

A person wearing an orange safety vest with reflective grey stripes is holding a yellow hard hat. The person is also wearing a yellow work glove on their right hand. The background is a plain, light grey wall.

Global Labor Policy (Guidelines)

This guidelines is developed to give support to implement Global Labor Policy for all LGE business sites. It is based on global CSR requirements (RBA code of conduct and its audit manual, etc.), and stricter rule should be conformed if there's discrepancy between the Policy and local law. However, the violation of local law is not allowed to meet the Policy.

Global labor policies and guidelines are written with a focus on production workers(blue collar). Please contact HQ ESG Department, if you have any question or difficulty in implementation. (sustainability@lge.com)

Article 1. Respect for Human Dignity

LGE treats each employee with respect, and places a high value on individual human dignity. The company shall take active steps to prevent physical and/or emotional mistreatment of employees. Any harsh and inhumane treatment, including any violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, verbal abuse, bullying, or public shaming will be resulted in disciplinary action.

Q1-1. Why is it important to respect human dignity for LGE's Global Labor Policy?

- LGE's activities are based on LG Way which embodies our vision of becoming 'No.1 LG' by practicing our management philosophies of 'creating value for customers' and 'respect for human dignity' through 'Jeong-do Management'. In other words, our management philosophies emphasize the importance of 'Respect for human dignity'.
- 'Respect for human dignity' is a basic management principle to help employees develop and exert their capabilities by respecting their creativity and autonomy and providing fair treatment based on their performances. In other words, this principle promotes fair work opportunities and performance evaluation for employees, thus creating an environment that enables individuals to enhance their capabilities in the long term.

Article 1. Respect for Human Dignity

Q1-2. What is inhumane treatment?

- The company must fully respect its employees as individuals, and workers should not be subjected to physical punishment or acts of personal injury through mental or physical coercion. Inhumane treatment includes violence, gender-based violence*, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, verbal abuse, the deprivation of basic physical comforts, bullying, and public shaming.

* Gender-based violence : Gender-based violence is a phenomenon deeply rooted in gender inequality, and continues to be one of the most notable human rights violations within all societies. Gender-based violence is violence directed against a person because of their gender. Both women and men experience gender-based violence. This includes discrimination and inequality based on gender. For example, it can be said that it is an extension of gender stereotypes such as 'You did good job even as a woman,' 'How can he be so weak as a man?'

Q1-3. What is the best way to prevent abuse and harassment?

- The following systems and procedures should be established.
 - Disciplinary system/procedure
 - Grievances/complaints handling mechanism
 - Hotline for Grievances/complaints (guaranteed anonymity)
 - Process for appeal to decision of the disciplinary committee
 - Whistle blower policy/process

These policies/procedures should be distributed in various forms, such as through education, handbooks, and postings, so that everyone can see them.

- In some countries, above systems are legally required. So, please check the local laws to ensure compliance. For example, worksites with 30 or more permanent employees are required to appoint up to three ombudsmen in Korea.
- Complaints received should be dealt with without delay and workers should be notified of the results (within 10 days). If the ombudsman has difficulties handling the complaint, it should be handled by an internal decision-making body such as the labor-management council.
- Discipline should be carried out based on formal procedures and not by an individual supervisor, and the person facing discipline should be given a chance to explain him- or herself. The person in question must consent to the final disciplinary results. If he or she disagrees, he or she should be able to file a request for a second hearing, and all relevant records should be kept in document form.
- Workers should periodically be informed and educated about the above information. In some countries, mandatory education is required, so please check your local law. (e.g. Korea – Annual training for Sexual Harassment Prevention) 2/26

Article 1. Respect for Human Dignity

Q1-4. Why anonymous reporting is needed?

- In most cases, inhumane conduct is caused by a workplace superior or supervisor. Therefore, the victim is hesitant to report, and the offender is likely to repeat similar behavior without recognizing any problem. Therefore, an anonymous grievance/complaint receiving channel is needed so that people can report incidents without fear of retaliation.
- Anonymous reporting channels can be run via various forms such as e-mail, telephone, and suggestion boxes. Give regular notification of the non-retaliation/whistle blower policy and related procedures to all workers in the company so that informants can feel secure.

Article 2. Avoidance of Forced Labor

LGE does not compel any employee to work against their will, either by intimidation or threat, or by physical confinement, human trafficking, slavery or any other means. As part of the hiring process, LGE will provide employees with a written employment agreement in a language they can understand. LGE will not demand that employees surrender any government-issued identification, such as a passport, to the company as a condition of employment. LGE will not require employees to pay any recruitment fees or other related fees for their employment.

