

# **LG Electronics Supplier Code of Conduct Guidelines**

Version 4.0 (August, 2021)



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- LGE Supplier Code of Conduct and its Guidelines are applicable to all 1<sup>st</sup> tier suppliers operating directly with LG Electronics and all sub-suppliers of the 1<sup>st</sup> tier suppliers (including labor agencies, in-house contractors, etc.).
- The 1<sup>st</sup> tier suppliers should ensure that the LGE Supplier Code of Conduct and its Guidelines are properly and sufficiently communicated to sub-suppliers and subcontractors (including labor agencies, in-house contractors, etc.).

## **1. Respecting the human rights of workers (Labor)**

### **A. Voluntary work (prohibition of forced labor)**

Suppliers shall not force labor (slavery, human trafficking, involuntary prison labor, etc.) on workers against their will. As a part of the hiring process, supplier shall provide workers with a written employment agreement in a language they can understand. Workers shall maintain possession of their government-issued identification such as passport, work permit or immigration documents. Employers can only hold the documentation if such holdings are required by law, and in this case, at no time should workers be denied access to their documents. Suppliers shall not limit workers' freedom of movement unreasonably, and workers shall be able to resign freely when they so desire. Suppliers shall not require workers to pay recruitment fees.

### **Q. 1. A. 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

### **Q.1. A. 2. Why is the prohibition of forced labor clause necessary?**

• Forced labor constitutes a violation of human rights, and it is the declared policy of almost all governments to abolish forced labor. ILO estimates that at least 123 million people are victims of forced labor worldwide, 80% of whom are victimized by private enterprises.

• According to new U.S. government anti-human trafficking regulation (FAR, Federal Acquisition Regulation) announced on Jan. 29<sup>th</sup>, 2015, it prohibits any organization supplying goods to the U.S. government from engaging in a range of activities, including charging recruitment fees, confiscating employees' identity or immigration documents. Also, most buyers request avoidance of forced labor as a condition of continuing business relationship.

### **Q.1.A.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 (including how these are calculated)

**Q. 1. A. 4. What is the prohibition against demanding a fee when hiring?**

- **Basic Principle:** Employees must not be required to pay for costs incurred during the recruitment process.
- **Additional Principles**
  1. No workers should be required to pay for costs incurred during the recruitment process, including application, recruitment, employment and placement.
  2. Workers must not be required to pay any fees after being offered employment.
    - Exception 1) Employees should pay their own expenses if they visit their home country before their contract ends.
    - Exception 2) In cases where the employee applies for the job and the interview is conducted in the country/region where the company is located, if the company does not recruit personnel from the applicant's country/region, the company is not expected to provide compensation for costs incurred by the applicant to obtain his/her own passport, visa, status of residence, transportation expenses, etc.
  3. In the case of costs that are not specifically mentioned, the same payment criteria must be applied to foreign workers as local workers.
  4. However, workers may pay for basic items related to their own interview preparation (incidental expenses such as resume, photographs, documents, and copies of certificates).

**I. (Recruitment related) Prohibition against demanding workers to pay expenses**

In cases where the employee pays the following costs, the employer shall immediately provide repayment compensation (within 90 days).

- A. All types of workers, including those employed directly and indirectly (including foreign migrant workers)
  1. Application, recommendation, recruitment, employment, placement, and related administrative expenses, personnel expenses, all kinds of expenses
  2. Expenses related to the hiring process (including during or after hiring)
  3. Costs paid to all agencies, including brokers, staffing agencies, and employers
- B. Foreign migrant workers
  1. Expenses before departure: Procedure for meeting application requirements such as technical tests, certificates, health exam, education/orientation, Language interpretation or translation fees, and etc.
  2. Expenses for issuing documents/permits: Passport/ID card, visa (including renewal), employment permit (including renewal), background check, birth certificate, documents needed for residency, Certificate of good behavior fee
  3. Transportation and residence fees (including taxes/fees): Transportation (including moving between countries) and residence fees (if necessary) once the decision to hire a worker has been made, transportation to workplace after arrival, border crossing fee, and costs of returning to the worker's home after the contract has finished
  4. Arrival/orientation: Employee training, health examination costs, Immunizations, etc.
  5. Other deposits and guarantees

**II. Exceptions:** Workers may be held responsible for payments if it is clearly stated in the contract and the relevant receipts are provided.

- A. Interview preparation costs (including resume, photos, and copies of existing documents)
- B. Costs needed for meeting minimum qualifications (degrees, qualifications, etc.)
- C. Cost of reissuing a passport that was needed due to the employee's mistake
- D. Dormitory/meal costs (subject to market price and related health and safety standards)

### **III. Other costs**

Workers shall not be held responsible for expenses for equipment, tools, work clothes, etc. that are needed during the hiring and employment period.

### **IV. End of contract/early resignation**

A. If the employee has given notice within the minimum period of time specified in the labor contract, additional fees may not be demanded.

B. If notice was not given within the minimum period of time

1. Up to 60% of the monthly salary can be deducted from the employee's salary.

(If penalties have been accrued, they are not included in the 60% and should be paid by the employee)

2. If a worker quits due to verbal abuse, insults, or threats to his/her safety, the worker will not be held responsible for these fees

### **Q.1. A. 5. How can the prohibition of forced labor clause be applied to the worksite?**

- 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 related fees. All fees charged to workers must be disclosed and fees must be returned to the worker within 90 days of payment

**B. Prohibition of hiring child and management of juvenile workers**

Suppliers shall implement an appropriate mechanism to verify the age of workers, and shall not use child labor. 'Child' herein refers to person under the age of 15 or under the minimum age for employment stipulated by local laws. Workers under the age of 18 shall not perform work that is likely to jeopardize their health and safety, including night shift, and overtime. In case of using student workers, suppliers shall provide proper support and training programs, and continuously check compliance with applicable law and regulations.

**Q. 1. B. 1. What is child labor?**

- A child is a worker who is below the minimum age for employment (usually under 15 years old). However, minors who are licensed by a state agency (employment permit) are allowed to work.

**Q. 1. B. 2. Why is the prohibition of child labor important?**

- Child labor is a form of labor exploitation that is a violation of human rights. Not only does child labor deprive children of the opportunity to receive basic education, it also reduces the quality of the national labor force and, in the long run, affects the future supply of labor. In addition, any evidence of child labor may cause significant damage to a company's reputation and shareholder value.

**Q. 1. B. 3. How can the prohibition of child labor clause be applied on the worksite?**

- Follow the minimum legal working age provision of the labor law and related laws in the country you are located in. If the rules are not clearly specified, follow international standards.
  - International standards follow the ILO Conventions which stipulate that the minimum age of employment is 15 years old (Minimum Age Convention No. 138, Worst Forms of Child Labor Convention No. 182).
- At the time of hiring, an official age verification document must be thoroughly authenticated to ensure that there is no possibility of employing a child. Along with this, should a child under 15 years old be found at the worksite, they must be immediately be taken out of the worksite, and if they are of compulsory education age, appropriate measures must be taken to ensure that they are able to make an income while at the same time receiving an education. (See the corresponding procedure on page 7.)
- If you find that any of your business partners (suppliers, subcontractors, etc.) use child labor, you should immediately take measures to influence the company to stop.

**Q.1.B.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.)

**Q. 1. B. 5. What kinds of tasks are prohibited for juvenile workers as health and safety hazards?**

- Any processes that require great attention to safety, such as processes dealing with loud noises, toxic chemicals/chemicals or radioactive materials; tasks that require protection for high temperatures, low temperatures and hearing protection; tasks that are potentially harmful to one's health; use of hazardous heavy equipment such as hoists, presses, cutting equipment; and, tasks performed underground, underwater, in confined spaces, or in elevated spaces (more than 2 meters high).
- Some countries specifically define which types of work should not be done by workers vulnerable to safety and health concerns, such as juveniles or pregnant women. Through a risk assessment, tasks and procedures that juveniles or pregnant women should not be assigned should be identified and such workers should not be allowed to perform those tasks.
  - South Korea: Prohibition of work prescribed in Table 4 of the Enforcement Decree of the Labor Standards Act.
  - China: In Article 64 of the Labor Law, juveniles are prohibited from work that has a labor risk ranking of 4 or higher.
- Night/overtime work is also harmful to minors while their body is developing and is legally prohibited in most countries.

**Q. 1. B. 6. What should I be aware of when hiring a student/intern?**

- Student workers/Interns 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 employment of student workers/interns should be limited to a maximum of 12 months or according to the national laws, and a systematic program should be established to ensure that the student's learning objectives are achieved during the working period.
- You may be required to limit the ratio of student workers if required to by local law or the customer with whom you are trading.

**Example) Response procedure for the discovery of child labor (additional recommendations within recruitment/personnel policy)**

Despite efforts to comply with the minimum age standards for employment through face-to-face interviews and government issued certificates, the following procedures should be followed if child labor is discovered after employment.

(This means when the child is below the minimum age for employment as stipulated by the local laws of the place of business.)

- 1) Exclude the person from work immediately,  
Immediately contact factory management and legal and human resources personnel.
  - Information to share
    - ① Name
    - ② Actual age (date of entry, current date)
    - ③ Exposure to harmful factors while working, such as chemical substances, long working hours, etc.
    - ④ Level of education completed (whether or not compulsory education was provided)
    - ⑤ Records from the latest medical examination
    - ⑥ Hiring details (fabrication, modification or theft of ID card, etc.)
- 2) Establish a reasonable and best solution that is considerate of and respects the human rights of the underage staff, while at the same time notifying the legal guardian of the progress of the situation and hand over the underage staff member.
  - Example of a solution)
    - : If the health examination revealed abnormal findings → Provide treatment
    - : Subject to compulsory education → If older than the minimum legal working age after completing the education, conduct a reentry review.
- 3) All evidence and records after taking action, such as how the situation was processed, the results, etc. must be kept for at least 3 years.
- 4) The recruitment department should analyze the root cause of the minor's hiring and establish a corrective and preventive action plan.



**C. Prohibition of excessive overtime**

Total working hours per week shall not exceed the standard pursuant to the local law or 60 hours. Also, at least one holiday shall be allowed for every seven days. All overtime must be voluntary. The suppliers are required to demand the same working hour standards to their in house suppliers.

**Q. 1. C. 1. What is working time?**

- 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).

**Q. 1. C. 2. Why is it important to comply with the limits on working hours?**

- 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.
- Also, check legal working hour limitation for pregnancy (e.g., pregnant workers and/or workers who gave a birth within a year)

**Q. 1. C. 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 check regularly 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.
- The company must establish an in-house policy and inform the workers so that they can freely use their legally guaranteed breaks/vacations. For example, there should be no job insecurity or financial disadvantage due to illness, birth, etc.

