

LG Household & Healthcare Policy Collection



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■ LG H&H Tax Policy

Enactment: May. 2015
Revision: Apr. 2023

LG H&H recognizes that complying with the spirit as well as the tax laws and fulfilling various tax liabilities and risk management are crucial to securing the interests of customers, expanding the interests of investors and stakeholders, and contributing to the nation, and they are essential to a sustainable company. To this end, LG H&H has established and operates transparent tax principles, policies, and risk management standards and procedures. For accurate tax payment and reporting, our tax executives and employees work under the principle of maintaining a transparent relationship with tax authorities.

LG H&H also conducts preliminary tax reviews on various matters arising in the course of its management activities.

We also stipulate that those significant matters falling under internal compliance issues, including tax strategies and policies, shall be reviewed and approved through the *ESG Committee within the BOD.

(*Regulations of the ESG Committee dated April 27, 2023 - Article 3 Committee Authority, Article 10 Subsidiary Matters amended.

'Material matters related to compliance control, including management of core compliance risks' added)

Tax Principles

Compliance with tax laws and regulations

01

- LG H&H manages tax risks by faithfully complying with domestic and foreign corporations' direct and indirect tax laws where our business sites are located.
- We also fulfill our social responsibilities, such as filing and paying taxes, by fulfilling our tax obligations responsibly. LG H&H always strives to maintain a constructive and cooperative relationship with tax authorities.

Compliance of Arm's Length Principle

02

- In terms of international transactions with overseas subsidiaries, LG H&H applies the transfer pricing policy that corresponds to the tax law in Korea and the OECD transfer price guidelines, as well as the Arm's Length Principle. If there is any expected conflict between different countries, we proactively respond to double taxation based the APA (Advance Pricing Arrangement) system. We also comply with duties for the documentation of transfer prices and the submission of a report by country under the BEPS (Base Erosion and Profit Shifting) project. LG H&H does not employ a tax structure that abuses the differences and loopholes in the tax system between different countries to unreasonably reduce its tax liabilities. We legally allocate the taxable income depending on values generated in each country where we operate our business. In particular, we prohibit the transfer of values, including intangible or financial assets, to any region with a loose tax jurisdiction, such as low effective tax rates.
- LG H&H prohibits the transfer of value to low-tax jurisdictions, particularly the transfer of intangible assets, financial assets, etc, to jurisdictions with lower effective tax rates.

Tax Principles

Prohibition on the use of tax havens

- LG H&H does not operate a legal entity, for the purpose of tax avoidance in a tax haven, where tax information cannot be shared, and without economic activity.

Prohibition of transactions without a commercial substance

- LG H&H does not engage in transactions without commercial substance, such as actual business purposes, for the sole purpose of tax avoidance.

Transparent information disclosure and risk management

- LG H&H discloses corporate tax information in the audit report publicly announced on DART (Data Analysis, Retrieval, and Transfer System) run by the Financial Supervisory Service. We disclose the standards for calculating corporate tax expenses, deferred tax assets, liabilities, the details of corporate tax expenses, and effective tax rates in the financial statement and annotations in the audit report.
- LG H&H continuously strengthens our tax management activities by conducting proactive management and monitoring and considering external expert opinions to do our best to reduce tax risks for shareholders and the country.

■ LG H&H Ethics Guideline

Enactment: May. 2017
 Revision: May. 2021
 Jul. 2022

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

We do our best to protect customer information safely.

We accurately inform our customers when we use their information and guarantee their right to know.

Guidelines on Independent Directors' Independence

Enactment: Jun. 2022

The board of directors at LG H&H is majority independent, and systems are in place to ensure independent directors' independence.

LG H&H complies with the Commercial Act and other applicable South Korean laws concerning matters of independent directors' independence.

Pursuant to these laws and regulations, efforts are made to monitor and strengthen the independence of current directors and board member candidates.

Independent directors constitute a majority of the board.

LG H&H uses the following criteria to ensure independent directors' independence

- Whether or not s/he has worked for the company, as an employee, within the past 5 years
- Whether or not his/her immediate family member has worked for either the company or its affiliates within the past 3 years
- Whether or not s/he is in an employment relationship with the company's external auditor
- Whether or not s/he is an employee of a corporate entity with which the company has signed an agreement on consulting services and technical partnerships
- Whether or not s/he is an advisor or consultant for the company or its management
- Whether or not s/he is an employee of a corporate entity whose total transactions with the company over the past 3 fiscal years accounted for 10% or more of the company's total assets or gross sales
- Whether or not s/he has any significant conflict of interest concerning matters that may be decided upon by the board

To ensure director independence, the board takes a holistic approach in determining the existence of any material relationship between a director and the general affairs of the company.

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

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.
- (3) We prohibit monopoly/anti-competitive behaviors.

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

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.

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.

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

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 Green Management Policy

Enactment: May. 2017
 Revision: Jan. 2022
 May. 2023

Purpose

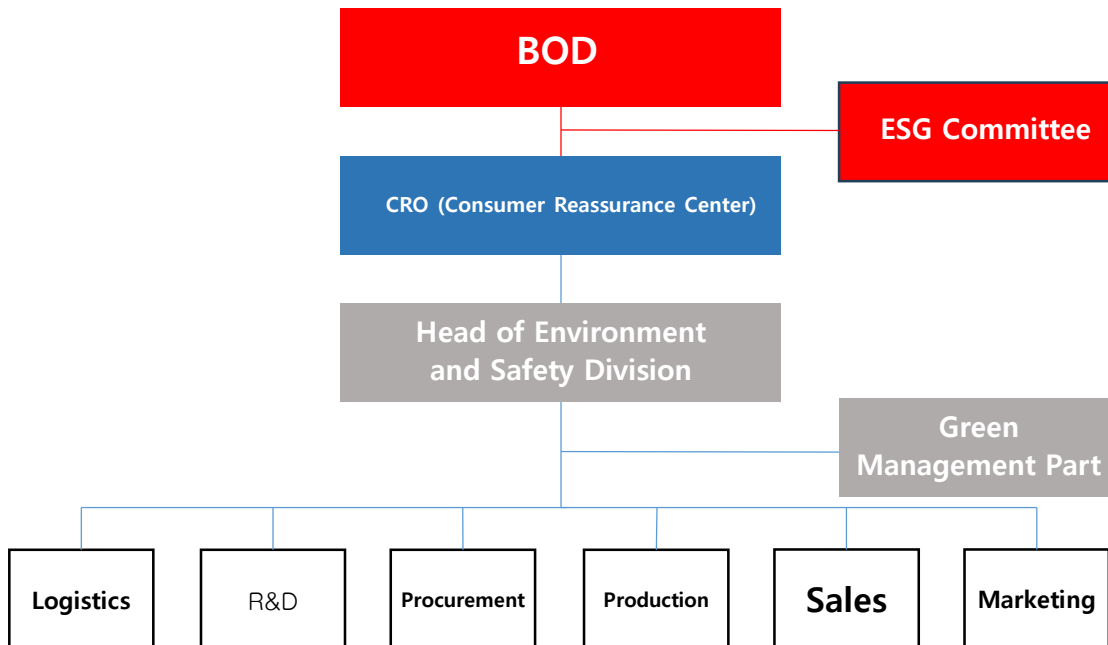
LG H&H shall establish and implement green management policies to create and continuously improve an environment-friendly and carbon-neutral environment in the three areas of Healthy, Beautiful, and Refreshing under LG's management philosophy. Furthermore, as an eco-friendly company, we shall strive to minimize environmental impact and preemptively respond to environmental risks by establishing a green management system to maintain customer trust.