Q2-1. What is forced labor?

- According to UN conventions, forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.
 - Causes of forced labor : bonded labor or debt bondage, physical abduction or kidnapping, human trafficking, deception or coercion, withholding and non-payment of wages, confiscation of identity papers or personal valuables
 - Means of keeping forced labor : physical violence against worker, family, close associates; sexual abuse; physical confinement; fine imposition; denounce to police or immigration authorities; deprivation of food and shelter; worst terms of work; threat of dismissal or retirement
- Examples of forced labor
 - Using forced labor, debt (labor to pay off debt) or labor relations tied to slave contracts, labor under involuntary confinement, slavery and trafficked persons (including expropriation, the transportation and hiding, hiring and relocating of persons by means of intimidation, force, coercion, kidnapping, as well as labor and service fraud).
 - Unreasonable restrictions on entering or leaving company facilities and unreasonable restrictions on workers' freedom of movement in facilities.
 - The written labor contract is not signed or a copy is not issued to the employee.
 - Restriction of a worker's freedom to quit or work against their will
 - Keeping a worker's identification documents and immigration documents, such as government issued ID card, passport, work permit, etc.
 - Demanding a worker to pay a fee when hiring them, including fees required through a third party labor agents

Article 2. Avoidance of Forced Labor

Q2-2. Why is it necessary to avoid forced labor?

- Forced labor is an action that violates very basic of human rights, and almost every government prohibit the forced labor by law or policy. ILO estimates that at least 17.3 million people including 3.2 million within the manufacturing industry are engaged in forced labor related to private enterprises.
- The United States strictly prohibits products involved in forced labor and human trafficking through the Tariff Act of 1930 and the Federal Acquisition Regulation (FAR), while the United Kingdom and Australia have the Modern Slavery Act) was enacted to ban forced labor. Recently, a bill is being discussed in the EU to ban the sale and export of products where forced labor is used at any stage, from raw materials to production and manufacturing. In addition, many of LGE customers are strongly demanding the ban on forced labor as a prerequisite for the business.
- LG Electronics does not allow forced labor that occurs directly or indirectly under any circumstances. We understand that if forced labor is found at a business site or partner company, supply may be suspended in violation of laws and penalties may be imposed according to the standards of the customer.

Q2-3. What is needed for employment agreement?

- Employment agreement should be made after fully understanding of key terms and conditions of employment for a worker. Thus, for foreign migrant workers, verbally explaining them in workers' native language or in a language they can understand should be done before employment. The agreement should be written at least two copies and a copy should be provided to the worker.
- Employment agreement should contain all legally required components and can be modified only upon workers' agreement. However, for foreign migrant workers, no substitution or change(s) allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local law and provide equal or better terms. Generally, the agreement includes followings :
 - Nature of work
 - Working hours, Days off and holidays, Leave entitlements, Benefits
 - Wages and wage deductions (including all components of social insurance)
 - : hourly rate (if applicable), regular pay day, OT premium, etc (← explain how these are calculated)

Article 2. Avoidance of Forced Labor

Q2-4. What is the definition of recruitment fees?

Definitions:

A **Foreign Migrant Worker** is an individual that [is recruited] and migrates from his or her home country to another country for specific purposes of employment.

Professional Employees are those engaged in work that is predominantly intellectual and varied in character as opposed to more routine mental, manual, mechanical, or physical work; such work involves the consistent exercise of discretion and judgment in its performance and is of such a character that the output produced or the result accomplished cannot be standardized in relation to a given period of time.

Scope:

Focusing on production/hourly workers the definition of **Foreign Migrant Worker** is meant to exclude those workers with permanent residency and/or **Professional Employees** on short or long term international assignments.

Overarching Principle: Workers shall not be required to pay fees for their employment

Supporting principles:

1. All In Scope Workers should not be required to pay application, recruiting, hiring, placement, or processing fees at any time
2. All In Scope Workers should not be required to pay any fees once they have been made an offer.
 - Exception 1 : If worker travels back home before leaving the country, they are responsible for those costs.
 - Exception 2: If a worker initiates the application, presenting themselves to the company at the place of employment, they will have paid or will pay some of the fees in section I.B such as passport, visa, residency certificate, transportation and should not expect to be reimbursed as the employer did not seek them out in their country, province, state or region of origin.
3. If a fee is not specifically listed in the Definition of Fees or does not fit any of the categories, Foreign and Migrant workers should not pay anything that a Local worker would not pay.
4. Worker may pay for basic items to prepare for the interview such as CV preparation, photos, copies of existing documents and certificates, and incidentals.