**Note) 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.  
(Additional information: [www.responsiblebusiness.org](http://www.responsiblebusiness.org))

**Q. 1. C. 4. What does 'voluntary' overtime mean?**

- Overtime must be agreed upon between the company and the worker. Specific details such as the number of overtime working days and hours can be determined in advance in the labor contract or agreed comprehensively according to the company's decision. Since overtime is done by mutual agreement and a worker should not be penalized for refusing to do so for personal reasons. If the company gives advance notice before requiring overtime work, workers can adjust their personal schedules or the company can place replacement workers.

E.g.) Provide monthly/weekly production schedule in advance and regularly check individual's schedule accordingly

**D. Wages and welfare**

Wages shall be paid for regular working hours in excess of the statutory minimum wage, and additional premium shall be paid for overtime/night work as defined by local law. For each pay period, workers shall be provided with a wage statement that includes sufficient information to verify accurate compensation for work performed. Wage deduction is not allowed as a disciplinary action. (However, deductions for the hours employees did not work due to tardiness will be acknowledged.) Suppliers shall faithfully pay workers' social insurance premiums.

**Q. 1. D. 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.

**Q. 1. D. 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 circumstances, additional pay is provided to compensate for intangible damage, and at the same time, the company is encouraged to minimize overtime in the future.

**Q. 1. D. 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)

**Q. 1. D. 4. What should suppliers 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.

**E. Humane treatment**

Suppliers shall respect the human rights of all workers, and make sure that workers are not subjected to violence, gender-based violence, sexual harassment, sexual abuse, physical punishment, mental/physical coercion, bullying, public shaming, abusive language, unreasonable restriction or brutal or inhumane treatment. To this end, suppliers shall clearly stipulate disciplinary policies and procedures, implement and announce them to workers.

**Q. 1. E.1. 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, and 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?'

**Q. 1. E.2. 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)

**Q. 1. E.3. Why are anonymous tips/reporting 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 problems. 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 policy and related procedures to all workers in the company so that informants can feel secure.

**F. Prohibition of discrimination / Harassment**

In employment practices, such as hiring, wages, promotion, compensation and educational training opportunities, suppliers shall not discriminate or harass on account of gender, race, 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. Suppliers cannot require health examination of items that may be used to discriminate against workers or jobseekers (pregnancy, etc.). Also, suppliers shall provide workers with reasonable accommodation for religious practices upon request.

**Q. 1. F. 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.

**Q. 1. F. 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.

**Q. 1. F. 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.

**Q. 1. F. 4. How can the prohibition of discrimination clause 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.

**Q. 1. F. 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.

**Q. 1. F. 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)

**G. Guaranteeing the freedom of association**

Suppliers shall guarantee workers' rights to freely organize and join labor unions pursuant to local laws, and to engage in collective bargaining, peaceful assembly and reject such activities. Workers or workers' representatives shall be able to share their opinions on working conditions and management policies and their difficulties with the management without fear of discrimination, retaliation or threats.

**Q. 1. G. 1. What is freedom of association?**

• 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.

**Q. 1. G. 2. Why is 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.

**Q. 1. G. 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.
- 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.



## **2. Safe working environment (Health & Safety)**

### **A. Occupational safety**

Suppliers shall conduct regular risk assessments to understand the possibility of workers being exposed to health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and fall hazards, etc.) and prevent risks associated with these hazards. Suppliers shall identify, assess and mitigate the safety hazards using the Hierarchy of Controls, which includes eliminating the hazard, substituting processes or materials, controlling through proper design, implementing engineering and administrative controls, preventive maintenance and safe work procedures (including lockout/tagout), and provide ongoing occupational health and safety training. Where hazards cannot be adequately controlled by these means, continuously provide training and necessary personal protective equipment (PPE) to workers, and supervise to ensure the use of such PPE according to the results of risk assessment. Reasonable steps must also be taken to protect pregnant women/nursing mothers from working condition with high hazards, and suppliers shall remove or reduce any workplace health and safety risks to pregnant women and nursing mothers including those associated with their work assignments, as well as include reasonable accommodations for nursing mothers.

### **Q. 2. A. 1. What is industrial safety?**

- The term industrial safety is used to describe those activities carried out to prevent disasters as part of the safety management of a company. The exposure of workers to potential safety hazards (e.g. chemical, electrical and other energy sources, fire, vehicles, and fall hazards) should be controlled through proper design, engineering and administrative control of the worksite and work processes, preventive maintenance, safe working procedures (including lockout/tag out), and continuous safety training.
- The company is responsible for providing a safe and healthy working environment for all employees and must appoint a manager representative (i.e., health and safety officer) to implement safety and health requirements. The manager representative is the person responsible for the overall safety and health of the company. Usually, the plant manager or a manager (including the representative) is selected. The company must provide workers with Personal Protective Equipment (PPE) and provide education about the relevant risk factors and guidance on the proper use of personal protective equipment.
- In particular, the company should take additional measures, such as exclusion from high hazard work for vulnerable workers (young workers, pregnant women, nursing mothers, etc.) in terms of health and safety. The company also make sure that it has relevant legal obligations (e.g. prohibition of pregnant women's overtime work).
- Workers should be free to raise safety concerns to the company and management.

### **Q. 2. A. 2. What is Risk Assessment?**

- A risk assessment is a series of processes that identify the risk factors of a workplace, identify and determine the likelihood and seriousness of any industrial accidents such as injuries or illnesses caused by such risk factors, and establish and implement measures to reduce these risk factors. (Refer to ISO 45001 (formerly OHSAS 18001))

### **Q. 2. A. 3. How can industrial safety be applied in the workplace?**

#### **I. Licensing**

- All necessary permits, licenses and inspection reports for industrial safety should be acquired and kept on hand. Related licenses include industrial hygiene sampling data, drinking water sampling data, ventilation flow tests, building occupancy permits, access permits of confined spaces, pressure vessel (e.g. boiler) permits, high temperature work permits, and hoist / lift permits.
- All permits and licenses must be kept up-to-date and a documentation process must be in place to give notifications to renew the current licenses before they expire (such as alarm/tasks/calendar reservations via a compliance calendar or email system).
- All permits, licenses, inspection reports, etc. must be validated at a frequency specified or required by the customer, and the inspection cycle must not exceed two years.
- Drinking water sources must be inspected at least every two months (or on a more stringent basis than the requirements set by local regulations) on a regular basis. If the water quality records of drinking water, such as tap water, are available, you should obtain and confirm the results at least every two years.

## **II. Prevention of safety hazards**

- Check whether there are appropriate signs, placards, labels, etc., written in the native language of the workers which alert them of any chemical, physical, or vehicle hazards in the workplace.
- If there are confined spaces, these areas must be easily identifiable by workers.
- Storage of flammable materials should be minimized and restricted to areas with adequate fire detection and protection measures.
  
- Provide workers with educational materials (e.g. safe working instructions, operating instructions) related to the hazards and provide relevant training. In addition, if changes are made to the process and work instructions, the changed training materials must be provided along with new training.
- Procedures and employee guidelines should be implemented to encourage workers to raise concerns about safety.

## **III. Personal Protective Equipment (PPE) Management**

- Develop and implement processes to determine the appropriate PPE for specific job assignments and/or facility areas by performing a workplace measurement (analyzing and evaluating the impact of the work environment on workers).  
(Ex: high intensity noise, use of chemicals, use of heavy equipment, uncomfortable posture, high-altitude work, overhead danger, etc.)
- Procedures must be established that ensure the use of PPE if required. The procedures should include PPE signs and labels required for the workplace, periodic inspections by supervisors, and PPE request and renewal procedures for workers.
- The provided PPE must be a standard product (nationally approved product), and the original form of the provided PPE should not be altered.
- The minimum PPE required for entering or working in production areas with chemical tanks or chemical use are masks or dust masks, safety boots, long sleeves, chemical resistant gloves and full body suits (at least safety goggles when full body suits cannot be used).

## **IV. Pregnant women/nursing mothers Management**

- The company should have adequate and effective policies and procedures. Also potential risk assessment including prenatal test should be conducted for pregnant women and nursing mothers including new and expectant mothers (before they have reported a pregnancy).
- The company should provide reasonable accommodation and breaktime for nursing mothers to pump breast milk for one year after the birth and review risk assessment for pregnant workers/nursing mothers and take actions (if any needed).
- The risk assessment for pregnant workers must include excessive noise, extreme heat, exposure to lead and toxic chemicals, work-related stress, lifting/carrying heavy loads, standing or sitting still for long lengths of time, etc. And ante-natal risk assessment must include exposure to lead, working with organic mercury, and working with radioactive materials.



**B. Emergency preparedness**

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including emergency reporting, employee notification and evacuation procedures, worker training, and drills. Emergency plans should also include appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans. Suppliers shall make sure that it is possible to always open emergency exits outward, and maintain evacuation capabilities by conducting regular evacuation drills and evaluation of the results including time records and corrective actions, in which all employees participate, at least once a year or as required by local law, whichever is more stringent. Emergency assembly points should be both inside and outside with signs that can be easily recognized. After the drills, evaluations regarding evacuation time and improvements should be made to maintain prompt and efficient evacuation capability.

**Q. 2. B. 1. What is Emergency Preparedness?**

- The company must make efforts to minimize damage by identifying and evaluating potential emergency situations and implementing emergency measures and response procedures. These emergency measures and response procedures include emergency reporting, employee control and evacuation procedures, employee education and training, appropriate fire detection and extinguishing equipment, and appropriate emergency exit facilities and recovery plans. These measures and procedures should focus on minimizing any damage to life, the environment, and assets.
- Emergencies are situations or circumstances where suppliers have difficulty maintaining control or where normal production is difficult due to national emergencies or political instability including chemical spills (when chemicals are used in the workplace), earthquakes, bomb threats, workplace violence, strikes, and bad weather (rain, floods, typhoons, frost, snow, etc.). Emergency programs must have established response processes and business continuity and resumption procedures for the above situations.
- Emergency preparedness processes must be plain and clearly written and accessible to all workers.

**Q. 2. B. 2. How can emergency preparedness be applied in the workplace?**

**I. Licensing**

- All necessary permits, licenses and inspection reports for fire safety response equipment (including firefighting equipment) and emergency preparedness should be acquired and kept on hand. Inspections shall be conducted at a frequency specified in the permit, license or by the customer's request, which shall not exceed two years.
- All permits and licenses must be kept up-to-date and a documentation process must be in place to give notifications to renew the current licenses before they expire (such as alarm/tasks/calendar reservations via a compliance calendar or email system).

