

■ LG H&H Hazardous Substances Commitment

LG H&H launched the Consumer Safety Center in 2017 to thoroughly manage hazardous substances to ensure consumers use its products confidently.

LG H&H conducts prompt and accurate verification of hazardous substances and risk assessment for human health by operating the safety evaluation division (Safety Research Lab. and Hazardous Substance Analysis Lab.), an organization dedicated to safety evaluation.

Through the given process, LG H&H has established its own procedures to ensure the safe use of hazardous substances and guidelines for operating dangerous substances and strictly follows them from product planning to selection of raw materials and subsidiary materials, production, transportation, and disposal in the entire process.

LG H&H complies with the following principles to provide safer products.

Understanding and Communication of Hazardous Substances

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- LG H&H understands the purpose of all chemicals used and identifies the concentrations in finished or semi-finished products.
- LG Household & Health Care also strives to minimize harmful substances in products as much as possible if it is difficult to remove altogether or remove them technically. LG H&H discloses additive-related information in the product information section to provide consumers with transparent information about LG H&H's products.

Enhancing the risk Assessment and hazardous substance Verification system

02

- All raw materials of LG H&H go through regulatory reviews such as the range specified or restricted by country-specific laws (after going through country-specific regulatory review on whether they are used within the range specified or restricted by laws for each product group) to undergo human risk assessment and verification of hazardous substances.
- Only raw materials meeting internal management standards can be prescribed for products. In particular, for infant products, inhalable products, and products of concern for human health, we verify that related raw materials are specified for products within a safe area and that the developed semi-finished products are also verified for hazardous substances.
- In addition, for all products produced for the first time every year at the factory, we make it mandatory to confirm that they meet the stricter internal management standards than any other domestic or foreign laws and regulations.
- In addition, LG H&H is collecting information every week by introducing the Risk Management Monitoring System (RPA) to check social issues and the latest regulations related to the safety of our products. Monitoring targets include all products in the same industry, including our products and products that may be developed in the future, and all the raw materials that can be used for the product, the components of the product packaging, and the usage behavior, formulation, and container of the product. We review and apply new information on hazardous substances to our products.

Support for international Standards and initiatives

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- LG H&H has investigated the products' usage and content based on international substances criteria on the REACH Annex XVII Restricted Substances and Substances of High Hazard (SVHC) Candidate List. LG H&H will make every effort to reduce harmful substances identified through this step by step.
- In particular, LG H&H will reduce the current level to 50% or less by 2025 through the intensive management of Decamethylcyclopentasiloxane (D5) and Dodecamethylcyclohexasiloxane (D6), which account for the majority. LG H&H will achieve the reduction by expanding new products that do not use the substance and replacing and discontinuing operational products utilizing the substance.

Efforts for continuous improvement

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- LG H&H regularly conducts thorough verification not only of raw materials, subsidiary materials, and final products but also of hazardous substances polluted during the production process.
- For products and processes that need improvement, we will do our best to develop products that consumers can use with confidence by excluding the use of harmful substances by finding alternative substances, and changing recipes. We have designated 20 hazardous substances based on the regulations and acceptance standards of hazardous substances in major countries worldwide.
- Through continuous efforts, we are using them below the standards of major countries. Still, we will add Butylphenyl Methylpropional, toxic to reproduction, and parabens (methyl, ethyl, propyl, butyl, isopropyl, isobutyl) listed on the list of endocrine disruptors in the future and discontinue using them by 2025. We will achieve the reduction by expanding new products that do not use the substance, replacing raw materials for operating products that use the substance, and discontinuing the product.

- 1 Butylphenyl methylpropional (BPMP) is a synthetic fragrance ingredient known as Lilial. It is classified as R.1B (substance with animal testing results of concern for reproductive toxicity to humans) in the EU Cosmetics CLP Regulation amended in May 2020. Therefore, we aim to phase out all products, including fragrances, following this EU move.
- 2 Parabens are widely used in cosmetics and personal care products for preservative purposes. Still, they are listed as cautionary ingredients on the list of endocrine-disrupting substances, such as the SIN list or the UN's EDC list. LG H&H will continue to reduce the amount of methylparaben, ethylparaben, propylparaben, butylparaben, isopropylparaben, and isobutylparaben that can be used in Korea.

Implementation of the 'Clean Beauty Inside' system

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- LG H&H decided to implement the 'Clean Beauty Inside' system, which defines, measures, and manages clean beauty items and standards to actively reflect ESG management policies in products from the cosmetic R&D stage.
- Clean Beauty is a new word for sustainable cosmetics that customers can confidently use, such as paraben-free, reduced plastic packaging, and vegan. It is a beauty trend attracting attention worldwide as ESG management expansion, climate change, value consumption of the MZ generation, and the importance of health due to corona are highlighted.
- Based on these studies, LG H&H has independently developed a quantitative Clean Beauty index comprising 14 weighted indicators across four criteria: environment, safety, ethics, and efficacy. The index was first applied to clean beauty brands such as 'belif', 'Beyond', and 'The Face Shop' in 2022. Index values were measured for each product, enabling improvements to be made and the release of products meeting these criteria. In 2023, the index will be further applied to 'SUM' and 'FARMX', with plans to expand the scope to all in the future.