Article 2. Avoidance of Forced Labor

RBA Guidance on Recruitment fees (Jan. '21)

I. Prohibition of Fees: Workers shall not be required to pay fees for their employment.

A. ALL workers including temporary, migrant, student, contract, direct employees

1. Any fees for application, recommendation, recruiting, hiring, placement, and administrative, overhead, and processing fees of any kind.
2. Fees at any stage of the recruitment process; during or after employment
3. Fees to any parties, including agent, sub-agent, intermediary, or employer.

B. Foreign Migrant Workers

1. Pre-departure fees and costs
: Skills tests, Certifications, Medical screening, Pre-departure training, Language interpretation or translation fees and others
2. Documentation / Permits and associated costs of obtaining such documents and/or permits
: Passport /identity documents, Visas, Work or residence permits, Police clearance, Birth Certification, Certificate of good behavior fee
3. Transportation and lodging costs (including all taxes and fees)
: Transportation fee from country to country, lodging(if needed), border crossing fees, Return transportation to employee's home country at the end of employment contract
4. Arrival/ Orientation/ On-boarding : New-hire training or orientation, Medical exams/screening, Immunizations
5. Legal requirements : Deposits and/or bonds

II. Exceptions : Theses costs can be paid by worker if noted in their contract and a receipt or record of payment is provided to the worker.

- A. Costs to prepare for employment interviews such as CV copies, photos, copies of existing documents.**
- B. Costs to meet minimum qualifications for the job such as any degrees or certifications.**
- C. Passport replacement cost due to loss by the employee.**
- D. Reasonable costs for employer or agent provided accommodation and meals. (fair market value)**

Article 2. Avoidance of Forced Labor

III. Other expenses :

All other initial and ongoing employment expenses and fees for work-related equipment, tools and apparel shall not be borne by the worker. Workers shall not be liable for any other costs unless required by law.

IV. Termination and Early Leave

A. If the worker has provided full notice period per the contract – no additional fees should be charged

B. If the worker has not provided full notice period per the contract:

1. All penalties or fees assessed to the worker collectively in total shall be capped at 60% of 1 month of the worker's gross base wages. This amount does not include any penalties required to be paid by the worker under applicable laws.
2. The worker shall not be required to pay any penalties or fees if the worker had to resign without fulfilling the full notice period due to documented harassment, abuse or threat to safety.

Article 2. Avoidance of Forced Labor

Q2-5. What can be done to put the policy of avoidance of forced labor into practice?

- Forced, bonded (including debt bondage) or indentured labor, involuntary prison labor, slavery or trafficking of persons shall not be used. This includes transporting, harboring, recruiting, transferring or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services.
- Companies must adhere to forced labor provisions of national laws and regulations, and if national law is insufficient, take account of international standards. It's necessary to make available employment contracts to all employees stating the terms and conditions of service, the voluntary nature of employment, the freedom to leave. Instead, proper supervision of diligence and indolence like attendance & absence, and leave of absence etc. have to be managed.
- Terms of contract are provided in writing and in their language prior to employment of the key employment terms and conditions as required by law and explained verbally so workers understand what the contract states. And, make two hard copies of employment contract so that company and employee can have each copy.
- Upon hiring, the workers government issued identification and personal documentation originals (e.g. passport; work visa/permit) are not held by employer/labor agent/contractor. When the law requires holding original documents, a safe keeping policy and procedures should be in place. Worker must have access to those documents within 12 hours of requesting them.
- There are no unreasonable restrictions on the movement of workers and their access to basic liberties.
- When using labor agencies, please make sure there's no violation of local labor law and carefully check if there're charging recruitment fee to employees and holding personal documentation originals.
- Workers shall not be required to pay employers or agents recruitment fees or other aggregate fees. All fees charged to workers must be disclosed and fees must be returned to the worker within 90 days of payment.

Appendix : How to respond when forced labor is found (in supply chain)

※ Despite efforts to prevent forced labor from occurring at LG Electronics and its suppliers, if forced labor is confirmed in a workplace, the below procedure will be followed.

1) Report forced labor issues to management.