Scope

This green management policy shall apply to major business partners, such as LG H&H's global business sites and subsidiaries, suppliers, service providers, contractors, joint ventures, licenses, and outsourcing partners.

Management System

LG H&H has established an internal system necessary for implementing green management and has the green management part as a dedicated working organization.



The CRO is in charge of company-wide crisis management, including the Consumer Reassurance Center, whilst the Environment and Safety Division functions as an organization under the Consumer Reassurance Center.

1

The ESG Committee under the LG H&H Board of Directors is responsible for setting environmental goals such as carbon neutrality and making final decisions on risk management based on performance. We are establishing a system to promote the goal achievement plan by analyzing the difference in environmental performance status and goals company-wide based on the environmental goals set by the ESG committee.

- 2** We operate the ESG Council under the ESG Committee, the control tower for in-house ESG governance. The ESG Council establishes implementation plans for green management (environmental management) issues such as ESG and climate change by the department and company-wide response to external stakeholder demands and leads performance-related discussions. The committee is also operating the 'Carbon Management Council' to establish carbon neutrality goals, discover implementation tasks, monitor progress, and run the 'Green Product Council' to realize sustainability packaging.

Green Management Policy

- 1** We shall provide differentiated value to customers by operating an eco-friendly system that minimizes environmental load throughout the business process.
- 2** We shall establish a company-wide environmental management system and conduct regular inspections and assessments. Further, we will set targets and actively implement programs to minimize our environmental impacts, as well as contributing to the creation of a pleasant working environment and the company's sustainable growth.
- 3** We shall comply with environmental and energy-related laws and regulations in the regions where we do business, and establish our standards, one step ahead of the laws to improve them to a global level.
- 4** We shall faithfully fulfill our corporate social responsibilities by actively supporting partner companies' and local communities' green management improvement programs and transparently disclosing relevant information to stakeholders.
- 5** We shall recognize the importance of protecting the global environment and strive to minimize greenhouse gas emissions in our products and services.

Implementation of Green Management Policy

Product

01

1

Social and environmental value products

We shall establish and operate standards for social and environmental value products by comprehensively considering product safety, environmental impact, and social value. We shall do our best to spread products with environmental value, such as water resource protection, waste reduction, and energy reduction.

2

Packaging material

We shall strive to develop and apply packaging materials that consider the environment from the product development stage. Based on the 3R policy (Reduce, Recycle, Reuse), we shall establish tasks for container reduction, material improvement, and recyclability to promote continuous improvement. We shall operate the 'Green Product Review Council' to monitor the implementation of sustainable packaging and performance against improvement plans.

3

Eco-labeling

We shall gradually expand eco-label certified products and actively participate in the environmental labeling system, such as low-carbon products, to provide consumers with information on improving environmental properties and to meet consumer demand for eco-friendly products.

4

Hazardous Chemicals

We shall operate our procedures to ensure the safe use of hazardous chemicals in the entire production process so that consumers can use our products confidently and guidelines for handling dangerous chemicals. Furthermore, we shall enhance the human risk assessment and hazardous chemical verification system and continuously strive to eliminate and minimize hazardous chemicals.

Implementation of Green Management Policy

Production
and
distribution
services

02

1 Greenhouse gas and energy

We shall establish a greenhouse gas inventory and climate change response system to systematically manage all business sites' greenhouse gas emissions and set a greenhouse gas and energy reduction plan. We shall continue to invest in improving energy efficiency and expanding the application of new and renewable energy by introducing high-efficiency facilities, improving facility efficiency, and replacing outdated equipment. We shall operate the 'Carbon Management Council' to establish goals for carbon neutrality and discover tasks to implement and monitor progress.

2 Water and wastewater

We shall conduct water resource risk assessment and management activities for each business site to understand the current status of water use, business continuity, and the impact of water shortages.

We shall strive to reduce water consumption and use water efficiently. In addition, we shall secure stable treated water quality through process improvement, reduce wastewater generation, and prevent water pollution by establishing monitoring and alarm systems.

3 Waste

We shall continuously manage waste emissions by controlling the defect rate in the production stage and eliminate the causes of waste by improving our processes.

We shall raise the waste recycling rate by converting the generated waste to recycling and re-materializing rather than incineration or

4 Distribution and Logistics

We shall strengthen the eco-friendly logistics system by implementing logistics process innovation, logistics base optimization, and transportation and delivery efficiency.

We shall also continue to develop activities for optimal operation in each logistics area, such as packaging, storage, transportation, and loading and unloading. To this end, we shall cooperate with partner companies and promote improving the logistics environment for each business division and site.

Communication and Disclosure

LG H&H will disclose relevant information to all stakeholders through the company website and sustainability report when establishing and changing green management policies for environmental risk management. In addition, internally, we will continuously monitor the status of compliance with the green management policy through regular employee training on the green management policy and related practices.

If you see an operation case that violates the green management policy, please report it through the following channel.

- **Main reporting channel**

Department Name : Green Management Part

Email : yoonha0@lghnh.com

Tel : +82-2-6980-0995

LG H&H joined the UN Global Compact in 2012, supporting the framework of principles in human rights, labor, environment, and anti-corruption for the first time. LG H&H endorses the company's intention to uphold the UN Global Compact principles and evaluate relevant global best practices that may apply to us. Through this membership, we will continue implementing global communication on ESG performance required by the UN Global Compact.

Sustainable Purchasing Policy

Enactment: Jun. 2021

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, in order to eradicate potential illegal child labor, we plan to convert to 100% use of synthetic mica by 2028.

■ LG H&H Supplier Code of Conduct

Enactment: Mar. 2016
Revision: May. 2023

Purpose

01

- 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.

Scope

02

- 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.

ESG evaluation of suppliers

03

- 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.

Efforts of LG H&H

04

- 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

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, deforestation, and land conservation

All suppliers shall strive to prevent ecosystem destruction and deforestation, including harm to biodiversity and land (soil), when conducting business operations. 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 Fairtrade

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 ESG evaluation table. All Suppliers shall recommend that sub-suppliers observe this Code and conduct evaluation.