**II. Fire detection, alarm, and fire extinguishing systems**

- Automated fire sprinklers, portable fire extinguishers, heat and smoke detection, alarm and notification systems must be in good working condition to maintain functionality as required by law and insurance companies.
- Fire detection, alarm and fire extinguishing systems should be checked at least once a month (inspections and maintenance must be conducted at a more stringent frequency than what is recommended/required by the manufacturer, local law, and the insurance company). There should be documentation of the frequency and results of all checks, inspections, maintenance procedures.
- Periodic inspection and maintenance processes should be established and implemented for fire detection, alarm and fire extinguishing systems at least once a month to maintain normal functionality (Inspection and maintenance must be performed at a more stringent frequency than what is recommended/required by the manufacturer, local law, and the insurance company). There should be documentation of the procedures, frequency and results for inspections and maintenance.

**III. Establishing an emergency response system**

- Identify and assess all potential emergencies that may affect the worksite, and establish appropriate and effective emergency preparedness and response programs (measures/procedures). Risk assessment for emergency response should be updated when there is a significant change or at least every 3 years.
- The site should have an emergency contact network, an Emergency Response Team (ERT) organization, an

emergency scenario, and a response plan in a location that is readily visible to workers. Emergency evacuation maps should clearly identify exit routes and muster points in the correct orientation.

- The company must provide appropriate and effective personal protective equipment and annual training to designated Emergency Response Team personnel. The individual roles of the designated personnel should be clearly distinguished, and they should be clearly distinguished by badges, different color clothing/helmets, etc.

- There must be an assembly area in a safe place so that the number of employees can be checked during an emergency. One area should be located indoors (tornado/extreme weather shelter) and one area located outdoors (fire, chemical leaks).



#### **IV. Emergency evacuation drill**

- Emergency evacuation drills should be conducted at least once a year or as required by local law, whichever is more stringent for all workers from all shifts (including night shifts) in all areas of the company (including dormitory, cafeteria, warehouse, office, and production facility, research and development laboratory). And one of these must be done at night (or when the outdoors are dark). (Emergency evacuation drills do not have to be carried out at the same time in all areas, but rather can be carried out in stages. In addition, night time is especially dangerous for fire, so if you have a night shift, training is necessary.)

- After conducting emergency evacuation drills, the company should assess whether the drills were effective, including the duration of the training, the time of the escape of the building, other shortcomings, and the number of participants. All training results should be documented with corrective action plans. (Documents for the past three years must be available for review)

#### **V. Emergency exits**

- Emergency exits must be easily accessible and appropriate in terms of their number and location.

- Exits leading outside the building must meet the following requirements:

- There should be an adequate number of routes to effectively escape from all areas.

- Evacuation routes should be appropriately distanced from each other, and routes should overlap.

- There should be no obstacles in the evacuation route.

- Appropriate spaces for evacuation are open spaces, and closed off areas or areas with locked doors should not be used.

- Emergency exits and escape routes should be used exclusively for escape, and not for storage of any items.

- The doors for all emergency escape routes should open in the direction of evacuation.

- (Especially in cases where quick evacuation is needed, such as when dealing with hazardous materials or when there are more than 50 employees in an area)

- The doors of all emergency escape routes should open freely and not require keys, ID cards, badges, passwords, special knowledge, or effort.

- No emergency exits directly connected to the outside should have installed or be locked with panic hardware such as push bars.

- Revolving doors, doors that require grasping or several steps to open, etc. are inappropriate for use in an emergency escape route.

- Emergency signs must be present on all floors and the emergency exit sign must be illuminated in the event of a power failure. Main corridors, such as hallways, must be marked with the route to the nearest exit.

- Emergency lights that illuminate escape routes during a power outage must be installed, and the emergency lights should operate properly in stairwells, corridors, and hallways leading to the exits, or other areas as required by local law. In the event of a power failure, a battery or emergency generator must be able to supply emergency lighting.

**C. Prevention of occupational injury and illness**

Suppliers shall implement the following procedures to prevent occupational injury and illness and its recurrence: a) reporting issues; b) classifying and recording types of injury and illness; c) providing necessary treatment; d) taking corrective/preventive measures including worker training after analyzing the root causes; e) supporting workers' return to work after treatment.

**Q. 2. C. 1. What is an industrial accident?**

- Industrial accidents are physical or mental disabilities caused by occupational accidents or occupational diseases arising during the work process.
- Suppliers should establish procedures and systems to prevent, manage, track, and report industrial accidents and diseases. These include: 1) creating an atmosphere in which employees can freely report industrial accidents and illnesses, 2) classifying and recording cases of injury and illness, 3) providing the necessary medical treatment, 4) implementing corrective actions to eliminate the causes, and 5) including information to facilitate the worker's return to work.

**Q. 2. C. 2. How can industrial accidents and disease prevention be applied in the workplace?**

**I. Licensing**

- Acquire and keep on hand the necessary permits, licenses, and inspection reports required by law to prevent all industrial accidents and diseases. Relevant licenses may include injury logs, respiratory protection, hearing preservation programs, medical record availability notifications, and occupational health professional licenses. The company must conduct inspections as often as required by permits, licenses, or customer requests, and the frequency should not exceed two years.
- All permits and licenses must be kept up-to-date and a documentation process must be in place to give notifications to renew the current licenses before they expire (such as alarm/tasks/calendar reservations via a compliance calendar or email system).

**II. Industrial accidents and disease prevention**

- Statistics of occupational injuries and illnesses that have occurred during the past three years should be documented so that they can be used to minimize the likelihood of future industrial accidents and illnesses.
- Periodically analyze (at least once a year) the number and type of accidents that occurred in the past, and keep accident investigation reports containing any improvement plans and manage the records.
- Any corrective actions brought about by new processes, equipment, facilities, etc. should be communicated to the relevant workers, and any necessary training must be conducted and documented.
- The company must conduct general health checkups for workers (including full-time and contract workers) in accordance with the frequency required by local laws and regulations, and take appropriate measures to protect the health of employees based on the results of the health exam, such as re-checkup, a change of work duties, etc.
- Workers for hazardous process (chemical exposure, work at high-elevations, etc.) should receive special health checkups in accordance with local laws and regulations. Based on the health exam results, appropriate measures should be taken to maintain worker health, such as changes in work duties, a reduction of work hours, improvements in equipment/facilities, etc.

**III. First Aid Activities**

- The company must have documentation of an effective first aid process for providing primary care to injured or sick workers and should have an adequate number (over 10% of workers) of trained onsite field personnel. First aid responders should be easily identifiable by badges, color of clothing, and office/work area signs.
- Copies of valid certificates and records of training from outside organizations for in-house occupational health specialists or on-site first aid responders must be kept on hand. The qualification of first responders can be replaced by a certificate from an outside professional institution or a training certificate issued by a company that satisfies the criteria for satisfying the requirements of the training. It is recommended that at least 10% of all workers be completed for first aid training.
- If immediate professional treatment is not possible in the event of an accident, a close working relationship with outside medical institutions should be established and workers should be informed about those outside medical institutions.

#### **IV. Emergency First Aid Kit**

- An appropriate number of first aid kits (at least one per floor or zone) must be located at designated spots. The first aid kit must be open at all times and, if locked, a designated administrator must always have a key.
- The first aid kit should have appropriate first aid supplies which are listed and inspected monthly. The kits should contain the appropriate first aid supplies such as disinfectant, sanitary gloves, scissors, etc. and should be checked monthly. Also items with expiration date should be checked to ensure that the expiration date is not passed.

**D. Managing industrial hygiene**

Worker exposure to chemical, biological and physical agents is to be identified and evaluated by regular industrial hygiene tests including noise, vibration, and air quality. If elimination or reduction of the hazards is not feasible, potential hazards are to be controlled lower than accepted levels as specified in local law through proper design, engineering and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with appropriate personal protective equipment (PPE) free of charge along with relevant educational programs. Protective programs shall be ongoing and include educational materials about the risks associated with these hazards.

**Q. 2. D. 1. What is the management of exposure to hazards?**

• Suppliers should identify, evaluate and manage workers' exposure to biological substances such as chemical substances, radiation, physical substances, pathogens, etc. used by workers in the workplace. Minimize workers' exposure to hazards through technological or administrative controls such as changes or repairs to production facilities. If the risks cannot be adequately controlled through these means, the company should protect workers' health through protective programs, such as providing appropriate personal protective equipment. The program should include training on the hazards associated with these harmful factors.

**Q. 2. D. 2. How can the reduction of exposure to hazards be applied in the workplace?**

**I. Licensing**

- All legally required industrial hygiene permits, licenses, and inspection reports should be acquired and kept on hand, and should be inspected at the frequency specified by the permit and license or demanded by the customer, which should not exceed two years.
- Even if not required by law, the company should perform a work measurement to determine whether chemical, biological, or physical agents used in the workplace could potentially pose a risk to employee health. When introducing new chemical, biological or physical agents into the workplace, or when existing processes are altered in a way that could pose a risk to employee health, a health risk assessment should be conducted using the relevant industrial hygiene sampling and testing. (In Korea, it is necessary to perform a work environment measurement within 30 days for new process or process change.)
- Potential risks discovered through a work environment measurement should be prioritized for improvement / control activities.
- All permits and licenses must be kept up-to-date and a documentation process must be in place to give notifications to renew the current licenses before they expire (such as alarm/tasks/calendar reservations via a compliance calendar or email system).

**II. Reducing exposure to hazards**

- Establish controls to reduce or eliminate workers' exposure to chemical, biological, and physical hazards by performing work environment measurement. The company must take appropriate measures, such as engineering controls (like local exhaust systems) designed to reduce exposure to hazardous substances, and appropriate marking of hazards within the workplace (e.g., time limits for worker exposure, circulation of duties, etc.).
- Industry hygiene sampling records from the past three years must be available for examination by government institutions. The sampling frequency should be at a maximum once a year, except when health risk assessments, process changes or regulatory requirements require more frequent sampling. (In Korea, if the noise level exceed the legal limit, it should be measured at least once every six months.)

**E. Managing physically demanding work**

Suppliers shall identify physically demanding tasks, e.g. repetitious work and handling of heavy objects, and improve processes (supportive equipment, adjustable work table, etc.) or conduct job rotation or have workers stretch/exercise to prevent musculoskeletal disorders.

**Q. 2. E. 1. What is physically demanding work and musculoskeletal disorders?**

- Physically demanding work refers to tasks involving lifting heavy objects, lifting items repeatedly, prolonged standing, and severely repetitive or physically exhausting assembly tasks. The company needs to find out whether workers are exposed to excessive manual labor and develop comprehensive plans and measures to prevent and manage musculoskeletal disorders.
- Musculoskeletal disorders are health problems caused by factors such as repetitive movements, improper working postures, overexertion, physical contact with sharp surfaces, vibration and temperature, and which appear in the nerves, muscles, and surrounding body tissues of the neck, shoulder, back and upper and lower limbs.
- To assess workers' exposure to physical work hazards, a musculoskeletal risk assessment should be conducted using a workplace measurement on a regular basis (at least once every three years), and in the case of physical work, risk assessment records for the past three years must be kept on hand.

