

LGE Supplier Code of Conduct v3.0 (2018)

LG Electronics' (LGE) Supplier Code of Conduct (hereinafter: the "Code") stipulates what LGE requires from its suppliers so that they will implement a safe working environment, respect the human rights of their employees, fulfill their responsibilities to protect the environment, and operate their business ethically. LGE may change this Code as deemed appropriate when necessary and suppliers will be notified in advance of such changes on the LGE Supplier website portal (<https://www.lgesuppliers.com>). LGE (and/or external auditors) may visit supplier facilities to assess compliance with this code and request improvements if needed.

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. During recruitment, they shall enter into a written labor contract, drawn up in a language workers can understand, and provide a copy to the workers. When hiring foreign workers, workers shall maintain possession of their identity or immigration documents, e.g. passports and work permits, unless such holdings are required by law. 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 recruiting fees.

B. Prohibition of hiring child and management of juvenile workers

Suppliers shall not use child labor. 'Child' 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, nor shall they be required to work overtime or at night. In case of using student workers, suppliers shall provide proper support and training programs, and continuously check compliance with applicable law and regulations.

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 1 holiday shall be allowed for every 7 days.

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.

E. Humane treatment

Suppliers shall respect the human rights of all workers, and make sure that workers are not subjected to sexual harassment, sexual abuse, physical punishment, mental/physical coercion, 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.

F. Prohibition of discrimination

In employment practices, such as hiring, wages, promotion, compensation and educational training opportunities, suppliers shall not discriminate on account of race, skin color, age, gender, sexual orientation, gender identity and expression, ethnic origin, disability, pregnancy, religion, political orientation, labor union membership, nationality or marital status. 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.

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.

LGE Supplier Code of Conduct v3.0 (2018)

2. Safe working environment (Health & Safety)

A. Occupational safety

Suppliers shall conduct regular risk assessments to understand the possibility of workers being exposed to safety hazards and prevent risks associated with these hazards. Suppliers shall design safe processes, implement technical/administrative control and preventive maintenance, prepare safe work procedures and 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, 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.

B. Emergency preparedness

Suppliers shall identify emergencies likely to occur and requiring high-priority responses, and establish response 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. Evacuation drills should be held for all areas including canteen and dormitory, and all shifts (Day/Night).

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.

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. 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 and use appropriate, well-maintained, personal protective equipment (PPE). Protective programs shall include educational materials about the risks associated with these hazards.

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.

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.

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.

H. Health and safety communication

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 safety concerns freely.

LGE Supplier Code of Conduct v3.0 (2018)

3. Environment-friendly workplace management (Environment)

A. Compliance with environmental laws (permits 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.

B. Pollution prevention and reduction of resource/energy consumption

Suppliers shall make efforts to reduce and eliminate resource/energy consumption and waste discharge by improving processes, using alternative sources of energy, conducting preventive maintenance, preserving resources, recycling and reusing. Energy consumption and relevant greenhouse gas emissions are to be tracked, documented, and evaluated. Suppliers shall make efforts to reduce power and fuel consumption and minimize greenhouse gas emissions by enhancing energy efficiency.

C. 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.

D. 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.

E. 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. The efficiency of treatment facility shall be monitored at all times.

F. 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.

G. 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.

LGE Supplier Code of Conduct v3.0 (2018)

4. Ethics

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

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

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.

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.

D. Fair trade, advertising and competition

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

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.

F. Personal information

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.

G. International Trade

Suppliers shall comply with all applicable international trade laws and regulations concerning any raw materials, parts, products and services delivered to LGE. Every possible measure should be taken including prevention of business with sanctioned country, company, entities, or persons.

LGE Supplier Code of Conduct v3.0 (2018)

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

The Supplier shall establish and maintain a policy to prevent the use of materials sourced through any illegal and unethical means.

As part of or in addition to such policy, the Supplier shall establish and maintain a policy to ensure that Conflict Minerals contained in Products do not directly or indirectly finance or benefit an Armed Group in the Democratic Republic of the Congo or an Adjoining Country. 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. The supplier shall also respond promptly to LGE 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.

The terms "Conflict Minerals," "Armed Group," and "Adjoining Country" have the meanings ascribed to such terms in the rules and regulations of the U.S. Securities and Exchange Commission promulgated under Section 13(p) of the Securities Exchange Act of 1934, as amended.

LGE Supplier Code of Conduct v3.0 (2018)

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 employees' level of understanding the code, collect their opinions and non-conformances, and improve relevant procedure including grievance handling for practical implementation.

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.

LGE Supplier Code of Conduct v3.0 (2018)

References

The following standards were used in preparing this code 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

ISO 14001 Environmental Management System

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>

United Nations Convention Against Corruption

www.unodc.org/unodc/en/treaties/CAC/index.html

United Nations Global Compact

www.unglobalcompact.org

Universal Declaration of Human Rights

www.un.org/Overview/rights.html

SA8000 and SAI (Social accountability international)

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

LGE Supplier Code of Conduct v3.0 (2018)

Document History

Version 1.0 – Released September 2010

Version 1.1 – Released December 2012

Version 1.2 – Released February 2014

Version 1.3 – Released December 2014

Version 2.0 – Released February 2016

Version 3.0 – Released January 2018

The LGE Supplier Code of Conduct was initially enacted in 2010 as a member of RBA (formerly EICC) to promote overall enhancement of social responsibility in the supply chain. You can find latest version of this code at LGE Supplier website portal (<https://www.lgesuppliers.com>) or corporate website (<http://www.lg.com/sustainability>).