■ LG H&H Human Rights Policy

Enactment: Mar. 2021
Revision: May. 2023

Purpose and Application

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.

Human Rights Policy

Prohibition of Discrimination 01

- LG H&H shall not discriminate in hiring, wages/compensation, promotion, etc, on the basis of factors such as race, age, gender, nationality, disability, pregnancy, labor union membership, marital status, social status, or sexual orientation, etc.
- In particular, the "zero tolerance" principle applies to severe discriminatory acts.

Humanitarian Treatment 02

- 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.

Prohibition of Forced Labor 03

- 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.

Women and Labor of Children

04

- 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.
-

Working Hours

05

- 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.
-

Wages and Welfare

06

- LG H&H shall comply with all national and local labor-related laws and regulations in the countries in which it operates. The compensation paid to all workers includes the minimum wage, overtime, and legally mandated welfare benefits.
 - Further, going beyond legal obligations, we strive to ensure payment of a living wage so that employees and their families can maintain a lifestyle that fulfils their basic needs. This applies to both our own operations and the companies with which we conduct business (such as affiliated companies and partners).
-

Freedom of Association

07

- 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.
-

Protection of Personal information

08

- 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.

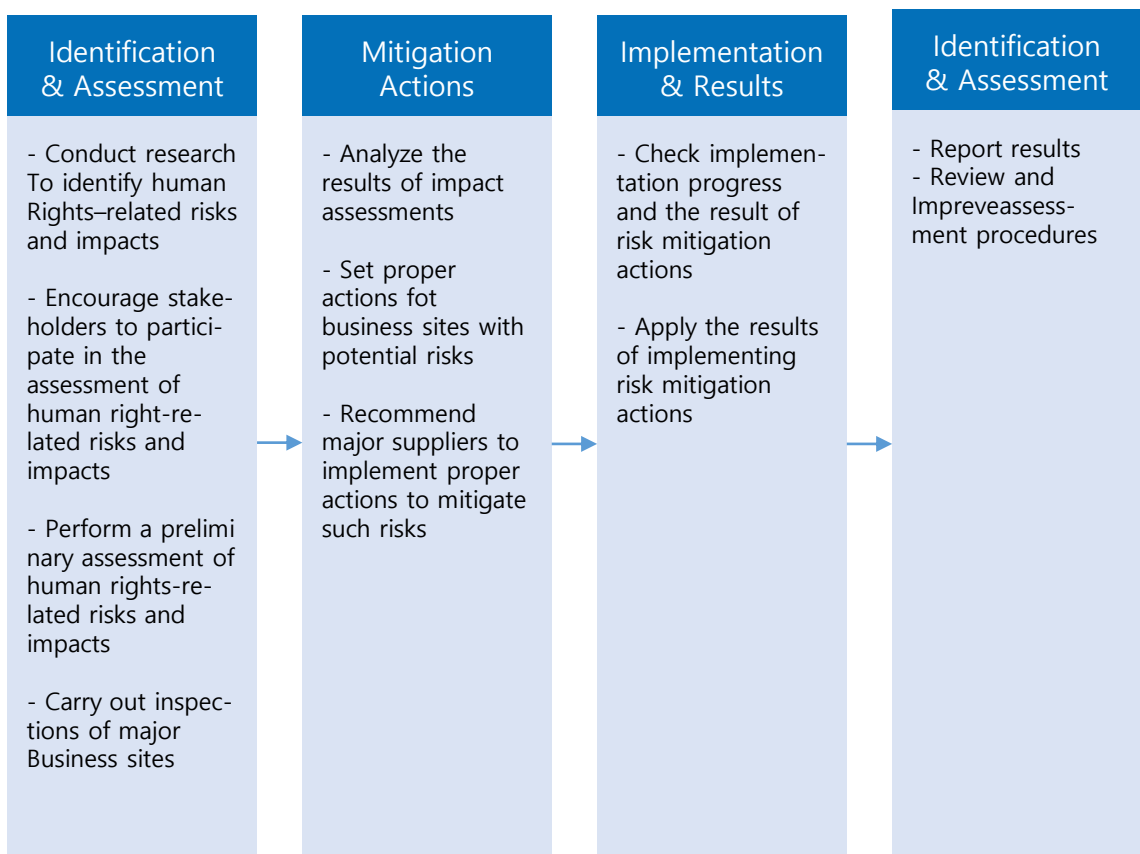
Human Rights Management

1 Human Rights Management System

LG H&H may conduct a human rights impact assessment to identify human rights risks in its overall business, including domestic and overseas business sites, suppliers, and joint ventures, and to check issues related to human rights vulnerabilities on a regular basis.

The identified issues are intensively managed by a dedicated department to establish a mitigation plan, and to continuously monitor improvement and implementation. LG H&H reports the identified issues and mitigation plans to the ESG Council, and may report important human rights issues to the ESG Committee.

2 Impact and Risk Management Process for Human Rights



3 LG H&H discloses its policies for human rights management to the public, actively communicates with internal and external stakeholders, and monitors potential human rights issues. In addition, we implement human rights-related training for employees to achieve respect for human rights and raise awareness of human rights management.

4 Human Rights Grievance Procedure

LG H&H's employees, suppliers, and partners can report human rights grievances related to the company at any time through the dedicated grievance-handling channel. We do not disclose any information that reveals or alludes to the identity of the informant without his/her consent.

Human Rights Grievance-Handling Channels

<p>Organizational Culture Division</p>	<ul style="list-style-type: none"> · Tel : 02-6924-6267 · E-mail : culture@lghnh.com
<p>Jeong-Do Management Division</p>	<ul style="list-style-type: none"> · Tel : 02-6924-6780 · E-mail : justice@lghnh.com

■ Sexual Harassment Prohibition Policy

Enactment: Jul. 2021

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 our the 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

- 1 **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.
- 2 **Official Handling Procedure:** A Sexual Harassment Review Committee (an organization handling accusations of sexual harassment) is formed to investigate the relevant facts.
- 3 **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

- 1** 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.
- 2** 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.
- 3** 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.

■ Workplace Harassment Prohibition Policy

Enactment: Jul. 2021

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 sexual harassment prevention education for all employees on an annual basis.

Reporting and Consultation Process

- 1** 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.
- 2** 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.

- 3** 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.
- 4** 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

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

■ LG H&H Hazardous Substances Commitment

Enactment: Jun. 2019
Revision: May. 2023

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

- 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

- 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

03

- 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 Dodecamethylcydohexasiloxane (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

04

- 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

05

- 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 'FARIX', with plans to expand the scope to all in the future.

Net Zero Policy

Enactment: Jul. 2022

Policy Purpose

“We will fulfill our responsibility as true heirs to pass on a beautiful and healthy earth to our descendants.”

LG H&H has an ESG vision of being ‘the best sustainable FMCG (FAST MOVING CONSUMER GOODS) company.’