**Q. 2. E. 2. How physically demanding work should be handled in the workplace?**

**I. Improvements to musculoskeletal disorder-inducing work**

- Musculoskeletal disease, whose main symptoms are back pain and shoulder stiffness, results from simple repetitive tasks that cause pain in the back, neck, shoulders, and limbs. It usually occurs in jobs such as welding, assembly, transportation, computers, officework, and design. Work that could cause musculoskeletal disorders should be managed through risk assessment.
- The company shall establish and implement methods to remove or reduce musculoskeletal disorder-inducing work through engineering improvements (e.g., palletization, lift table application, adjustable workbench application) and administrative improvements (work schedule and work rate adjustment, worker exposure time limits, circulation of duties, etc.).

**F. Machine safeguarding**

Suppliers shall regularly conduct safety inspections of all applicable machinery and keep its records in accordance with local law. For the safety of workers, suppliers shall provide physical protective guards/barriers and safety devices (shut down when open the cover, interlocks, etc.), and conduct preventive maintenance of the machinery.

**Q. 2. F. 1. What is machine safeguarding?**

• Suppliers must assess the safety risks of production-related and other machinery. If there is a risk to workers of injury by machinery, physical protection, safety equipment and protective walls should be provided and properly maintained.

**Q. 2. F. 2. How can equipment safety be applied in the workplace?**

**I. Licensing**

- All necessary permits, licenses, and inspection reports of the machinery required by law must be acquired and kept on hand and inspected at a frequency required by local law, not to exceed two years.
- All permits and licenses must be kept up-to-date and a documentation process must be in place to give notifications to renew the current licenses before they expire (such as alarm/tasks/calendar reservations via a compliance calendar or email system).

**II. Machine Safeguarding Program**

- All machinery must be equipped with appropriate safety and emergency stop devices and an adequate and effective safeguarding program must be implemented to ensure that workers can safely operate machinery.
- Machine and safety device inspections and preventive maintenance records should be available for inspection, should always be kept up-to-date, and workers should receive training on how to use safety devices and emergency stop devices.
- Work instructions (if necessary or required) must be provided on the machine (or nearby) in a language understood by the worker.

※ **Interlock:** This is a mechanism that automatically prevents the machine from operating when any part of the machine is not operating normally. For safety purposes, the machine may not start if a safety cover installed in a dangerous part of the machine is opened, or the machine may be inoperable if the safety device is not being used properly.



**G. Cafeteria and dormitory management**

Suppliers shall provide employees with clean restrooms, drinking water, and a place where they can hygienically cook/store/eat food. The dormitories provided by suppliers or labor dispatch companies shall be clean and safe, and provide appropriate emergency exits, cooling/heating, hot water for bathing and showering, and adequate lighting, ventilation, personal lockers or space with a lock.

**Q. 2. G. 1. What is cafeteria and dormitory management?**

• Suppliers must provide workers with clean bathrooms, drinking water and sanitary food preparation, storage and dining facilities. Worker dormitories provided by suppliers and labor agencies must be kept clean and safe and must have appropriate emergency exits, hot water for bathing and showers, adequate heating and ventilation, as well as a reasonable amount of personal space and the right to have access.

**Q. 2. G. 2. How should cafeteria and dormitory management be applied in the workplace?**

**I. Licensing**

- Acquire and obtain all required permits, licenses, and inspection reports for food, sanitation, and housing required by law, and conduct inspections as often as required by the permits, licenses, or customer demands, not to exceed two years.
- All permits and licenses must be kept up-to-date and a documentation process must be in place to give notifications to renew the current licenses before they expire (such as alarm/tasks/calendar reservations via a compliance calendar or email system).
- Suppliers must have valid health certificates for the cafeteria workers. If local regulations require health checkups, other inspections, or medical certificates for the cafeteria workers, valid documents must be kept on hand.
- Drinking water inspection reports should be regularly reviewed and the drinking water should be self-inspected if required by law or otherwise needed. (At least every two months or more often than local regulatory requirements). If the local water service company/agency can prove that the water quality meets WHO or similar standards, drinking water inspection is not required (proof must be kept on site).

**II. Management of dormitory, bathroom, and staff space**

- Dormitories, restrooms and staff spaces must be kept clean and safe and meet international housing standards.
  - Dormitory and sanitation management
    - Stairs must have safe access and clean and bright lighting.
    - Emergency exits on each floor must be accessible, and emergency exit signs should be visible to everyone.
    - There should be an appropriate number of emergency exits and they should not be locked.
    - (If applicable) The building should be supplied with heating in the winter and have adequate lighting and ventilation windows.
    - There must be appropriate lighting (suitable for reading, writing, and other non-work activities), safe and adequate electrical outlets.
    - Lodging and cooking facilities should be separated.
    - There must be appropriate fire and heat detection, alarm and notification, and fire extinguishing systems.
    - Appropriate on-site waste treatment facilities and pest control measures should be provided.
    - There should be an appropriate number of first aid kits available.
    - Provide sufficient space for each worker and provide personal lockers with locking devices.
    - All facilities should be divided according to gender.
- (The same applies to rented apartments instead of dormitories.)

\* Limit the freedom of movement, such as curfew, or imposition of fines is a violation of this Code of Conduct.

**III. Cafeteria management**

- The cafeteria should be kept clean and maintained in accordance with local health regulations.
- The exits in the cafeteria should be appropriate for the number of workers and there should be adequate hand washing facilities.
- Restaurant workers should wear masks, hairnets and gloves when necessary to prevent food contamination, and there must be facilities, health screenings and other tests or medical certificates as required by local regulations.
- Keep records of food handling procedures/periodic hygiene monitoring results on hand and keep records of cleaning, disinfection and pest control for the cafeteria and kitchen.



**H. Health and safety education**

Suppliers shall provide health and safety training for all workers in a language the worker can understand. Health and safety related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers. Training is provided to all workers prior to the beginning of work and regularly thereafter. Suppliers shall provide communication channels so that workers can raise health and safety concerns freely.

**Q. 2. H. 1. What is health and safety education?**

- Health and safety education refers to training for raising awareness of the importance of safety and health, such as preventing accidents and occupational diseases and protecting lives.
- Suppliers should provide workers with appropriate workplace safety and health training in a language that workers can understand, and health and safety information should be posted somewhere in the facility where it is clearly visible.
- Suppliers should carry out appropriate safety and health training to new employees, supervisors, and special process workers as often as is specified by and in accordance with local regulations.
- Keep records of safety and health training and related communications.

### 3. Environment-friendly workplace management (Environment)

#### **A. Compliance with environmental laws (licensing and reporting)**

Suppliers shall acquire and maintain all environmental permits (ex: discharge/preventive facility installation/operation/change reports) as required by law, and fulfill the obligation to report. Suppliers shall also stay up-to-date on the latest legal revisions and comply with them.

#### **Q. 3. A. 1. What are environment-related legal requirements?**

- Environment-related requirements encompass a company's impact to the environment through their business activities. In order to mitigate these effects, each country has laws that companies must comply with. Suppliers must review all applicable environmental laws and regulations, obtain and maintain statutory licenses and registrations essential to the operation of the company, and comply with obligatory reporting.
- Environmental licensing refers to the legal licenses required by local laws and ordinances regarding the management of waste, air and water emissions, waste water and hazardous materials, and control facilities are facilities for treating environmental pollutants.

#### **Q. 3. A. 2. What should be kept in mind with respect to environmental regulations compliance?**

- Depending on the company size and process characteristics, the company may need to obtain various types of licensing documents. All relevant requirements must be reviewed and apply for without omission, and procedures should be established to renew the acquired licenses before their expiration date. For example, a register of legal and regulatory requirements should be run to check the validity of licenses in a timely fashion, while keeping track of any changes to the legal requirements.
- When changing a work process or adding materials used in that process leads to changes with the content of the current license, check the legal requirements and report to the relevant authorities when necessary.
- If obligated to report to an environmental authority, such as the Ministry of Environment or a Local Environment Agency, the report must be submitted in accordance with the latest legal requirements.

**B. Pollution prevention and Resource reduction**

Suppliers shall make efforts to reduce and eliminate resource consumption and waste discharge by improving processes, using alternative sources of energy, conducting preventive maintenance, preserving resources, recycling and reusing.

**Q. 3. B. 1. Why is pollution prevention and reduction of resource consumption important?**

• Our society faces many environmental challenges, such as the depletion of natural resources, climate change, pollution, and the collapse of ecosystems. As the world's population grows and consumption increases, these changes threaten human safety and health. Also, because unsustainable production and consumption cannot guarantee mankind's survival and prosperity, the use of resources/energy must operate within the capacity of the Earth. For sustainable resource utilization, the company must minimize or eliminate the use of resources and the discharge of various wastes including water, energy and other pollutants. Efforts should be made to minimize or eliminate contamination through methods such as changing production, maintenance and treatment facilities, using and preserving alternative materials, and recycling and reusing raw materials.

**Q. 3. B. 2. What are methods for pollution prevention and the reduction of resource/energy consumption?**

• The company should identify environmental pollution factors as follows and establish policy and programs for pollution prevention and reduction of resource.

- Identification of types and amount of raw materials used
- Air pollution emissions
- Wastewater discharge
- Hazardous waste discharge
- General waste Discharge
- Soil pollution emissions
- Other environmental pollution factors that adversely affect other communities and the environment

• The potential environmental pollution factors identified should be managed within the environmental standards required by local laws and regulations. This must be accompanied by management goals and improvement activities toward pollution prevention and the reduction of resource consumption, based on priorities that take into consideration severity and controllability.