2) Identify why forced labor occurs in workplace by collaboration with relevant business sites, divisions, and headquarters together

- If forced labor related to recruitment fees has occurred, a third party agency can be used. Through the agency, the number of people and the period of forced labor can be clearly and transparently identified, and the workplace establishes and implements a reimbursement plan for workers.

3) Establish corrective action plan based on the in-depth analysis of the root causes of forced labor. The corrective action plan includes both corrective measures to address forced labor that have already occurred and preventive measures to avoid the issue from reoccurring.

4) Implement proper procedure to prevent forced labor in accordance with the corrective action plan.

5) Check whether improvement has been done well through a third party organization, once the corrective actions are completed.

6) LG Electronics conducts an in-depth evaluation within 3 months of the discovery of forced labor in the workplace.

- If the worksite is our own subsidiary, the production plan can be changed.

- If the worksite is a partner company, the transaction may be suspended or terminated

If forced labor is discovered or suspected, please immediately contact the ESG department (sustainability@lge.com).

[Shared information] ① Target workplace ② Number of people who are subject to forced labor ③ Details of Issues

Article 3. Prohibition of Child Employment

LGE will abide by the local labor laws with respect to minimum age of employment and will strictly verify the age of all workers at the point of hire. Any legal violations of child labor will not be tolerated. LGE does not permit employees under the age of 18 to perform tasks that jeopardize their health or safety, including night shifts and overtime. In case of using student workers, LGE will provide appropriate support and training programs and continuously check compliance with applicable law and regulations.

Q3-1. What is child labor?

- The term “child” refers to workers under a minimum age for admission to employment or work set forth by national law (less than 15 years). However, youth employment approved by national agencies (work approval) is permitted.

Q3-2. Why is it important to ban child labor?

- Child labor is a form of exploitation that is a violation of human rights. Child labor deprives children of an opportunity for primary education, results in under-skilled, unqualified workers and jeopardizes future improvements of skills in the workforce. Association with child labor will likely damage a company reputation, and thus have strong repercussions on profit and stock value. Child labor in violation of local laws is considered an offense or unlawful act, and LG Electronics will take disciplinary action against related employees in accordance with the zero tolerance principle..

Q3-3. What can be done to put the policy of prohibition of child labor into practice?

- Companies must adhere to minimum age provisions of national labor laws and regulations, and if national law is insufficient, take account of international standards.
 - In accordance with ILO conventions (Minimum Age Convention No. 138, the Worst Forms of Child Labor Convention No. 182), a minimum age for admission to employment or work must be not less than 15 years.
- Use adequate and verifiable mechanisms for age verification in recruitment procedures. (need documentation)
- When children under the age of 15 are found in the workplace, take measures to remove them from work and provide appropriate actions including completion of compulsory schooling, health exam, and maintaining income until legally eligible to work. (Please refer to page 12)
- When suppliers are found to use child labor, exercise influence on them to stop and contact HQ ESG Department. 11/26

Article 3. Prohibition of Child Employment

Q3-4. How to verify candidates' identity? (Age verification process)

- There's high possibility for child labor, when candidates' identity is not fully verified. Thus, age verification process should be written in hiring work procedure(s). Since child labor can be happened through illegal means including fake ID and acting as other person, inspect and cross-reference to verify the validity at least two types of official ID. It should include visual verification of a government recognized photographic identification document. Job interview should be done in face-to-face meeting and copies of validated identification documents should be kept as evidences.
- Children or under-age workers can enter your site using another person's ID. To prevent such cases, company should maintain reliable ID verification system to control the workers' access into the facility.
- ID types for verification and cross-reference
 - Matching photographic ID to worker's face
 - Verification through third-party resources where available, such as Internet resources or local governments
 - Birth certificate
 - Government-issued personal identification card
 - Driver's license
 - Voting registration card
 - "Official stamped" copy of a school certificate
 - Affidavit from local government representative
 - Foreign national work permit or other government recognized document
- There can be indirectly hired workers through labor agency or in-house suppliers. Regardless of whose employer, it can seriously damage our reputation if a under-age worker is found in your facility. Thus, HR/EA team should regularly check age verification process of indirectly hired workers as well. (participate hiring process if needed.)

Article 3. Prohibition of Child Employment

Q3-5. What is the work that jeopardize the health or safety?