LG H&H intends to contribute to achieving the UN SDGs, a common global task, through various activities to provide a better life value to various stakeholders such as customers, environment, business partners, local communities, and employees, based on the mid-to-long-term ESG strategy in terms of governance, products, society, and environment.

In particular, LG H&H has established a strategy to minimize the damage to the planet under the belief that its operations can have a significant impact on climate change due to the nature of the industry that deals with FMCG, which is used and thrown away every day, such as household goods, cosmetics, and beverages. At the same time,

LG H&H has established an eco-friendly strategy to secure mid- to long-term business opportunities and declared ‘2050 NET ZERO’, which promises to achieve a 45% carbon emission reduction goal by 2030 and carbon neutrality by 2050 from a mid-to-long-term perspective.

Since the 2015 Paris Agreement set a target to limit temperature rise by 1.5 degrees, response to climate change has become a global goal for both governments and businesses.

In a special report on Global Warming 1.5°C published in October 2018, the IPCC emphasized that climate change can cause various risks, and the temperature rise should be limited to 1.5°C over modern pre-industrial levels to curb such risks.

To this end, we are improving process efficiencies, such as heat recovery and exchange, and process improvement for direct combustion devices in our production facilities. We are also reviewing new and renewable energy technologies, such as establishing strategies for EV100 implementation, solar power generation, and hydrogen fuel cells.

We will be able to achieve 2050 Net Zero through short-term, mid-to-long-term response strategies that can contribute to the use of water and energy, the expansion of the eco-friendly product portfolio, and the transition to a low-carbon economy in addition to managing greenhouse gas emissions within LG H&H’s worksites located across the country. LG H&H will continue to work hard to ensure both companies and stakeholders can cooperate and contribute to the transition to a low-carbon economy under the vision of ‘the best living culture company that realizes the beauty and dreams of customers’, which has been kept since its foundation in 1947.

LG H&H Carbon Neutral Goal

LG H&H plans to achieve carbon neutrality by 2050 by deriving 84 actionable tasks to preemptively reduce greenhouse gas emissions and investing approximately KRW 200 billion by 2030.

LG H&H has set a top-down reduction target of 45% by 2030 based on the IPCC scenario, which limits the increase in global average temperature to 1.5 degrees or less.

We will flexibly decide the means to close the gap with the bottom-up reduction target calculated by reviewing possible tasks such as process efficiency improvement, fuel conversion, expansion of new and renewable energy applications, and EV100 by comparing the economic feasibility of various reduction measures in the future.

In particular, to reduce greenhouse gas emissions in the manufacturing process of cosmetics, household goods, and beverages, our main products, we will improve process efficiency by replacing outdated equipment in our production facilities with high-efficiency facilities at each business site by 2025. We also plan to continuously review new and renewable energy technologies and apply them to additionally expanded and newly established business sites, such as reviewing the introduction of solar power generation facilities, continuously reviewing the introduction of new and renewable energy such as hydrogen fuel cells to regional production facilities where by-product hydrogen supply is secured, etc.

To achieve the goals set, we plan to continue to minimize greenhouse gas emissions from product production by having our own technical department composed of energy experts manage energy consumption at domestic and overseas business sites by introducing high-efficiency facilities and energy reduction technology and improving process efficiency.

LG H&H will do its best to promote eco-friendly activities in the consumer necessity industry with a lot of responsibility for climate change due to the nature of the industry that directly affects consumers.

1 Reduction of process GHGs to respond to climate change

LG H&H manages greenhouse gas emissions through annual external verification and complies with the GHG Target Management System, the national energy/greenhouse gas regulation. At the same time, LG H&H has established its mid-to-long-term greenhouse gas reduction goals, applying the IPCC recommended goal of limiting the global average temperature rise to 1.5°C or less to achieve its goals. In addition, LG H&H has an in-house technical department with energy experts who manage energy consumption at domestic and overseas business sites and continue efforts to minimize greenhouse gas emissions from product production by introducing high-efficiency facilities and energy reduction technology, improving process efficiency.

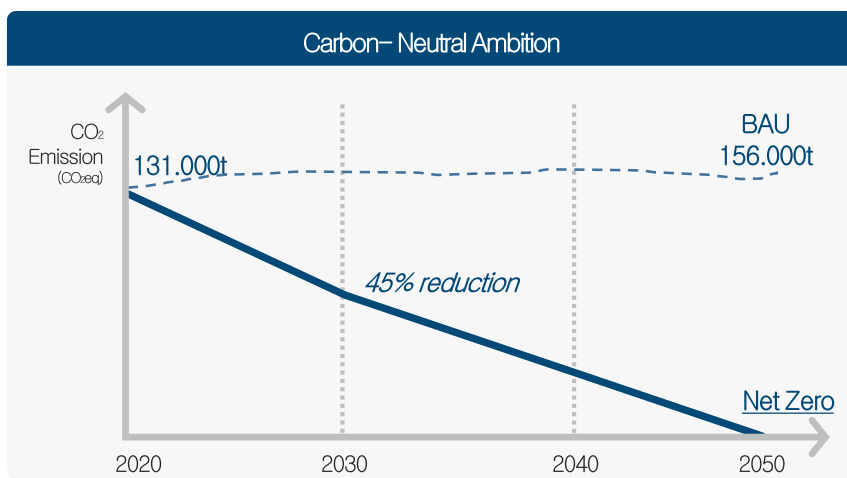
2 Introduction of renewable energy

LG H&H will convert the energy used at its business sites into new and renewable energy to achieve its carbon-neutral goal by 2050. From 2023, we will build 0.5MW and 0.9MW photovoltaics power generation facilities at the TP plant and the Cheongju plant, respectively, and build and use 0.5MW and 1.2MW photovoltaic power generation facilities at the Yeosu and Cheonan plants from 25th, respectively to reduce greenhouse gas emissions in the manufacturing process of cosmetics, household goods, and beverages, which are our main products.

From 2030, we will additionally build a total of 0.9MW of photovoltaics power generation facilities at five other business sites, supplying electricity to the facilities within the business sites and using them. We will also build hydrogen fuel cell power generation facilities at two business sites (Ulsan and Onsan) from 2030 to supply and use a total of 5.7MW of electricity. Through this, we plan to expand the conversion ratio of renewable energy to used electricity and review and promote the long-term financial investment and CCUS, a carbon capture and storage technology. LG H&H will also continue reviewing new and renewable energy technologies and actively apply them to expanded and newly established business sites.

3 Introduction of electric/hydrogen vehicles (EV100)

LG H&H has set a goal to convert all its owned and leased vehicles to electric and hydrogen vehicles by 2035. We will replace 81% of LG H&H and its subsidiaries' vehicles with electric cars by 2030 and 100% by 2035. At the same time, we plan to reduce GHG emissions from vehicles by 100% by introducing new and renewable energy generation facilities such as solar power inside our business sites and operating facilities that can supply electric power on our own.