Programs to this end should include the following:

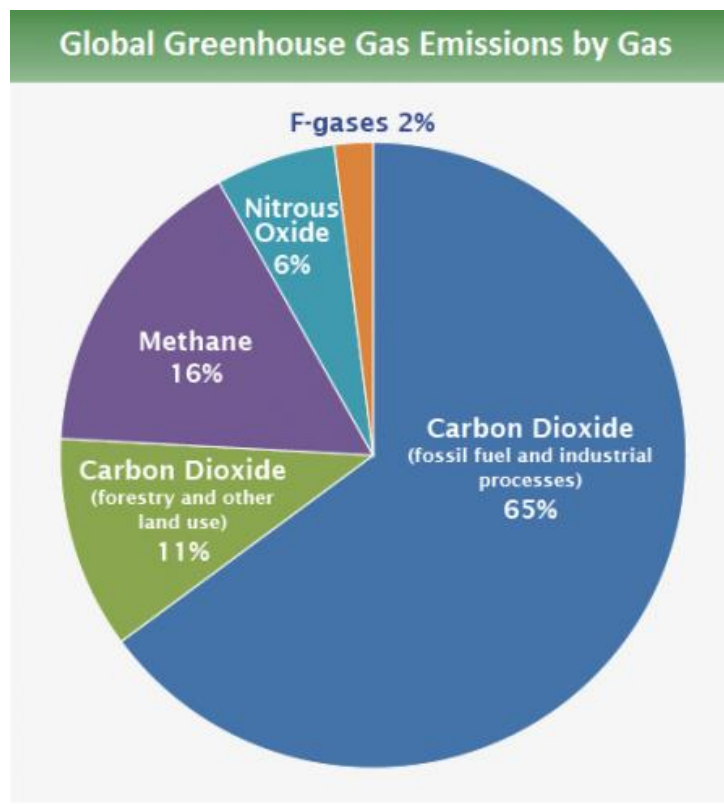
- Environmental Impact Assessment: Establish programs to identify, control and monitor significant environmental pollutants.
- Baseline measurements for resource use, consumption, and waste generation for each main material
- Regular monitoring system for resource use and waste generation (at least once a year)
- Regular reviews for developing improvement plans (at least once a year)

**C. Energy Consumption and Greenhouse Gas Emissions**

Suppliers are to establish a corporate-wide greenhouse gas reduction goal. Energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions are to be tracked, documented, and publicly reported against the greenhouse gas reduction goal. Suppliers are to look for methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.

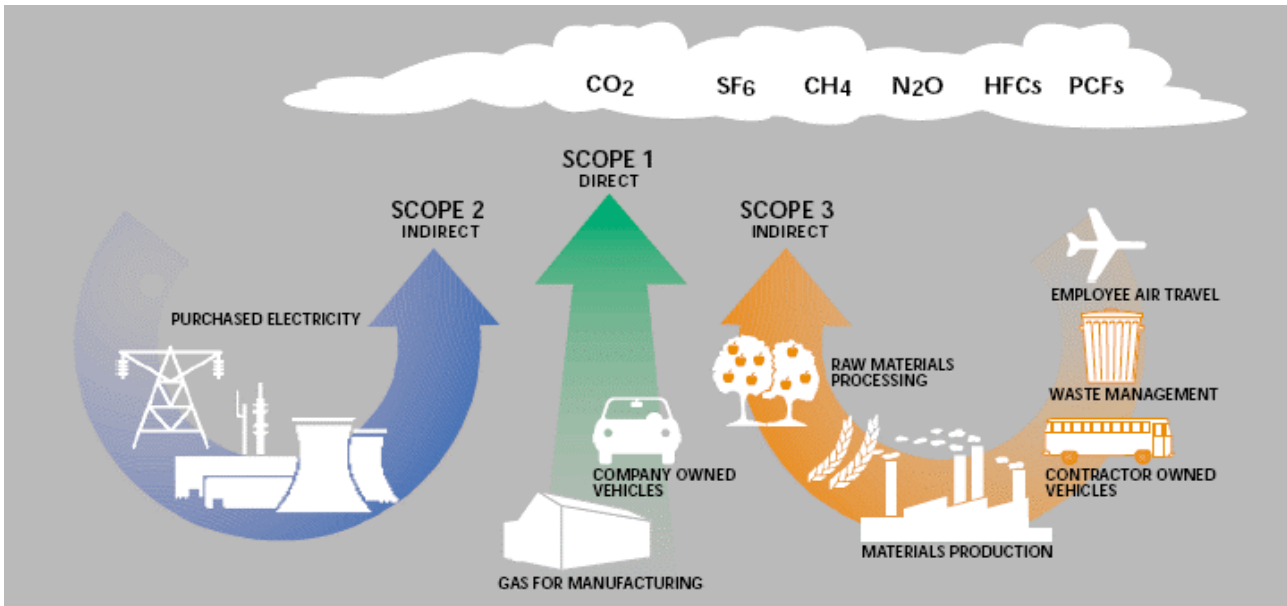
**Q. 3. C. 1. What is Greenhouse Gas (GHG) and how to calculate the amount of GHG emission?**

• A greenhouse gas is a gas in an atmosphere that absorbs and emits radiant energy within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The six main greenhouse gases as defined in Kyoto Protocol are Carbon Dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Sulphur Hexafluoride (SF<sub>6</sub>).



\* Global emissions gas in 2015 (Source- IPCC2014\_based on global emissions)

- GHG emissions can be categorized as below.
  - Scope 1 (Direct): On-site combustion using fossile fules such as boiler and heater
  - Scope 2 (Energy Indirect): Purchased electricity, hear or steam
  - Scope 3 (Other Indirect): Commuting, travel, waste generated in operations, and etc.
- ※ At least tracking scope 1 &2 emmisions is recommended.



- In order to calculate GHG emissions, annual use of energy should be recorded and tracked. Energy source can be various such as oil, diesel, natural gas, propane, electricity, and steam, and see examples for calculation on major source – electricity, steam, and natural gas

**[Korea]**

1. Electricity (purchased) use = Electricity use (kWh) x 0.00046625
2. Steam (purchased) use = Steam use (TJ) x emission factor (request to your steam provider)
3. LNG combustion = LNG use (m<sup>3</sup>) x 0.002212

\* Unit of emissions: Ton CO<sub>2</sub>eq

(Example: If annual electricity use – 1,000,000 kWh, and LNG use – 1,000,000 m<sup>3</sup>)

→ Scope 1 (direct): LNG – 1,000,000 x 0.002212 = 2,212 Ton CO<sub>2</sub>eq  
 Scope 2 (Energy indirect): Electricity – 1,000,000 x 0.00046625 = 466.25 Ton CO<sub>2</sub>eq

(※ Auto calculator: [http://bpms.kemco.or.kr/toe/toe/toe\\_new.aspx](http://bpms.kemco.or.kr/toe/toe/toe_new.aspx) - by KEMCO)

**[Overseas]**

1. Electricity (purchased) use = Electricity use (kWh) x emission factor by countries

[Emission factor by countries]

Brazil	0.000136	Russia	0.000437
China	0.009168	Saudi Arabia	0.000754
Egypt	0.000457	South Africa	0.000869
India	0.000856	Thailand	0.000522
Indonesia	0.000755	Turkey	0.000472
Mexico	0.00135	Vietnam	0.000429
Poland	0.00156		

2. Steam (purchased) use = Steam use (TJ) x emission factor (request to your steam provider)
3. LNG combustion = LNG use (m<sup>3</sup>) x varied by countries\*

\* See IPCC 2006 second edition for detailed emission factor by countries

\* For LNG emission factor, it's acceptable to use Korea's factor (0.002212)

**Q. 3. C. 2. How energy use/GHG emission can be reduced?**

- Reduction program/plan for energy use/GHG emission should include followings.
  - Annual objectives
  - Regular objective tracking
  - Progress monitoring
  - Adjustments made if off track
  - Data on energy use/ GHG emission (Inventory)
  
- Since some countries have regulation on GHG emission, suppliers should check relevant local law or buyers' request. Generally, following activities can be considered.
  - Install power saving devices (sensor using auto light, air conditioning, and etc.)
  - Use high efficient on-site combustion or vehicles
  - Purchase renewable energy or install on-site renewable energy power generator such as solar panel
  - Use refrigerants with low global warming potential in Heating, Ventilation, and Air Conditioning

**D. Hazardous substance management**

Suppliers shall identify and record all chemicals and other materials (including hazardous waste) likely to be a hazard to humans or the environment when leaked, and make efforts to safely store, transport, use, recycle, reuse and dispose them. Suppliers shall identify areas where soil and rainwater pollution are possible when chemicals are leaked, establish countermeasures and conduct counter-leak drills at least once a year.

**Q. 3. D. 1. Why is it important to control hazardous substances, including chemicals?**

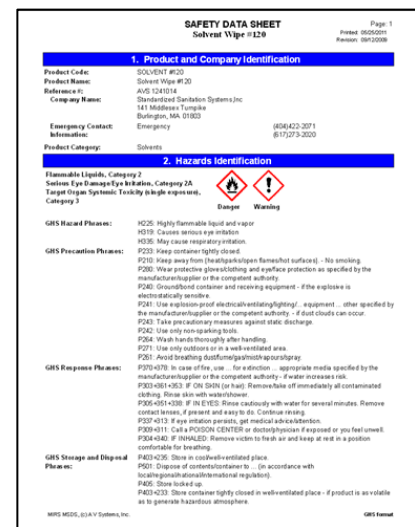
• Hazardous substances can cause environmental pollution in the case of spillage, and may pose a risk to human health or even loss of life in extreme unsafe exposure. In the event of an accident, hazardous substances can cause environmental pollution and result in significant remediation efforts and restoration costs. Therefore, suppliers must identify those chemicals and other substances that could pose a hazard when released into the environment and manage the safe handling, transport, storage, use, recycling, reuse, and disposal of such materials. In addition, the materials must be handled safely, and the operator should be familiar with their proper use/storage and what to do in case of emergencies.

**Q. 3. D. 2. What is a Material Safety Data Sheet (MSDS)?**

• The site where all chemicals are used and/or stored should be provided with a Material Safety Data Sheet (MSDS), indicating information about the chemical. The MSDS should be posted in the worker's native language in the most visible location of the workplace. In addition, containers containing chemical substances (including secondary containers) and packaging must be marked with a warning label that includes the name of the substance, and a description of the hazard/risks and precautions.

**※ MSDS information content (confirmation that GHS standards are applied is required)**

1. Chemical product and company information	9. Physio-chemical properties
2. Hazard-level, risk-level	10. Stability and reactivity
3. Composition, information on ingredients	11. Toxicological information
4. First-aid measures	12. Environmental impact
5. Measures in case of fire, explosion	13. Disposal considerations
6. Accidental release measures	14. Transport information
7. Handling and storage	15. Regulatory information
8. Exposure controls/personal protection	16. Other information



**Q. 3. D. 3. What are the precautions for handling chemicals?**

- Every chemical on the premises must have a procedure for accurately recording and storing the records when chemicals are received, stored, distributed, used, returned, or disposed of so that they can be tracked, reviewed and approved in accordance with local laws. Suppliers should keep a list of the chemicals in use and inventory records. Also, suppliers keep records of the chemicals, their storage areas and the use of those substances.
- All new purchases of chemicals must be approved before use, and all new chemical selection processes should include the use of alternative substances that are less harmful or harmless. Ensure that a thorough evaluation is included.
- Chemical safety training with MSDS should be conducted for workers handling chemical substances, such as how to wear PPE (Personal Protective Equipment) and measures to take in the occurrence of abnormal symptoms from chemical exposure. In addition, accident response training should be conducted in case of leakage while on the job.