- Potentially hazardous work environment to health - High/Low temperature, noise level that needs hearing protection, hazardous chemicals, or radioactive materials
- Safety hazards to worker – use heavy machines such as hoist/press/cutting, basement, underwater, enclosed area, or high place work above 2 meters
- Some countries designate hazardous works that vulnerable workers (such as juveniles, pregnant woman) should not perform. Regardless of legal requirements, company should identify hazardous works that prohibit vulnerable employees from working by job hazard analysis.
 - Korea : Specified in Enforcement Decree of the Labor Standards Act (attachment 4)
 - China : Banned by labor law – no physically demanding work(over level 4) for juveniles
- Night work/overtime are regarded as health hazards to juvenile and/or pregnant workers. (mostly legally prohibited)

Q3-6. What is the special requirements for intern/student workers?

- Interns/ Student workers should only be assigned to work activities that complement the academic degree or skill enhancement, not used to simply fill a labor shortage. For student workers, tri-party agreement among student, school, and company should be made prior to work.
- No agency or intermediary may be used in connection with the recruitment, hiring, arrangement, and management of student workers, interns or apprentices.
- The school should be legally qualified and company should check its compliance regularly.
- The duration of internship/student work shall not exceed 12 months or the limit regulated by applicable laws and regulations. The work should be complement the academic degree/certificate or skill enhancement learning goals. The wage shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.
- The ratio of student worker in total workforce can be limited by local laws or buyer's requirement.

Appendix : How to respond when child labor is found

(Recommended to add in HR/recruitment rule)

If a child labor is found after hiring, please follow the procedure below.

(Although facility tried to comply with the law on minimum hiring age through verification using government issued certificate, face to face interview, and etc..)

※ Child means less than/under the minimum hiring age written in law)

1) Related child worker should be off duty immediately.

And supervisor should report to management, legal manager and HQ ESG Department (E-mail : sustainability@lge.com)

- Required information to be shared with HQ

- ① Name
- ② Actual age (when joined, present)
- ③ Working place and hazardous aspect (Chemicals, Excessive working hour) exposed to the worker
- ④ Final academic background – Mandatory education is finished or not
- ⑤ Medical/Health test report (during hiring process or recent)
- ⑥ Detailed sequence joining our facility (using fake ID or illegal use/steal of ID and etc.)

2) Respecting and considering human right, reasonable and best solution available should be made, and share the situation with guardian and hand over the worker to them.

- Solution Example 1) Health test and abnormal finding → Cure support

Example 2) Subject to compulsory education → After finishing school,
consider to get job application when he/she is over legal hiring age

3) After all steps are carried out, record and all evidences should be kept for 3 years.

4) Recruitment department should analyze the root cause for the sequence hiring child labor, corrective and preventive action plan should be established and executed.

Article 4. Fair Treatment / Non-Harassment

LGE does not offer nor authorize discriminatory hiring and employment practices such as wages, promotions, and rewards based on gender, race, skin color, age, sexual orientation, gender identity and expression, ethnic or national origin, disability, pregnancy, marital status, religion, political affiliation, labor union activity social status, covered veteran status, protected genetic information or disease, etc. LGE will provide employees with reasonable accommodation for religious practices upon request.

Q4-1. What is discriminatory treatment in relation to working conditions?

- This means when an employee is discriminated against or disadvantaged because of inborn characteristics or beliefs that are unrelated with his or her ability or job duties. That is to say, it is unfavorable treatment such as receiving lower income than others or not being promoted due to personal characteristics such as sex, race, color, sexual orientation, gender identity, ethnicity, nationality, disability, pregnancy, marital status, religion, political ideology, union membership, social origin, and HIV/AIDS status.

Q4-2. What is discrimination and Harassment?

- ‘Discrimination’ means being treated differently or unfairly. Discrimination can be expressed through “harassment,” when a boss, supervisor, or co-worker says or does something that creates an intimidating, hostile or threatening work environment. Harassment is any type of unreasonable, unwelcome comment or behavior which offends, humiliates or intimidates the person it is directed at. It may be repeated or be a one-off incident which is significant enough to have a detrimental effect on the person's health and safety, employment, job performance or satisfaction.
- Harassment can take forms, examples include:
 - Verbal or written abuse or comments / Physical or verbal assault / Embarrassing, threatening, humiliating, or intimidating remarks / Belittling opinions or criticizing constantly / Spreading of a malicious, unfounded rumor / Isolating or excluding a person in the workplace / Publicly insulting or humiliating a person in the workplace / Jokes or offensive gestures.

Article 4. Fair Treatment

Q4-3. Why is the prohibition of discrimination important?