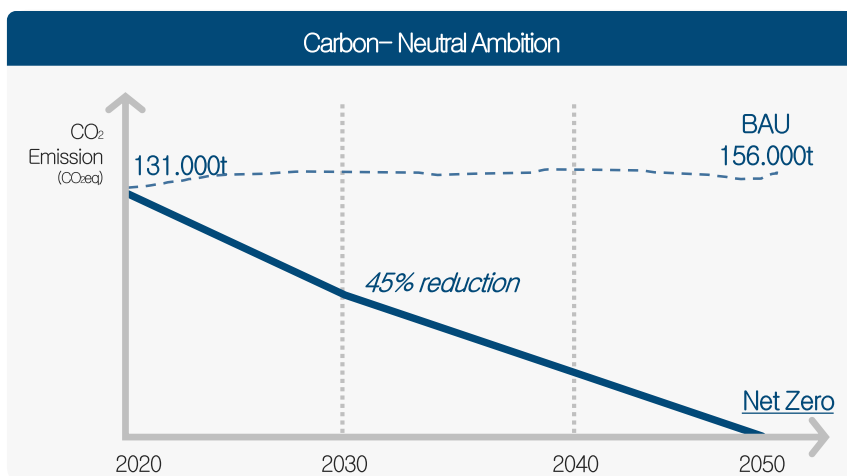
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■ Packaging Policy

Enactment: Jun. 2022

Policy Purpose

We need to be aware that the environmental pollution problem of packaging materials is getting severe as the quality of life improves and life patterns change with industrial development; thus, we need to take on sincere activities to enhance the safety and health of our customers and pass on the earth we inherited to future generations.

Considering the characteristics of our industry that makes daily products used and thrown away every day, such as household goods, cosmetics, and beverages, LG H&H promotes the eco-friendly packaging policy as follows to pass on a healthy earth to future generations and continuously strives to introduce efficient measures to develop environment-conscious containers in the product development stage.

In particular, earlier this year, LG H&H declared that it would reduce carbon emissions by 45% by 2030 and achieve carbon neutrality by 2050. As part of these efforts,

LG H&H plans to actively expand the development of low-carbon packages with the concepts of 1) Reduce, 2) Recycle, and 3) Reuse in product development, packaging, and distribution stages by developing eco-friendly packaging solutions.

Operational goals and plans

We aim to reduce carbon emissions and waste by minimizing plastic use.

To achieve this, we have selected the 3Rs (Reduce, Recycle, Reuse).

Reduce

01

- We plan to use more than 5% of eco-friendly materials by conducting R&D on eco-friendly materials by 2025 and reduce the current plastic consumption by 10% by 2025 through streamlining packaging specifications.

- 1 R&D of eco-friendly material**
We will reduce the use of petroleum-based plastics by reviewing the diversification of biomaterials such as plant-derived materials. We will also increase the ease of recycling by developing paper coating fabric technology that can be used as a substitute for plastic and developing biodegradable materials.
- 2 Reduction of plastic usage**
We will constantly review on decreasing packaging shape/size for each major product by developing optimized structures and materials.

Recycle

02

- We plan to use more than 5% of PCR (recycled plastic) materials by 2025. We will also expand the use of PCR materials by reviewing if the price of recycled plastics is adequate and if the materials are applicable to each product. Furthermore, we will improve recyclability by developing subsidiary materials such as a single-material structured recyclable plastic pump.

Reuse

03

- We will do our best to reduce plastic use by increasing the recyclability of cosmetics and household items. Moreover, we will expand the application of recyclable packaging of each product by expanding/reviewing various refill products and developing/checking hard-to-recycle plastic pumps to replaceable alternatives and a new structure of recyclable pumps.

Green Packaging Strategy

We will implement a mid-to-long-term packaging policy to pass down the inherited 'borrowed earth' to future generations through collaboration and development activities with local communities and research institutes while improving customer safety and health and reducing environmental impact.

- 1 We will specify tasks such as designing/establishing an eco-friendly future supply chain and reusable packaging material supply system and promoting eco-friendliness in the transportation/distribution process. We will expand sustainable products by activating green packaging.
- 2 We will use certified packaging materials for their eco-friendliness, manufacturing methods, designs, functions, etc. Furthermore, we will actively support and nurture the growth of partner companies that manufacture them.

Operation of Green Product Deliberation Council

The Green Product Deliberation Council manages packaging policy and comprises packaging research, design, purchasing, and product planning divisions. The council continues to discover ideas and implement them through green packaging proposals, green level issue proposals, and deliberations to fulfill its responsibility and role as an eco-friendly and nature-friendly company. The council shares legislative and amended policies to actively respond to rapidly changing packaging policies and conducts preemptive response activities to actively apply them to the company's products.

■ Donations & Sponsorship Policy

Enactment: Jul. 2022

Purpose

LG H&H is fulfilling its social responsibilities to practice healthy corporate citizenship based on the vision of "realizing customers' beautiful dreams."

LG H&H is making efforts to move toward a sustainable society through its social contribution activities in connection with the UN Sustainable Development Goals (UN SDGs) and continues to carry out social contribution activities targeting relatively vulnerable groups such as women, children, and the disabled. LG H&H's all donations and sponsorships must be compatible with its business activities and operates ethically. Companies experiencing legal or financial conflicts or affiliated with a particular political party or organization are not eligible to accept our donations or sponsorships. This policy aims to enhance external transparency, procedural legitimacy, and legitimacy of all our donations and sponsorship activities.

Coverage

This Policy applies both to the company's employees and third parties in any country or region and must be communicated to them in a timely manner from the beginning of the business relationship.

Operation plan

Our donation and sponsorship policy applies to both the company's employees and third parties in all countries or regions, is consistent with the direction of our social contribution activities, and is implemented based on the following principles.

Donation target

01

- 1 We aim for activities that consider social achievement in a balanced way. Donations shall not be intended to obtain an improper business advantage. Instead, donations shall be made through appropriately established organizations to solve various social problems, such as relief for the socially disadvantaged, natural disasters caused by climate change, and natural disasters, and to develop and balance local communities.
- 2 The donation must be able to solve social issues, have ripple power, and exert sincere influence. The donation should strive to contribute to developing the local community and activities to ensure continuity, differentiation, and expertise.
- 3 We do not provide monetary payments or other donations for political purposes, directly or indirectly, to political parties, politicians, or political candidates, but comply with relevant laws, including the Criminal Act and the Act on the Prohibition of Solicitation and Grafting.

Approval process

02

- Donations cannot be provided without the approval of the top management and decision-makers within the organization during the donation process and must go through an internal payment process, with all related materials recorded, and must be carried out transparently and fairly. This policy is governed by the company's Anti-Bribery and Corruption Policy and Code of Ethics.