- In order to prevent chemical accidents, which could lead to serious environmental hazards in the event of spillage, chemicals should be kept separately, and there should be secondary containment, fire prevention, ventilation in use and storage facilities, and surrounding cleaning facilities. If regular monitoring identifies a spillage risk, it is necessary to establish a corrective action plan and complete the remedial action within a specified time frame. Incident prevention activities should include:
  - Warehouse (tanks, etc.)/installing leakage bins (or trenches) in storage facilities and an emergency disposal process
  - Installation of anti-leak exhaust facilities in handling and storage facilities (natural ventilation facilities are possible)
  - Emergency protective equipment (chemical protection, gloves, safety glasses, boots, masks)
  - Installation of cleaning/washing facilities around the storage/use of chemical substances
  - In the event of leakage, preventing water from leaking outside through storm drainage, etc. (place absorbent paper)
- A periodic assessment of hazardous waste transporters/contractors to ensure compliance with contractual and legal requirements should be conducted and its record should be kept. Assessments should occur at least every 3 years or when there is a significant change. The assessment including an on-site audit must occur before a new vendor (hazardous waste handler and transporter) is selected. If an on-site audit reveals non-conformances, Corrective Action Plan (CAP) must be demanded and monitored to ensure compliance. The results of the on-site audits and the results of corrective actions should be documented.



**E. Solid waste management**

Suppliers shall understand the characteristics of solid waste, treat them according to laws before disposing them, and make efforts to reduce them. Before selection of waste handlers and transporters, they shall be assessed including on-site inspection whether they are complying with local law.

**Q. 3. E. 1. What are the precautions related to waste?**

- There must be procedures for identifying, classifying, handling, storing, transporting and disposing of workplace waste with respect to the status (liquid, solid) and type (designated waste, non-hazardous waste, etc.). Regular inspection records should be kept for waste storage and disposal sites.
- Recyclable waste should be identified and recycled as much as possible, and recycling/reuse goals should be established and implemented. Recycling methods are subject to local regulations.
- Other waste management activities should include the following activities.
  - Fill out a waste discharge list and control log
  - Waste inventory records
  - Manage waste storage  
(Separation of hazardous waste and general waste, leachate prevention such as trenches/prevention of wastewater inflow, etc.)
  - Waste weighing management
  - Disposal agency's assessment check and regular inspection  
(At least once every three years or when selecting a new supplier)
  - Report on waste disposal performance/recycling rate
  - Collection transportation or disposal plan
- Waste information (label and MSDS) must be provided in the worker's native language at the time of storage.
- When selecting waste handlers and transporters, they should be selected through on-site inspection. Only recyclers that have been approved and licensed by local regulatory authorities should be used for waste transportation and disposal, and a copy of licenses/permits for all of the waste recycling companies must be kept on hand.

**Q. 3. E. 2. How hazardous waste should be stored in the field?**

- Suppliers should ensure compliance with local regulation on hazardous wastes. Generally, hazardous wastes should be kept separately from non-hazardous wastes and must be stored in paved floor with roof and wall. Emergency equipments to prevent soil / stream pollution also should be set. Records should be made when discharging or disposing hazardous wastes, and the records should be submitted if required by law.

**F. Air pollution management**

Suppliers shall understand the characteristics of VOC (volatile organic compounds), aerosols, corrosive gases, dust, ozone depletion materials and combustion byproducts in the processes, and treat them according to laws before discharging them. Ozone-depleting substances are to be effectively managed in accordance with the Montreal Protocol and applicable regulations. The efficiency of treatment facility shall be monitored at all times.

**Q. 3. F. 1. What are the precautions related to air emissions?**

- All air pollutants must be identified prior to their release and emitted in accordance with local laws and regulations and within legal thresholds.
- Air pollution management programs set annual goals and require regular reviews of progress. A response plan should be established to assess the effectiveness of air pollution emission systems and facilities and to immediately improve emergency situations such as malfunctions, breakdowns, and maintenance. In addition, there should be a person in charge of the entire air pollution emission process and appropriate training for the person in charge.
- The company must acquire licenses in accordance with local laws and regulations for all air emission facilities and treatment facilities, and maintain records for maintenance and periodic inspections.
- The company should periodically measure and record atmospheric emissions according to local regulations and report them to the authorities.
- If there is a workplace boundary noise requirement under local law, the boundary noise source should be identified, assessed, monitored, and managed within legal standards in accordance with legal licensing requirements.

**Q. 3. F. 2. What is Montreal Protocol?**

- The official name of the Montreal Protocol is the Montreal Protocol on Substances that Deplete the Ozone Layer. This is a global agreement to protect the Earth's ozone layer by phasing out the chemicals that deplete it. This phase-out plan includes both the production and consumption of ozone-depleting substances and this agreement was signed in 1987 and entered into force in 1989. Regulated substances can be found at the link below.

<https://ozone.unep.org/treaties/montreal-protocol/summary-control-measures-under-montreal-protocol>

**G. Compliance with regulations regarding hazardous substances in products and processes**

Suppliers are to adhere to all applicable laws and regulations regarding prohibition or restriction of specific substances and toxic chemicals in products and manufacturing. Suppliers shall comply with all the latest hazardous substance management standards of LGE.

**Q. 3. G. 1. What are the precautions related to the regulation of hazardous substances in products and processes?**

- Observe the relevant laws and regulations as well as customer requirements for the prohibition/restriction of certain substances in products during production, manufacturing and procurement. The material/component suppliers must comply with the regulatory requirements for the substances in products, and analysis data for the substances in products must be available for customer review.
- 'LG Electronics manual of the hazardous substance management in the parts and products', which is a standard for harmful substances in products, can be downloaded from the following address.
- <http://www.lg.com/global/sustainability/business-partner/supply-chain-green-management>

Korean : [제품 유해물질 관리 지침 - 제11판](#)

English : [Guidelines for hazardous substance management in products \\_ 11th edition](#)

- In order to prevent occupational diseases and protect the health of workers, Benzene and Normal Hexane as well as the legal prohibition substances should not be used in the process.

**H. Water management**

Suppliers shall characterize and monitor water sources, use and discharge. All wastewater is to be treated as required by local law prior to discharge, and shall be routinely monitored to ensure regulatory compliance.

**Q. 3. H. 1. What should be considered for effective water management?**

- The water used at the factory is divided into withdrawal, use and discharge stages. Water withdrawal means collecting water from the source to use the water. If suppliers withdrawal water directly, the company should ensure that it does not cause color change, odor, and suspended matter, and that it complies with the requirements of applicable laws. If water is used in the process, an appropriate annual reduction program should be established and implemented, such as goal management for efficient water use.
- Wastewater generated in the process should be treated according to legal requirements, and in case of in-house treatment, the efficiency of the treatment facility should be verified periodically. In addition, if hazardous materials leak/spill, nearby rivers/reservoirs can be contaminated through rainwater drainage so it must be managed through a blocking device or a collecting tank.

**Q. 3. H. 2. What are the precautions related to wastewater?**

- All wastewater generated should be treated in accordance with local environmental permits and the requirements of relevant laws and regulations, and processes should be established to prevent wastewater from running off into drainage and nearby communities. The company ensure that wastewater effects a significant impact on local water sources and identify potential sources of contamination that may affect stormwater quality.
- The source and amount of wastewater should be recorded. An appropriate wastewater treatment facility must be installed in accordance with local regulations, and a pollution management evaluation should be conducted for proper maintenance and periodic inspection.
- Emergency response processes should be established in case of overflow of wastewater treatment facilities, leakage of wastewater into storm drains, malfunctions, and management of test reports together with records of responses in the event of an issue. Training for the person in charge of wastewater treatment facility is required to be required by law or to maintain appropriate skills.
- The company must set up and implement reduction/reuse goals through a wastewater reduction program to minimize the generation of wastewater.
- Emergency response systems should be established, including personnel selection, prevention of incidents, and reporting to local governments, in order to respond promptly to pollution leaks through water pipes.

## **4. Ethics**

### **A. Compliance with "Jeong-Do" management and No improper advantage**

According to the Jeong-Do Management policy of LGE, suppliers are prohibited as a zero-tolerance policy from engaging in corrupt practices, such as receiving bribes including presents and embezzlement, and shall continuously regulate, and monitor and record for such occurrences to ensure compliance with anti-corruption laws.

### **Q. 4. A. 1. What is Jeong-Do management?**

• This is LG's code of conduct, which is based on ethical management and steadily cultivating skills and winning competitively. Practicing Jeong-Do management and compliance is the most basic promise to customers, and illegal activities can never benefit the company in any circumstances. LG Electronics employees, as well as all suppliers that deal with LG Electronics, must strictly adhere to Jeong-Do management.

### **Q. 4. A. 2. What is corruption?**

• This refers to the offering, promising, or proposal of bribes or some other compensation with the aim of improper and unfair benefit, or permitting or receiving such things. Included in this are acquiring or maintaining business opportunities, providing business opportunities to others, or providing, proposing or promising a particular value directly or indirectly through third parties with the aim of improper benefit.

### **Q. 4. A. 3. Why is the prohibition of corruption important?**

• Companies should be fully trustworthy about the transparency and ethics of transactions with customers, suppliers, and the larger community. To do this, all members should work fairly and transparently in accordance with principles and standards, and in particular, they should comply with the principle of Jeong-Do management based on fair and competent competition without acquiring or maintaining business in fraudulent ways such as bribery.

In addition, corruption such as bribery is a serious crime in all countries around the world, and not only the individuals involved but also the company can be subject to severe criminal penalties. Recently, it is increasingly common for foreigners to be punished, not only in their home country, but also abroad for corrupt practices by exercising extraterritorial rights. For example, the remittance of a bribe is punishable by US law even if it only passes through a bank in the United States or an email agreeing to provide a bribe passes through a server located in the United States.

### **Q. 4. A. 4. What can be done to prevent corruption such as bribery or embezzlement?**

• If a stakeholder offers money, it should not be accepted for any reason, and must be refused or returned politely. However, if the gift is not recognized as such at the time, or if it would be rude to immediately reject or return, it should be dealt with after being reported in accordance to company guidelines.

• The company's assets and confidential information are important assets and should only be used for business activities and approved purposes, and responsibility must be taken to respond to any loss, misuse, and theft of any assets. As company funds, company expenses must be used for designated purposes and comply with company standards. Company funds may not be redirected nor did physical cash acquire using false evidence.