- Because of recent globalization trends, diversity in the workplace has increased the likelihood of unforeseen discrimination due to differences in language, culture and home environment. Discrimination can occur in a variety of work environments, including hiring, retention, working hours, job evaluation and promotion, and educational opportunities. Discriminatory practices can lead to a decline in productivity and damage to the corporate reputation, which ultimately has a negative impact on the company.

Q4-4. How can the prohibition of discrimination be put into practice in the workplace?

- Establish relevant policies and procedures within the company to ensure that the qualifications, capabilities, performance and experience associated with the job are the basis for hiring, placement, training, and promotion.
- If a case of discrimination has been confirmed, file a formal complaint and set up a dispute resolution process to deal with it.
- Employment announcements must include wording prohibiting discrimination and exclude items that could provide the possibility of discrimination (age, gender, pregnancy status, etc.).
- Take action to ensure that religious activities, such as changing the work schedule and providing a prayer space, are available at the request of an employee.

Q4-5. What should be kept in mind with respect to medical examinations and discrimination related to pregnancy?

- An individual's medical condition should have no negative influence on their employment, except when their health condition is a necessary factor for their ability to perform the work.
- Do not include medical examinations, pregnancy tests, or birth control as hiring conditions (except when it is a legal requirement). The costs of medical examinations performed because of company requirements must be borne by the company.
- Employees should not be fired because they are pregnant. Protective measures should be taken for pregnant workers in accordance with the minimum legal requirements, such as exclusion from overwork and positions involving potentially harmful processes..

Article 4. Fair Treatment

Q4-6. What is reasonable accommodation for religious practices ?

- To comply with religious beliefs, some workers may need accommodation for religious practices and time adjustments. To respect diversity and prevent non-discrimination, a company should establish a mechanism for receiving religious accommodation requests and can take actions including :
 - Scheduling changes
 - Voluntary substitutes and shift swaps
 - Change of job tasks and lateral transfer
 - Change of Dress and Grooming Standards
 - Use of Employer Facilities
- Reasonable religious accommodation may be refused for safety and security concerns, company should seek alternatives including off-site options. Where significant numbers of followers of a religion require special accommodation to perform their religious obligations, the facility should work to take extra steps to provide space, time, and flexibility to allow these individuals to meet their religious obligations (e.g. absent from work by taking annual paid or unpaid leave to perform religious obligations or adjustment of work hours)

Article 5. Working Hours

LGE will comply with the local labor laws with respect to working hours, including regular and overtime hours, and holidays. For those countries without legal limit for working hours, LGE will comply with the RBA standards. – Working hours should not be more than 60 hours per week. Employees shall be allowed at least one day off every seven days. All overtime must be voluntary.

Q5-1. What does “working hours” mean?

- Working time is the amount of time that an employee provides work for a company. It is regulated by the labor laws of each country, and regular working hours are the time set by these laws (usually eight hours a day).
- Overtime means any work extending beyond the regular working hours. Excessive work is a threat to the health of workers, so it is common that certain limits are set by law (for example: 12 hours a day/Korea, 36 hours a week/China).

Q5-2. Why is the compliance with regular working hours important?

- A work-life balance can be achieved by letting workers recover from the fatigue caused by working for long hours and preserving their health and abilities. The company can overcome high costs and low productivity while simultaneously protecting the health and safety of workers. Working hours should be strictly observed for both the company and the workers.
- Since legal limitation of working hours for young workers can be different from adult workers, careful management is needed for them. Also, please note that overtime and night shift (normally 22:00~07:00) are not allowed for young workers. [article 3 of this policy]
- Also, check legal working hour limitation for pregnancy (e.g., pregnant workers and/or workers who gave a birth within a year)

* RBA (Responsible Business Alliance, formerly EICC) Standards: A workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations. Workers shall be allowed at least one day off every seven days.

Article 5. Working Hours

Q5-3. How can a company enforce the legal standard for working hours?

- Check the standards for regular and overtime hours as stipulated in the labor laws of the country in which you are located and set the working hours at the workplace within a scope that ensures a work-life balance. The company must ensure that employees have the right to refuse to work overtime, and should not impose unreasonable punishment if overwork is rejected.
- If the standard working hours are repeatedly exceeded, an improvement plan must be created, executed, and managed.
- The company should regularly check that working hours are being recorded correctly, and workers should be aware of the company's management policy for working hours and how they are recorded. Work time records should be provided to all workers to be checked before payment is calculated.
- To encourage to use legally guaranteed breaks/vacation, the company must establish an in-house policy and inform the workers. For example, there should be no job insecurity or financial disadvantage due to illness, birth, etc.