Policy operation

- 1 The company shall establish an appropriate performance measurement and reporting system to monitor compliance with relevant policies, procedures, and controls.
- 2 The relevant work organization shall maintain a monitoring system for transparent operation by regularly diagnosing the implementation status, considering the effectiveness and appropriateness of donation activities, etc.
- 3 The relevant work organization shall check whether legal and ethical obligations are being complied with for donation activities through reporting and check whether all cooperative organizations abide by the policy.
- 4 The company transparently shall disclose all donations and sponsorships regularly.

The department in charge of this policy shall be the ESG team.

■ LG H&H Biodiversity Protection and Deforestation Prevention Policy

Enactment: Apr. 2022
Revision: May. 2023

Purpose

01

- LG H&H declares this biodiversity protection and deforestation prevention policy to actively prevent the destruction of ecosystems and forests, implement biodiversity protection and deforestation prevention caused by its business operations, and mitigate related risks. LG H&H will comply with the following international standards and guidelines to enforce policies to protect biodiversity and prevent deforestation.
- We respect the efforts of the global community, such as the Convention on Biological Diversity agreed by the international community under the leadership of the United Nations Environment Program (UNEP), the Convention on International Trade in Endangered Species of Wild Fauna and Flora, and Global Protected Areas Programme by International Union for Conservation of Nature (IUCN) etc. To participate in these global efforts, we plan to promote biodiversity conservation activities in the surrounding areas and local communities, including our business sites, based on the environmental impact assessment under relevant laws and regulations on the natural ecological environment, air environment, water quality environment, and soil environment field during business activities.
- In addition, we respect the direction and activities of global standards, including the United Nations Strategic Plan for Forests and GFGs, and intend to continue promoting projects such as eradication of deforestation and degradation, and enhancement of forest carbon stocks following the principles of the United Nations Forest Initiative (UN REDD+, Reducing Emission from Deforestation and Forest Degradation Plus Conservation). We will also strive to prevent adverse environmental impacts on the International Union for Conservation of Nature's Protected Area Categories (IUCN) due to our business operations.
- LG H&H will promote biodiversity protection and deforestation prevention activities based on sincerity and trust, thereby contributing to the transition to an eco-friendly economic society, the common agenda of the global community, based on its management philosophy of pursuing the best living culture company that realizes the beauty and dreams of customers.

Scope

02

- LG H&H headquarters, all domestic and overseas business sites, and executives and employees of subsidiaries are subject to this policy. In addition, LG H&H recommends this policy to stakeholders, such as suppliers and business partners, to spread and increase the need to protect biodiversity and deforestation.
- Based on this policy, LG H&H manages biodiversity and deforestation risks that occur throughout its business operations but preferentially complies with local laws/regulations related to biodiversity and deforestation, if any.

1) Biodiversity assessment and protection procedures

- Based on this biodiversity protection policy, LG H&H supports the procedures for checking
 - 1) biodiversity (species) and distribution status (numbers) and
 - 2) potential biodiversity risks. LG H&H strives to implement appropriate measures and response systems to protect biodiversity when biodiversity degradation/loss is confirmed or when biodiversity-related risks are recognized.
- LG H&H also continuously manages whether biodiversity protection measures and response activities are being implemented as planned.

- 1 LG H&H identifies the current status of biodiversity in the vicinity of its business sites, implements natural habitat protection activities to maintain/expand, and checks the progress of its implementation.
- 2 LG H&H examines the impact of biodiversity in the vicinity of its business sites and local communities in decision-making, such as establishment, change, and expansion of its business sites, and prepares measures to protect species in danger.
- 3 As part of the 'Code of Conduct for Suppliers', LG H&H inspects suppliers' business operations for biodiversity risks and provides improvement measures for high-risk biodiversity risks.
- 4 LG H&H inspects biodiversity degradation or loss at the source and guides improvement measures to protect endangered species for sustainable raw material procurement.
- 5 LG H&H collects opinions from local communities and stakeholders on biodiversity degradation and loss and natural habitat destruction due to its business operation and provides improvement measures for reasonable concerns.

2) Deforestation assessment and protection procedures

- LG H&H establishes procedures to check
 - 1) the current status of deforestation and
 - 2) the possibility of potential deforestation risks,
 focusing on 'protected areas' to achieve the 'direction' of this deforestation prevention policy.
- When aware of the status of deforestation confirmed or the risk of deforestation, LG H&H prepares a response system to take appropriate measures to protect or restore forest areas. LG H&H also regularly checks whether forest area protection or restoration measures are being implemented as planned.

Basic principle

03

- 1 LG H&H checks and responds to risks of deforestation that may occur in the course of its business operation, establishes a greening plan and procedure to maintain/expand the green area of the local community, and monitors the implementation progress.
- 2 As part of the 'Code of Conduct for Business Partners,' LG H&H identifies whether there is any risk of deforestation in its business partners' business operations and checks the progress of improvement for high-risk threats.
- 3 LG H&H inspects the status of deforestation at the source for sustainable procurement of raw materials and ensures that their rights are respected in areas where deforestation has occurred.
- 4 LG H&H manages issues raised by stakeholders (local residents, etc.) who engage in economic activities or live in forested areas affected by its business operations.

Management

04

1) Responsibility

- LG H&H has the top management and ESG committee, which manage and supervise biodiversity and deforestation risks.
- Their primary roles include discussing the establishment/revision of biodiversity protection and deforestation prevention policies, reviewing biodiversity/deforestation-related risk and response plan thereof, and other matters deemed necessary for biodiversity and forest conservation-restoration-expansion. The top management and the ESG committee review and deliberate on other laws and regulations in the biodiversity/forest sector that significantly impact its business operations.

2) Implementation

- LG H&H installs an organization that implements policies to protect biodiversity and prevent deforestation at the headquarters and has them carry out related tasks at its business sites.
- Their leading roles include operation of biodiversity/deforestation risk inspection procedures, implementation of biodiversity/forest conservation-restoration-expansion activities, receipt and handling of related grievances, education and dissemination for biodiversity/forest protection, cooperation with external stakeholders and partner organizations, etc.
- LG H&H builds a cooperative system with external experts and non-profit organizations to promote biodiversity/forest protection-restoration-expansion activities.
- LG H&H promotes the effectiveness of biodiversity/forest protection-restoration-expansion activities based on the expertise in the forestry field possessed by external organizations and an understanding of the specificity of the local forest area.

3) Performance management

- LG H&H sets and manages mid- to long-term goals for expanding activities to reduce biodiversity and deforestation risks through its business operations.
- LG H&H sets this goal by comprehensively considering domestic and international laws and regulations, trends in industrial biodiversity management, and biodiversity/deforestation risks identified in the value chain.

(1) Biodiversity conservation direction

▪ NNL/NPI

LG H&H will conduct biodiversity protection activities within – and in the vicinity of – its business sites to achieve No Net Loss (NNL) by 2050. Investment and activities to achieve a Net Positive Impact (NPI), progressively and incrementally, will also be expanded.