• If you have appointed a third party, such as an external broker or consultant, to handle your business, you must ensure that no illegal methods such as bribery are used. Not only bribes directly given by you, but even when a third party gives a bribe for the benefit of the company, if the facts were known or understood, the company will be held responsible for it. You should investigate whether there is anything suspicious and terminate the transactional relationship so that there is no offer or acceptance of inappropriate proposals, bribes or unreasonable or improper profits.

• If corruption is detected through regular monitoring, take measures in accordance with the personnel regulations, and keep records detailing the method of investigation, objective data, and testimony. You should conduct annual training for all executives, managers, supervisors, and employees and keep the training materials and training records.

**B. Information disclosure**

All transactions shall be transparent and accurately recorded in accounting books. Suppliers shall disclose, as is, information on the status of labor/health and safety/environment practices, business activities, corporate governance, financial status and performance according to related laws and prevailing industry practices and falsification of records or misrepresentation of conditions or practices are unacceptable.

**Q. 4. B. 1. Why should false information not be disclosed?**

• Build trust with customers, shareholders and other stakeholders based on accurate information disclosure. Providing false or exaggerated information is a clearly illegal act that could cause stakeholders to misunderstand the company or harm the interests of the company by blurring decision-making and judgment when forming business relationships.

**Q. 4. B. 2. What are methods for disclosing reliable information?**

- Records, reports and disclosures of all company-related information must be accurate and honest. In particular, financial performance should be prepared fairly and in accordance with tax laws and corporate accounting standards, reported to stakeholders such as shareholders and investors, and verified by third party financial auditors.
- Establish internal inspections and management systems to ensure the accuracy and reliability of information to prevent false information and ensure timely reporting in accordance with legal requirements and industry practices.
- All types of information (such as employment announcements, product details, company/facility promotions (brochures/flyers), commercials, press releases, websites, etc.) that are publicly disclosed by partner companies are subject to fair trade laws and fair advertising laws, and there should be no false or misleading statements about the suppliers' products, services, opportunities or location.

**C. Protection of intellectual property rights**

Suppliers shall respect all intellectual property rights, and protect such rights when transferring technology/know-how. Suppliers shall also safely protect all information of LGE and their suppliers.

**Q. 4. C. 1. What are intellectual property rights?**

• They are intangible property rights for works created by intellectual activities in the fields of industry, science, literature and the arts. They are broadly categorized into industrial property rights such as invention, trademark, design, and copyrights for literary, musical, and art works.

Accordingly, intellectual property includes various designs, technologies, inventions, or information that can be protected externally by intellectual property rights such as patent rights, design rights, trademark rights, and copyrights. It may also contain trade secrets that must be kept confidential, such as product design or source technology, to maintain competitive advantage.

• When a contractor concludes a contract with a customer, he or she should establish policies and programs to protect the customer's information. To do so, the name and contact information of the core customer's employees, contract price and size, contractor, and other subcontractor information, identity information and trademarks, third party intellectual property, patent records, copyrighted content, etc., may also be included among the trade secrets that must be kept secret from the outside.

**Q. 4. C. 2. Why should intellectual property rights be protected?**

• Fair competition in good faith means respecting the intellectual property rights of others. Just as your intellectual property rights are respected by others, it means that you should keep in mind the intellectual property rights of others at all times when developing new ideas. Respecting the intellectual property rights of others in a rapidly changing market environment that can survive only by constantly introducing innovative ideas is a true practice of fair competition.

At the same time, the intellectual property of the company, including various designs, technologies and information, is the driving force of our business activities. By protecting the company's intellectual property, we will be able to maintain our competitive edge and consistently deliver innovative products and services to our customers. We must respect the intellectual property of others, but before we do, we must protect our intellectual property thoroughly and properly.

**Q. 4. C. 3. How can intellectual property rights be protected?**

• Designs, technologies, writings, and information held by third parties or others must be used only after obtaining authorization to use them, and the use of licensed intellectual property is subject to the terms of the license agreement. Materials that are not clearly legally licensed should not be shared with third parties.

• You should review in advance whether another party has the right to data, information, writing or technology that you have acquired or plan to use at the company level. In particular, it is necessary to review whether parts supplied by a supplier are utilizing technology pertaining to the intellectual property of a third party other than the supplier, and if there is another rights holder, the terms of use for the writing or technology must be checked.

• The development of an invention, design or technology that should be protected by intellectual property rights should be reported to the organizational director or the patent department representative so that the company can register it. Protect your company's intellectual property from unauthorized use, and in particular, prevent unauthorized disclosure or disclosure of company trade secrets. The confidentiality of the trade secrets must be protected from unauthorized use by others, and the necessary approval procedures and sufficient contractual protection measures must be taken.

**D. Fair trade, advertising and competition**

Suppliers shall comply with the applicable regulations and standards regarding fair trade (prohibition of collusion), advertising and competition.

**Q. 4. D. 1. What are violations of the Fair Trade Act?**

- Fair trade laws differ slightly from country to country, so it is not easy to determine whether or not a violation has occurred. In most countries, however, the following are usually restricted or prohibited.
  - Agreements or understandings between competitors or companies and customers, clients, and suppliers that may unfairly restrict competition
  - Disrupting business or taking unfair advantage of other businesses by using superiority in supply chain or market
  - Mergers, acquisitions, joint ventures, and other supplierships that may impede competition without getting prior review or approval by the government or regulatory authorities

**I. Fair Trade - Relationship with Competitors**

- If it is necessary to cooperate with competitors, ensure that regulators do not misinterpret this move as collusion (cartel) behavior. The object of collusion is not limited to final sale prices. Not only prices, but any element that can influence customer choice and restrict competition can be included. Even if there is no intention to adhere to the agreement, or if it was not actually followed, the agreement in and of itself would be considered illegal. Also, even failed attempts to reach such an agreement could be a violation of fair trade laws, despite no agreement being concluded.
  - Price fixing: Agreeing on any form of pricing for channel partners or customers, including, for example, use of pricing formulas, discounts or rebates, or agreeing on pricing to pay to suppliers.
  - Bid rigging: Agreeing on how to bid for customer or channel partner business, such as by agreeing on what price or other conditions to put in a bid proposal. Typically, this is done so that a competitor wins one customer opportunity and another wins the next opportunity.
  - Operation, production or distribution agreements: Agreeing on levels or other limitations of production or distribution of products, or agreeing on other operational activities.
  - Market, territory or customer allocation: Agreeing to divide markets, territories or customers so that competition is reduced in each situation.
  - Group boycotts: Agreeing not to do business with certain individual or groups of customers, distributors or suppliers, for instance, until that group agrees to more favorable pricing or other conditions.

**II. Fair Trade - Relationship with Suppliers**

- Fair trade laws should be complied with even more strictly when dealing with suppliers. You should not use unequal, unfair treatment or unfriendly trading practices by taking advantage of a superior trading status. The following are actions that may cause problems with fair trade laws in relation to suppliers.
  - Refusals to deal: Not doing business with a potential or former partner without a legitimate reason. Such efforts may suggest an attempt with a competitor to allocate customers.
  - Unfair exploitation of a superior dealing position: Using the Company's superior position over a supplier or channel partner to pressure unfair prices, refuse or delay execution of payment, impose sales targets, reestablish business terms, interfere in management or other unfair activities.
  - Price or subsidy discrimination: Setting prices for certain channel partners outside of a regularly-applied pricing structure and without appropriate reason. Providing non-financial support also may apply here.
  - Exclusive dealing with certain partners or territories: Setting terms that unreasonably restrict our partners' freedom of doing business. This includes dealing only on the condition that our partner does not deal with a competitor and setting exclusive sale territories.
  - Resale price maintenance: Requiring a channel partner to sell the Company's products at a certain price, discontinuing sales to that partner because of its pricing decision, or penalizing a channel partner for not maintaining resale prices based on another partner's complaint.
  - Tying and bundling arrangements: Requiring that a partner sell to or buy from the Company for the Company to do the same with the partner, either as a wholesale arrangement or for specific unrelated products.
  - Predatory pricing: Setting unfairly low prices to channel partners or customers, such as below cost, or purchasing at unfairly high prices from suppliers, to drive out competitors.



**Q. 4. D. 2. Why is fair trade and competition important?**

• Fair trade laws protect the competitive order of the market and allow us to pursue results using our abilities and not cheating. Therefore, working for fair trade and competition is not only a social obligation, but is also key for the formation of trust with Suppliers and customers.

Recently, the majority of nations have increased the enforcement and punishment of relevant laws. Individuals who violate fair trade laws are subject to severe criminal punishment such as long term jail terms and large fines. Not only individuals but also corporations can suffer fatal fines such as huge penalties, large class action lawsuits, and restrictions on business activities in those countries. Therefore, it is necessary to pay utmost attention to ensure that no management activities of the company are in conflict with relevant laws.

**Q. 4. D. 3. How can fair trade and competition be put into practice?**

- Avoid harming other businesses and customers with improper collusion of competitor selling prices, terms of sale and market distribution. You should not form or enter into unfair agreements or collusive organizations with peer companies.
- Do not steal or tamper with competitors' tangible and intangible assets, and strive to gain competitive advantage in a legitimate way that does not slander competitors or exploit weaknesses.
- Provide partners with the necessary trade information at the appropriate time, and take security measures to prevent damage from external leaks. Mutually agreed terms and conditions will not be changed without justifiable reason, and technical or other assets of partners must be approved by the partner.
- In the event that a partner is injured due to the fault of the company, they must be compensated fairly. Unfair acts that are prohibited by fair trade laws should not be done.
- If conspiratorial and collusive activities are uncovered through regular monitoring, measures should be taken according to personnel regulations, and records of investigation methods, objective data and testimony should be kept. Ensure that relevant executive, managerial, supervisor, and employee training is conducted and maintained with training materials and training records.

**E. Protection of identity and non-retaliation**

Suppliers shall operate an anonymous confidential reporting channel and whistleblower protection programs, unless prohibited by law. Suppliers should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

**Q. 4. E. 1. What is an anonymity-protected reporting channel?**

• This refers to on/off-line communication channels (newspapers, complaints and suggestions, hotlines, hotmail, third party lines, etc.) that enable employees and suppliers to freely report unethical illegal acts or issues within the company. However, if you report using such channels, you should not disclose any information that suggests or implies the identity of the informant without their consent. Therefore, it cannot be said that there is an anonymity reporting channel just because it is possible to report through face-to-face reporting with HR department managers and management.

**Q. 4. E. 2. How can I protect the identity of the informant and prevent retaliation?**

• Regular training should be conducted on how to use related internal policies and anonymous reporting channels so that employees and suppliers can report unethical illegal acts without fear of retaliation. The investigation should also include detailed procedures to protect the identity of the informant, and all efforts must be made to take responsibility and resolve any problems that result from a failure to do this.