<Reference : Rating for working hour from RBA audit manual>

Work Hours/Week	% of Sample Work Weeks (Total or Specific Area or Function or Nationality)				
	≤1%**	>1% to ≤5%	>5% to ≤15%	>15% to ≤40%	>40%
>84 hours/week	Priority				
>72 hours/week to ≤84 hours/week	Conformance	Minor	Major	Priority	Priority
>60 hours/week to ≤72 hours/week	Conformance	Opportunity for Improvement	Minor	Major	Priority
>Local law* to ≤60 hours/week	Conformance	Opportunity for Improvement	Minor***	Minor***	Major
<Local law* AND ≤60 hours/week	Conformance				

* Local law is stricter than 60 hours/week

** No tolerance allowed if working hours are >84hours/week

*** Legal non-conformance is rated a major non-conformance except if working hours if below 60h/week but above local law for ≤40%

Consecutive Days	% of Sampled Workers (Total or Specific Area, Function or Nationality)			
	≤1%**	>1% to ≤5% of sampled workers	>5% to ≤40%	>40%
≥24 Consecutive Days	Priority			
>12 to <24 Consecutive Days	Minor	Minor	Major	Priority
>6* to ≤12 Consecutive Days	Conformance	Minor	Minor	Major
≤6* Consecutive Days	Conformance			

*Or legal requirements if stricter than 6 consecutive days

** A tolerance of 1 percent of population is allowed, i.e. if no more than 1 percent of workers is detected to work more than the legal limit then this is conformance, except if the days off are more than 12 or more days, in which case the 1 percent tolerance does not apply.

Article 5. Working Hours

Q5-4. What does 'voluntary' overtime mean?

- The company can not mandate workers to work overtime, and workers can not work overtime without company's consent. Overtime must be agreed upon between the company and the worker. In accordance with local labor law, the overtime hours can be determined in advance in the labor contract or agreed collectively by labor union. Since overtime should be done by mutual agreement, an worker should not be penalized for refusing work overtime for personal reasons. If the company provide production schedule including overtime in advance, workers can adjust their personal schedules and the company can find alternatives accordingly.
- E.g.) Provide monthly/weekly production schedule in advance and regularly check individual's schedule accordingly

Article 6. Wages and Benefits

LGE will offer wages that are higher than the minimum prescribed by local law in each country or region, including the payment of overtime rates when necessary, with wage statement. Deductions from wages as a disciplinary measure will not be permitted. By doing so, LGE will motivate employees, support higher community living standards, and contribute to local economic development.

Q6-1. What is unavoidable overtime?

- Unavoidable overtime is extended work due to formal necessity such as extra work needed to comply with a customer's delivery date, additional work needed to carry out urgent company matters, etc. In the case of overtime or nighttime work, compensation must be paid as prescribed by law in addition to the hourly pay

Q6-2. Why are wages important??

- Wages must be at or above the statutory minimum wage as compensation for work and a means to earn a living. Working hours are also regulated by law to ensure that an employee can get adequate rest and personal leisure after work. Therefore, if the standard working time is exceeded due to company's demand, additional pay is provided to compensate for intangible damage, and at the same time, the company is encouraged to minimize overtime in the future.

Q6-3. Why wage deduction is not permitted as a disciplinary measure?

- Deducting salaries or wages as a means of discipline not only violates the principle of "pay equals time worked" but also threatens the ability of workers to maintain a good standard of living. If pay is to be deducted due to tardiness, only an amount of payment corresponding with the time missed can be deducted. (Example: deducting 17 minutes' worth of wages for arriving 17 minutes late)
- Even if local laws allow for wage deductions, such a policy should be removed from the disciplinary rules to reflect the relevant international standards and requirements of client companies. (Probation as an alternative - For example, if an employee does not go to work for 3 days as a 3-day probation, 3 days' worth of wages are withheld)

Article 6. Wages and Benefits

Q6-4. What should be aware of in terms of wages and benefits??