▪ Strategic Mitigation

LG H&H primarily protects and observes species with a high biodiversity risk, such as endangered species.

▪ External Collaboration

LG H&H establishes a cooperative system with industries, local communities, and specialized organizations to protect biodiversity.

(2) Directions to prevent deforestation

▪ Future Reforestation

LG H&H actively promotes forest protection, reforestation, communication, and education activities to ensure natural ecosystems flourish by collaborating with the organizations, sectors and stakeholders responsible for forest management to restore sustainable ecosystems.

▪ End All Deforestation

LG H&H continues to invest in global forestry and landscape restoration until 2050 to fulfill its global commitment to ecosystem restoration and achieve internationally agreed goals.

▪ Carbon Offset

LG H&H strives to reduce residual greenhouse gas emissions through various forest carbon offset activities by 2050.

(3) Biodiversity conservation direction

- LG H&H regularly inspects its mid-to-long term biodiversity/forest conservation goal implementation status. LG H&H comprehensively examines the effectiveness of its activities carried out to achieve the goal, difficulties in the process of implementing the goal, etc, and, if necessary, adjusts its mid-to-long-term goals based on the inspection results.
- LG H&H comprehensively considers the laws and regulations on protecting domestic and foreign biodiversity or wildlife and the ICUN(International Union for Conservation of Nature) Category I to IV Protected Areas to assess biodiversity and define protected areas.
- LG H&H promotes conservation-restoration-expansion activities by considering the biodiversity/forest composition, role and potential, and historical, cultural, scientific, and educational significance of biodiversity/forest in the region when its business is located in or near the area or its supply chains, including suppliers and origins are located, or its business operation is clearly found to harm the area.

1 International Conservation Area (ICUN Category Ia, etc.)

It is an area where a natural ecosystem recognized by the international community is established and various species of living things prosper. The area has not been affected by artificial effects and can be destroyed by even the slightest artificial influence.

2 Primordial wilderness intact area (ICUN Category Ib, etc.)

It is an area inhabited by an indigenous community that maintains the appearance of a native wild natural ecosystem and has a primitive and wild lifestyle, allowing minimal impact for educational/scientific purposes.

3 National protected areas (ICUN Category II, etc.)

It is an area designated at the national level to permanently preserve the natural ecosystem formation process, with high importance for religious, scientific, educational, recreation/tourism, etc, along with protecting native flora and fauna.

4 Natural and cultural heritage areas (ICUN Category III, etc.)

It is a natural ecosystem formed by nature or by faith and culture, with a high historical value from the point of view of archeology, anthropology, history, and geography.

5 Species and habitat management areas (ICUN Category IV, etc.)

It is an area designated by an international, national or local organization for protecting species and habitats, requiring active management/intervention to promote biodiversity.

Operation of reporting channel

05

Grievance-filing

- LG H&H operates a channel through which employees and other organizations (individuals) can report grievances related to biodiversity and deforestation that occur in the course of business operations.
- We do not disclose any information that reveals or suggests the informant's identity without their consent.

Representative reporting channel

- Department: ESG Team
- Email: lgesg@lghnh.com
- Tel: 82-2-6924-6082

Education and information disclosure

06

1) Education

LG H&H raises awareness of the importance and necessity of biodiversity and forest conservation among executives, employees, and the socially disadvantaged and encourages them to consider biodiversity/forest conservation in their work. In addition, when issues related to biodiversity/deforestation are discovered, LG H&H encourages them to report those issues.

2) Information Disclosure

LG H&H discloses biodiversity/forest conservation-restoration-expansion activities and performance information through its website, sustainability report, or a separate channel, making related information available through channels easy to access and clearly understandable by stakeholders, including employees.

Ethical Marketing and Advertising Policy

Enactment: Jun. 2022

Policy Purpose

LG H&H pursues to realize a healthy and beautiful life and aims to become a creative consumer marketing company as the best lifestyle company.

Therefore, we have established this policy to practice moral values to ensure honesty and fairness and to avoid unethical and corrupt marketing/advertising practices by ethically executing activities that can satisfy consumer needs, such as marketing and advertising. This policy referred to the regulations of the broadcast advertisement review set by the Korea Communications Standards Commission.

Coverage

This policy shall apply to all LG H&H employees and third parties regardless of the location of their business sites. Third-party shall mean any individual or business partners cooperating with us in marketing/advertising-related business.

Maintaining dignity and complying with fairness

All our marketing/advertising communications shall be legal and honest and strive to maintain dignity. We shall practice authentic marketing communications and protect our customers from undue invasion by respecting their privacy and confidentiality based on our responsibility to consumers and society.

Furthermore, we shall promote fair competition and contribute to convenience in consumer life. We shall not use the following expressions to harm our customers' ethical feelings or emotions.

- 1 Expressions that downplay human dignity and life or promote violence, crime, or anti-social behavior
- 2 Expressions that promote excessive fear or disgust or excessive body exposure, or obscenity or sensationalism
- 3 Expressions that ridicule or make fun of a physical defect or weakness demean specific sex or make people feel sexually shamed
- 4 Expressions of profanity using body or objects
- 5 Expressions of inappropriate or excessive exposure of the body that may cause disgust or discomfort
- 6 Other expressions that harm viewers' ethical feelings or emotions by inducing displeasure, disgust, etc.

Regulations

Environment-related Advertising

- 1 We shall not use expressions that damage environmental protection in our advertising/marketing.
- 2 When expressing general and broad environmental properties and efficacy such as "no pollution," "low pollution," and "environmentally friendly," the scientific basis for the expression must be clear.
- 3 If marketing/advertisement claims the environmental advantages of products, it must check whether the environmental benefits are clear considering all processes of development, production, and disposal of advertising products and clarify restrictions.

Comparative advertisement

- 1 We shall not compare competitive products, services, or companies unfairly.
- 2 We shall clarify the target of comparison and comparison criteria and utilize appropriate content and methods of comparison.
- 3 We shall not criticize or slander the other party, even if the contents are true in comparing and asserting superiority or characteristics.
- 4 Test and experimental results cited in broadcast advertisements must use the same products (including samples) as the products concerned.

Authenticity and material citation

- 1 We shall clarify the content of marketing/advertisement and shall not include misleading, deceptive or exaggerated expressions in product ingredients, materials, content, specifications, efficacy, etc.
- 2 We shall not use expressions that excessively emphasize the convenience and advantages of the purchase and use of the product and make it difficult to understand the restrictions clearly.
- 3 We will not mislead consumers by omitting important information.
- 4 According to the notice of the Fair Trade Commission pursuant to Article 4 (1) of the 「Act on Fair Labeling and Advertisement」, we shall not announce important information that needs to be displayed in a way that makes it difficult for viewers to understand clearly, such as subtitled notices in overly small text or short or fast notices.