• There must be an internal policy that strictly prohibits retaliation against employees and suppliers who report internal unethical illegal acts or issues. Identity protection should be applied to all workers, including irregular workers. This includes all forms of retaliation, ranging from grievances or transaction disadvantage to the informant to general harassment. If monitoring reveals cases of retaliation, those responsible should receive punishment based on disciplinary rules and prevention through regular education (once a year) is needed.

**F. Privacy Protection**

Suppliers shall systematically protect the personal information of all interested parties (including suppliers, clients, consumers and employees). Suppliers shall also comply with personal information protection/information security laws when collecting, storing, processing, transmitting and sharing personal information.

**Q. 4. F. 1. Why is the protection of personal information important?**

• The personal information of stakeholders, including customers, is becoming more important throughout all management activities. However, with the advancement of communication technology, access to and exchange of personal information has become faster and the possibility of misuse and abuse of information has increased. Taking responsibility for personal information and complying with relevant laws means respecting the stakeholders who have entrusted the company with their personal information, and it is important to note that consent to the use of personal information is limited to specified uses.

**Q.4. F. 2. How can the protection of personal information be put into practice?**

- Establish and comply with laws and corporate standards regarding the collection, storage, processing, transmission, and sharing of personal information. Since personal information must be used only for the agreed purpose, the sharing, disclosure, modification and destruction of personal information must be done only with the consent of the information provider, and as with the confidentiality of the company, thorough security is required. The transfer of personal information overseas is limited to cases where the laws of the country in which the information is collected allow it, and this also requires the informant's prior consent.
- Do not store any personal information that is not relevant or unnecessary to the business, and even if the information is acquired in relation to the business, it should be deleted completely when the business is completed. Personal information provided by suppliers must not be provided until it is confirmed that there is no problem with the collection and sharing process.
- In order to protect personal information, suppliers shall provide proper training to its employees, as well as establish monitoring process.

**G. International trade**

Suppliers shall comply with all applicable international trade laws and regulations concerning products and services delivered to LGE. This means prohibiting the supply of any raw materials, parts, products and service related to transactions with the subject of international sanctions such as specific countries, companies, organizations and individuals. If suppliers are aware of a transaction with the subject of international sanctions, the supplier should immediately notify LGE and take every possible measure. LGE may request confirmation/investigation of sanctions, and suppliers should cooperate.

**Q. 4. G. 1. Who is the particularly restricted country, company or individuals?**

• It's such particularly restricted countries, companies or individuals who are threatening global peace, safety and lives, by taking part of the development of mass destruction, international drug dealing, human rights abuse or international terror, and who are subject to trade or economic sanctions, restrictions or controls which are imposed by international organizations or key countries such as USA.  
(e.g. the leadership of North Korea, IS terrorist, Drug dealer, Myanmar insurgent army, Nuclear weapon related entity of North Korea, North Korea, etc.)

**Q. 4. G. 2. Which kind of transactions are restricted?**

• Direct or indirect export/import, sales or supply of product or service that is subject to a sanctions program (including, in some, cases because of a connection to a sanctioned entity in the supply chain).  
• Providing financial services such as Investment or transmission  
• Other funding to the sanctioned entity

**Q. 4. G. 3. Where can we find the sanction list?**

• US OFAC (Office of Foreign Assets Control) sanction list  
: <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>  
• US BIS (US Bureau of Industry and Security) sanction list  
: <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/entity-list>  
• EU (European Union) sanction list  
: <https://www.sanctionsmap.eu/#/main>  
• UN (United Nations) sanction list  
: <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>

**Q. 4. G. 4. What is the way of practice to comply these international trade regulations?**

• LGE is checking the applicability of the trade or economic sanction list of the partner who is supplying to LGE raw material / parts / product and service before the transaction or transmission of monies. LGE also requires its suppliers to exercise due diligence on their own suppliers, to ensure that the products and services provided to LGE are not affected by interaction with sanctioned entities.  
Therefore, the partners should check the applicability of sanction list before the partners supply the product or service, and take all necessary measures including termination of transaction with sanctioned entity and set up compliance process.

**5. Materials not obtained through illegal and unethical means;  
Special requirements for conflict minerals**

The Supplier shall establish and implement policies and comply with regulations to prevent the use of materials and minerals sourced through any illegal and unethical means. The supplier shall adopt a policy and exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold (Conflict Minerals) in the products they manufacture to reasonably assure that they are sourced in a way consistent with the Organization for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework. The Supplier shall exercise due diligence on the source and chain of custody of Conflict Minerals contained in Products and make Supplier's due diligence measures available to LGE upon request, and such materials and minerals shall be supplied by smelters and refiners that are certified by Responsible Minerals Assurance Process(RMAP) or any other company that incorporates a similar certification. The supplier shall also respond promptly to LGE's requests for information regarding the results of Supplier's due diligence measures, including but not limited to the country of origin or smelters and refiners used to process Conflict Minerals contained in Products.

**Q. 5. 1. What are conflict/responsible minerals?**

- The term "Conflict Mineral" is defined by United States law and refers to four minerals regardless of origin: tantalum, tungsten, tin, and gold (also known as 3TG). However, other minerals can be added by the Secretary of State of the United States if it is determined that their sale will benefit armed groups perpetuating human rights abuses in the Democratic Republic of the Congo or neighboring countries.

(Note: <http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>)

- In addition to Conflict Minerals, Responsible Minerals are minerals that cause negative impacts such as human rights violations and environmental destruction in the process of mining. For example, Cobalt is not yet regulated but expected to be regulated because of issues related to child labor and human rights violations in cobalt mines in the Democratic Republic of Congo(DRC).

**Q. 5. 2. If the raw materials/parts/products delivered to LG Electronics contain minerals mined from disputed areas, is delivery prohibited?**

- No. The U.S. Conflict Minerals Law requires annual disclosure reporting of the origin of 3TG minerals in the products of companies listed on the U.S. stock exchanges. There are also legally mined minerals in the disputed territory - the Democratic Republic of the Congo or neighboring countries (Angola, Burundi, the Central African Republic, Rwanda, South Sudan, Tanzania, Uganda, Zambia and the Republic of the Congo). These "Conflict-Free" minerals can be distinguished from minerals controlled by militant forces that commit human rights abuses if sourced from smelters or refiners that have undergone an independent third party audit from the Conflict Free Sourcing Initiative or mutually recognized program. "Conflict-Free" validated smelters and refiners are listed at <http://www.conflictreesourcing.org/>

LG Electronics reserves the right to prohibit delivery of materials, parts and components from suppliers that contain 3TG minerals or cobalt if the origin information requested is not submitted.

In addition, and more broadly, suppliers should take care that any raw materials supplied to LG Electronics are not obtained through any illegal and unethical methods. LG Electronics is committed to pursuing a responsible sourcing network and will prohibit trading at any stage in the supply chain if it finds illegal or unethical behavior.

**Q. 5. 3. What are other precautions related to raw materials/parts/products delivered to LG Electronics?**

- Illicit activities such as terrorism, drug smuggling, human rights abuses, and other illegal activities can be identified through various economic and trade sanctions imposed by the United Nations, United States, European Union and/or other nations. Specific trade sanctions vary and can be applied to stakeholders involved – directly or indirectly – in transactions related to the countries, companies, institutions or individuals. LG Electronics expects all business partners – whether direct or indirect – to comply with all relevant trade compliance regulations.

## **6. Management system**

### **A. Management's commitment and responsibilities**

As responsible representative(s) for complying with this Code of Conduct, the suppliers' executive management shall express their will to comply in writing and post it at their workplaces. The management shall also review their compliance at least once a year.

### **B. Responding to external requirements**

Suppliers shall understand the latest laws including this Code and customer requirements, and conduct regular compliance evaluations (audits). As a result of the audit, suppliers shall analyze the root causes of nonconformities, and take corrective/preventive measures.

### **C. Risk assessment and management**

Suppliers shall identify potential risks in terms of labor, ethics, the environment, health and safety. They establish a management plan for risks identified having a high probability and significant impact, and report the implementation status to management at least once a year.

### **D. Improvement objectives**

Suppliers shall establish written performance, objectives, targets and implementation plans in terms of labor, ethics, the environment, health and safety, and evaluate the implementation status at least once a year.

### **E. Training and communication**

To comply with this code and laws, suppliers shall operate training programs for managers/workers, and share clear information on policies, goals and performance with workers, next tier suppliers and LGE.

### **F. Worker feedback, Grievance and improvement**

Suppliers shall evaluate workers' level of understanding the code, collect their opinions and non-conformances, and improve relevant procedure including grievance handling for practical implementation. Workers must be given a safe environment to provide grievance and feedback without fear of reprisal or retaliation.

### **G. Documentation and records**

Suppliers shall manage relevant documents and records in accordance with relevant laws and internal document management standards.

### **H. Suppliers' responsibilities**

Suppliers shall deliver this code to their next tier suppliers, require them to comply with it, and monitor their compliance to the code.

## **References**

The following standards were used in preparing this guidelines and may be a useful source of additional information.

RBA (Responsible Business Alliance, formerly EICC) Code

<http://www.responsiblebusiness.org/standards/code-of-conduct/>

Dodd-Frank Wall Street Reform and Consumer Protection Act

<http://www.sec.gov/about/laws/wallstreetreform-cpa.pdf>

ILO International Labor Standards

<http://www.ilo.org/global/standards/lang--en/index.htm>

ILO Code of Practice in Safety and Health

[www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf](http://www.ilo.org/public/english/protection/safework/cops/english/download/e000013.pdf)

ISO 14001 Environmental Management System

[www.iso.org](http://www.iso.org)

OECD Guidelines for Multinational Enterprises

<http://www.oecd.org>

OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas

<http://www.oecd.org/investment/mne/mining.htm>

ISO 45001 (Formerly OHSAS 18001) Occupational health and safety management system

<https://www.iso.org/iso-45001-occupational-health-and-safety.html>

United Nations Convention Against Corruption

[www.unodc.org/unodc/en/treaties/CAC/index.html](http://www.unodc.org/unodc/en/treaties/CAC/index.html)

United Nations Global Compact

[www.unglobalcompact.org](http://www.unglobalcompact.org)

Universal Declaration of Human Rights

[www.un.org/Overview/rights.html](http://www.un.org/Overview/rights.html)

SA8000 and SAI (Social accountability international)

<http://www.sa-intl.org/>

The Montreal Protocol on Substances that Deplete the Ozone Layer

<https://ozone.unep.org/treaties/montreal-protocol>

## **Document History**

Version 1.0 – Released June 2017

Version 3.0 – Released March 2018 (Alignment of the version with LGE Supplier code of conduct)

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