- When setting wages, the payment system must be designed to provide the legal minimum wage or higher using the base pay as a standard.
- Working time must fall within the statutory working hours, and by law, overtime pay must be paid for unavoidable overtime work.
- Workers should be provided with pay stubs containing sufficient information such as total hours worked, specific deductions, etc., to prove that they are receiving the correct compensation for the hours worked during each pay cycle (EX: one month).
- The company must provide social insurance programs and other welfare benefits required by local law to all workers (including temporary workers/dispatched workers) and maintain relevant records. Employers must not violate the law by asking workers not to apply for social insurance (for the purpose of avoiding contributing to social insurance for employees).
- Documents must be kept proving that payment was sent to workers at the promised dates and that payments were not overdue or postponed. In addition, any deductibles or withheld taxes must be calculated accurately and the taxes must be paid to the relevant government agency within the time period required by local law.
- When a worker leaves the company, the company must check the local law to determine if there is a time limit for remuneration (e.g. must pay within 7 or 14 days) and ensure compliance with the law. If there is no statutory deadline, the employee should be paid within one month of leaving. If, for the sake of convenience, payment is to be made on the normal payday, prior consent in writing from the person leaving must be obtained.

Article 7. Voluntary Association

In order to promote an environment of trust and mutual respect, LGE will provide sufficient opportunities for employees to communicate with the company. LGE also guarantees the right of employees to form and join trade unions, to bargain collectively and to engage in peaceful assembly, as governed by local law, and will not cause any employee to be disadvantaged because of involvement with a union, or attempting to organize one.

Q7-1. What does the freedom of association mean?

- Freedom of association means the right of all workers to voluntarily form a group or join and participate in a group to secure and protect workers' rights and interests. The right not to participate in these organizations must also be respected.

Q7-2. Why is the freedom of association important?

- Freedom of association must be guaranteed as a fundamental right of workers. These rights are guaranteed by the constitution/labor laws of the respective countries and the company can be punished for violating them.

Q7-3. How can the freedom of association clause be applied in the workplace?

- Respect the right to form and join, or refuse to join, labor unions (or workers' associations) in accordance with the labor-related laws in your country and region of operation.
- The company may not discriminate on the basis of membership in a trade union (or representative organization), and the union representative must be democratically elected. If it is the practice to automatically enroll employees in a trade union organization at the time of hiring, they must be notified in advance.
- Local laws require respecting the right of workers to collective bargaining, and companies should not refuse or interfere with collective bargaining. The company must respect the terms of a valid collective bargaining agreement. In countries that do not have adequate institutional or legal requirements for the recognition of trade unions or collective bargaining, the company should devise its own measures to improve labor relations such as establishing autonomous consultations between labor and management.

Article 7. Voluntary Association

- The company should respect the right of all workers to freely participate in, or not participate in, rallies. However, such activities may be restricted depending on the local laws.
- The company must ensure the independence of the trade union and should not attempt to control the union. The company is also prohibited from giving financial support to the trade union, as this could hinder the independence of the trade union. However, this does not apply in cases where the company is legally required to provide such activity expenses.

Article 8. Compliance of Regulations

LGE will follow the labor laws and standards of each country and region where it operates, and will not provide any conditions of employment which fail to meet such standards.

Q8-1. What is the significance of complying with regulations and providing better conditions than minimum level?

- A corporation is a part of a society and its interests lies in its customers. Once a company is stigmatized as a law-breaking group, it cannot earn customers' trust anymore; now, consumers would not want to buy goods produced by workers who are deprived of basic work conditions. In order to be a continually growing global company, LGE needs to provide its members with conditions above certain level, produce top quality products by encouraging members, and maximize productivity. To this end, it is essential to obey regulations to protect basic labor rights and offer better work conditions than minimum level.
- NGO's monitoring for Multi-national enterprise has tightened up and buyers request global CSR compliance that beyond local law as a business condition. Moreover, to secure business competitiveness and reputation, we need to meet global CSR standards. If there is conflict between local law and global standard, stricter rule is applied.

References

- **RBA (formerly EICC) Code of Conduct**
<http://www.responsiblebusiness.org/standards/code-of-conduct>
- **Ethical Trading Initiative**
<http://www.ethicaltrade.org>
- **ILO International Labor Standards**
<http://www.ilo.org/global/standards/lang--en/index.htm>
- **ISO 26000 Guidance on Social Responsibility**
<http://www.iso.org/iso/home/standards/iso26000.htm>
- **OECD Guidelines for Multinational Enterprises**
<http://mneguidelines.oecd.org>
- **SA 8000 and SAI (Social Accountability International)**
<http://www.sa-intl.org>
- **United Nations Global Compact**
<http://www.unglobalcompact.org>
- **Universal Declaration of Human Rights**
<http://www.un.org/Overview/rights.html>

Inquiry :

HQ ESG Department
(sustainability@lge.com)