Protection of vulnerable customers and non-discrimination

- 1 We shall consider the possible impact on children, the elderly, the economically poor, and other vulnerable customers who may be substantially disadvantaged when reviewing and distributing our marketing/ advertisements.
- 2 We shall not include content in our marketing/advertising that may cause physical, mental, or moral harm to children and adolescents, such as character, emotion, and values.
- 3 We shall not use expressions in marketing/advertising that the possession of a product will change a child's abilities or behavior, or urge a child to purchase a product, or to urge parents, etc., to purchase the product.
- 4 We shall not use expressions that promote discrimination, prejudice, or conflict on the grounds of country, race, gender, age, occupation, religion, belief, disability, class, region, etc.

Responsibilities

Our marketing/advertising department shall be responsible for conducting all activities by this policy, and when a significant decision or a violation of this policy occurs, we shall work a consultation.

This policy shall extend to marketing partners and subcontractors, and we shall not work with partners who do not comply with this policy.

Education and Communication

LG H&H shall provide regular ethical marketing training to related employees, and all employees can check this policy through the in-house intranet.

Monitoring and reporting

LG H&H shall seek to regularly evaluate and improve internal and external control systems and procedures to ensure that this policy is continuously maintained and complied with, seek opinions from employees and customers, and strives to sustain operational transparency.

■ LG H&H Occupational Health & Safety Policy

Enactment: Mar. 2017
Revision: Apr. 2023

Purpose of Enactment

Under the management philosophy of LG, LG H&H establishes a safety and health management system in the three areas of Healthy, Beautiful, and Refreshing and promotes continuous improvement to protect the lives of all employees and create a safe environment.

Through this policy, LG H&H aims to establish an occupational safety and health management system and create a workplace prioritizing the health and safety of our employees and stakeholders affected by our activities.

LG H&H establishes this policy to promote our strategies and goals, such as Domestic and international safety and health-related laws and regulations, Safety and health management standards and guidelines (such as ISO 45001), LG Life Sciences Safety and Health Management Policy, and Safety and Health Management.

Scope of Application

This policy applies to all employees of domestic and overseas business sites, overseas corporations, and subsidiaries, as well as all employees of LG H&H. In addition, we pursue comprehensive occupational safety and security by applying this policy to all stakeholders under our supervision, including business partners who have various business relationships with LG H&H, individual contractors involved in investment and mergers and acquisitions, and under the supervision of the Company.

Management System

LG H&H shall establish the following management system for implementing safety and health policies, performance improvement, and goal management.

- 1 LG H&H shall set goals and monitor the performance of the safety and health management system to improve its performance under the management supervision of the Board of Directors and the head of management.
- 2 LG H&H has organized an Occupational Safety and Health Committee and operates it quarterly. The Company also monthly records and shares relevant matters by running a supplier council.
- 3 LG H&H shall ensure all employees' occupational safety, minimize risks, and establish the Environmental Safety Division as a dedicated working organization to realize safety and health management under this policy.
In addition, the organization shall have the following roles and responsibilities concerning the safety and health of LG H&H.
 - Implementation of regular safety and health risk assessments for the scope of this policy
 - Improvement measures for safety and health risks and hazards and risks
 - Company-wide health and safety management system monitoring and effectiveness evaluation
 - Continuous review and improvement of the management system according to domestic and foreign industrial safety and health trends
 - Enhancement of safety and health competency and awareness of employees through safety and health education and training

Implementation/Execution of Safety and Health

LG H&H shall implement the following to operate the safety and health management system and continuous accident prevention activities.

- 1 Management shall recognize the value of safety and health, prioritize all goals, and lead by example.
- 2 Establish and faithfully implement a strict safety and health management system, including compliance with domestic and foreign laws and regulations, international standards, collective agreements related to safety and health, and safety and health programs to prevent accidents.
- 3 Ensure consultation and participation of all employees in safety and health activities to create a safe and healthy working environment and identify and continuously improve all safety and health risk factors.
- 4 Establish and implement prioritized action plans and set quantitative targets (KPI management) to reduce safety and health risks and eliminate risk factors.
- 5 Continuously improve the safety and health management system and provide necessary resources.
- 6 Continuously provide safety and health education and training to improve employees' safety and health competence and awareness.

■ Guidelines on the Expertise and Diversity of the Board of Directors

Enactment: Jun. 2022

To facilitate reasonable decision-making, LG H&H ensures that the board is composed of directors with significant experience in a range of fields, and that it can consider a diversity of stakeholder perspectives when making critical decisions for the company.

LG H&H uses the following criteria to ensure director expertise

- Whether or not s/he possesses expertise in any of the following areas: management (organizational operations), economy, law, accounting, and environment;
- Whether or not s/he possesses expertise and work experience in the industries in which LG Corp. and its key affiliates operate, and
- Whether or not s/he possesses a sufficient understanding of the duties of an independent director.

LG H&H uses the following criteria to ensure director diversity

- Gender: adhering to the principle of gender equality so that the board of directors may benefit from diverse perspectives
- Age: enhancing the efficiency of the board by combining flexible responses with experience and knowledge to respond to the changing management environment
- Professional experience & background: considering the social characteristics of South Korea and appointing directors with diversity such as experience, background, country of origin, and nationality

Recommendation Process

- Use of recommendation process for diverse, independent directors to improve outcomes for a wide range of stakeholders.

The board of directors shall consider expertise and diversity in deciding its composition, and it should ensure that its membership reflects such requirements in a balanced manner.

LG H&H ensures that the board consists of expert directors holding a diversity of experiences and perspectives.

All relevant factors are considered during this process, unless otherwise limited by South Korean laws.

■ Guidelines on Independent Directors' Independence

Enactment: Jun. 2022

The board of directors at LG H&H is majority independent, and systems are in place to ensure independent directors' independence.

LG H&H complies with the Commercial Act and other applicable South Korean laws concerning matters of independent directors' independence.

Pursuant to these laws and regulations, efforts are made to monitor and strengthen the independence of current directors and board member candidates.

Independent directors constitute a majority of the board.

LG H&H uses the following criteria to ensure independent directors' independence

- Whether or not s/he has worked for the company, as an employee, within the past 5 years
- Whether or not his/her immediate family member has worked for either the company or its affiliates within the past 3 years
- Whether or not s/he is in an employment relationship with the company's external auditor
- Whether or not s/he is an employee of a corporate entity with which the company has signed an agreement on consulting services and technical partnerships
- Whether or not s/he is an advisor or consultant for the company or its management
- Whether or not s/he is an employee of a corporate entity whose total transactions with the company over the past 3 fiscal years accounted for 10% or more of the company's total assets or gross sales
- Whether or not s/he has any significant conflict of interest concerning matters that may be decided upon by the board

To ensure director independence, the board takes a holistic approach in determining the existence of any material relationship between a director and the general affairs of the company.