shall be provided with proper and well-maintained personal protective gears.

#### **B. 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. In case risks cannot be sufficiently controlled by using these means, workers shall be provided with proper and well-maintained personal protective gears.

#### **C. Preparation for emergency**

All suppliers shall minimize any damage by identifying and assessing the emergency and its state if one happens and implementing emergency measures and response procedure.

#### **D. Industrial accident and disease**

All suppliers shall establish the process to prevent, manage, track and report industrial accidents and occupational diseases.

#### **E. Hygiene, food, and housing**

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

#### **F. Physical labor**

All suppliers shall identify, assess, and control any exposure of physical labor risk to employees. Such physical labor includes manual labor, tasks to lift heavy materials or items repetitively, tasks that require standing for a long time, and repetitive assembly work or tasks requiring a high level of physical energy.

#### **G. Safety maintenance of mechanical facilities**

All suppliers shall evaluate the risk in safety of production facilities or other facilities. All suppliers shall provide physical guards, devices for safety, and protective wall. In case any employees gets wounded by facilities, maintenance work shall be conducted for the facilities.

### **3. Environment**

#### **A. 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. All suppliers shall comply with the requirements of operation and reporting in the licensing process.

#### **B. Hazardous substances**

All suppliers shall identify any compounds and other substances, which cause risk in safety in case of emission to the environment, and manage the safe treatment, transfer, storage, use, recycling, reuse and processing of these substances.

#### **C. Solid waste and effluent**

If necessary for the relevant laws and regulations, all suppliers shall identify, monitor, control, and handle any solid waste and effluent generated in the industrial process for operation and hygiene facilities before emission.

#### **D. 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.

#### **E. Prevention of pollution and reduction of resource use**

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

#### **F. Regulation on materials in products**

All suppliers shall comply with any relevant laws and regulations and customer requests with regard to the prohibition and restriction of certain substances, including the label of recycling and treatment.

#### **G. Effort to develop sustainable products**

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

### **4. Others**

#### **A. Jeong-Do Management**

All suppliers shall ban any corruption act such as bribery and embezzlement, including gifts, by policy in accordance with LG H&H policy on Jeong-Do Management and continuously crack down and monitor corruption. All transactions shall be transparent and accurately recorded in the account book.

#### **B. Fair trade**

All suppliers shall prohibit any unfair trade and comply with the regulations on fair trade to protect consumers' rights and interests.

#### **C. Identify protection**

All suppliers shall develop and operate a program to ensure confidentiality of whistleblowers and guarantee their protection.

#### **D. Legal and ethical purchase of raw materials**

All suppliers shall identify the source and origin of raw materials distributed in the supply chain, check if such materials are acquired by any illegal and unethical way (disputed mineral, illegal wood) and guarantee legal acquisition.

#### **E. Protection of intellectual property rights**

All suppliers shall respect all intellectual property rights and protect the rights in case of transferring technical know-how. All information on LG H&H shall be protected safety.

#### **F. Protection of personal information**

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

#### **G. Responsibilities of suppliers**

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

## LG H&H Sustainable Purchasing Policy

With the goal of becoming a global FMCG company, LG H&H is creating values shared with society and contributing to the international community in areas that require public awareness. LG H&H sticks to fairness, legal compliance, and ethics in carrying out purchases, and puts natural resources, environmental conservation, safety, and human rights in perspective to fulfill its corporate social responsibilities.

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

- LG H&H selects core raw materials by assessing their potential impact on the environment and society. This policy describes the current procurement practices and approach including the reasons for promoting sustainable procurement for different raw materials.
- LG H&H introduced a sustainable raw material procurement policy for the first time in 2021, thus establishing a comprehensive policy covering sustainability-related topics. Our goal is to apply LG H&H's sustainable purchasing policy to our suppliers, as well.

### Palm Oil

Palm oil, a major raw material used in the cosmetics, household goods, and beverages produced by LG H&H, is specifically used in the manufacture of fatty acids, glycerol, and surfactants. Reckless procurement of palm oil can have a negative social and environmental impact, with consequences such as global deforestation, climate change, biodiversity loss, and labor exploitation. Accordingly, LG H&H is doing its utmost in regard to the sustainable production of palm oil.

#### 1) Declaration

LG H&H has maintained its RSPO membership since joining in 2014 through its sustainable approach to palm oil procurement. For sustainable palm oil production, the company obtained RSPO certification for its Ulsan and Onsan plants in 2015. LG H&H plans to continuously increase the purchase of RSPO-certified palm oil. By doing so, we actively seek to comply with the following:

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

#### 2) Our Current Practices

At present, LG H&H's palm oil is mainly used to manufacture fatty acids, glycerol, and surfactants. In the future, we plan to gradually increase the RSPO certification rate for the applicable quantity.

## Mica

Mica is a raw material used in color cosmetics produced by LG H&H, and is mainly used for the color development of lipsticks, foundations, and cushion foundations. More than 60% of the world's mica is extracted in India, where child labor and unethical labor practices are known to be commonplace. Accordingly, LG H&H procures mica as extracted by skilled workers from mines in the United States, Japan, and China. When using Indian mica, we check whether the mine has been declared one with non-child labor or if the supplier is certified as a member of the Responsible Mica Initiative (RMI).

### 1) Declaration

LG H&H avoids the use of natural mica and applies synthetic mica to its new products in order to promote sustainable mica procurement. Through a fade-out that replaces existing natural mica-containing products with synthetic mica ingredients, we plan to eradicate child labor in the long term and contribute to reducing the dependence of local communities on illegal mining. To this end, LG H&H intends to actively comply with the following.

- Traceability of routes for the collection, transportation, processing, and supply of Indian mica
- Confirmation of the child labor prohibition policy with supply chain participants

### 2) Our Current Practices

LG H&H frequently uses mica to manufacture color cosmetics containing pearl pigments. Upon examining the mica purchase history for three years from 2018 to 2020, we learned that ten of a total of fifty-four ingredients came from India. When purchasing mica from India, LG H&H checks whether the mine has been declared as one with non-child labor or whether the supplier is certified as a member of the Responsible Mica Initiative (RMI).

LG H&H will procure mica collected in an ethical environment. In addition, we plan to switch to 100% synthetic mica to eradicate the potential of illegal child labor.

## UN Guiding Principles Reporting Framework

Category	Reporting principles	Details	Page
<b>Governance of Respect for Human Rights</b>	A1. Policy commitment	Disclosure of a will to respect human rights	03
	A2. Embedding respect for human rights	Efforts for internalizing the respect for human rights	04-05, 13
<b>Defining the Focus of Reporting</b>	B1. Statement of salient issues	Salient human rights issues related to business activities	05
	B2. Determination of salient issues	Methods of selecting salient human rights issues	10-11
	B3. Choice of focal geographies	Methods of selecting region to be managed and areas of human rights issues	06-07
	B4. Additional severe impacts	Potential human rights issues besides salient human rights issues	05
<b>Management of Salient Human Rights Issues</b>	C1. Specific policies	Detailed policies for salient human rights issues	03
	C2. Stakeholder engagement	Participation of stakeholders by salient human rights issue	20
	C3. Assessing impacts	Consistent identification of salient human rights issues	06-09
	C4. Integrating findings and taking action	Decision-making process of salient human rights issues and reflecting those on activities	06-09
	C5. Tracking performance	Effectiveness of activities to resolve salient human rights issues	12-19
	C6. Remediation	Subsequent support for victims of human rights issues	26-27





