

(ESG) LG Innotek Supplier Code of Conduct

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Approver	Owner	Head of Procurement Center
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Drafting Department	Charged	Shared Growth Team



LG Innotek Supplier Code of Conduct

LG Innotek has established the Supplier code of Conduct ("the code") as per the Responsible Business Alliance ("RBA") International Standard so that its suppliers maintain efforts to set up the sustainable management system through which they can ensure social, environmental and ethical management activities while providing safe work environments for their employees.

Operational Principle

This code outlines what LG Innotek wants from its suppliers so that they can provide safe work environments for its employees, respect their human rights and fulfill environmental responsibilities while operating their business in ethical manners.

The provisions of the code reflects the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Universal Declaration of Human Rights, and other international standards, and in the event of a conflict between the code and local regulations, the most stringent standard shall be followed.

LG Innotek may change the code if necessary, and LG Innotek (and/or LG Innotek's customer, external auditor) may visit the workplace of suppliers, their subsidiaries and affiliates, as well as any subcontractors and sub-tier suppliers (each a "Supplier") to evaluate compliance with the code, and then request improvement.

This code shall be applied to all suppliers providing their product or service to LG Innotek, those providing product (s) and service (s) for the product (s) of LG Innotek, and their subsidiaries and affiliates, as well as any subcontractors and sub-tier suppliers (each a "Supplier").

1. Respecting the Human Rights of Workers (Labor)

Suppliers shall endeavor to protect the human rights of its workers while treating them with respect and dignity as understood by the international community. This shall apply to all categories of workers including but not limited to temporary, migrant, student, contract, direct employees, and any other type of worker.

(1) Freely Chosen Employment (prohibition of forced labor)

Suppliers shall not force labor (slavery, human trafficking, etc.) on workers against their will. This includes moving, harboring, hiring, transferring or housing any person using the method of threat or force, coercion, kidnapping or fraud to obtain labor or services. Workers' freedom of movement shall not be unreasonably restricted within the facility provided by the supplier, including the dormitory.

During recruitment, they shall enter into a written labor contract, drawn up in a language the workers can understand, and provide the workers with a copy. When hiring foreign workers, the workers themselves shall keep original documents such as passports and work permits. Workers should be able to freely to leave the supplier company if they have given reasonable notice to the supplier company in accordance with the contract. In addition, the supplier shall not demand any fee during the hiring process, and if the worker has paid the fee, the supplier shall return it to the worker immediately.

(2) Young Workers

Suppliers shall not use child labor. "Child" means a person under the age of 15, the compulsory education completion age, or the minimum age for employment as stipulated by local laws, whichever is higher. Suppliers shall implement an appropriate process for verifying the age of the worker.

Suppliers shall not demand night shifts or overtime work to young workers under the age of 18 and shall not assign them to the process that are hazardous to their health and safety. Student workers in training shall be managed separately from regular workers according to the training program.

(3) Working Hours

Supplier shall comply with the maximum working hours standard stipulated by local laws. Working hours shall not exceed 60 hours including overtime or legal working hours, except in an emergency or special circumstance in accordance with the RBA standard. In addition, workers shall be guaranteed to take at least one day off every 7 days. The workplace shall comply with all laws and regulations related to working hours and days off, and overtime work shall be voluntarily chosen by the worker.

(4) 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 at the statutory rate. Wage deductions shall not be used as a disciplinary measure. Supplier shall ensure that workers can clearly understand the details of their pay slip, etc., and wages shall be paid on time.

(5) 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. Suppliers shall clearly stipulate disciplinary procedures that can be applied in the event of a violation of these instructions and notify it to the workers.

(6) Non-discrimination

In employment practices such as hiring, wages, promotion, compensation and educational training opportunities, suppliers shall not discriminate workers on account of race, skin color, age, gender, sexual orientation, gender identity, nationality, ethnic origin, disability, marital status, pregnancy, religion, political orientation, or labor union membership. In addition, suppliers shall not ask for a medical examination that could be discriminatory against workers or job applicants as a condition of employment.

(7) Freedom of Association

Suppliers shall guarantee and respect workers' rights to freely organize and join labor unions pursuant to local laws, to engage in collective bargaining, and to choose to participate or not to participate in peaceful rallies. Workers or workers' representatives shall be able to share their opinions on working conditions and management policies as well as their difficulties with the management without fear of discrimination, retaliation or threats.

2. Safe Working Environment (Health & Safety)

LG Innotek recognizes that the safe and healthy working environment minimizes work related disasters and diseases while serving as the factor to improve the quality of product and service, production consistency and employee retention and morale.

(1) Occupational Safety

Supplier shall conduct a risk assessment to determine the possibility of exposing workers to safety risk factors (chemical substances, electricity and other energy sources, fires, vehicles and falls, etc.). Safe process design, technical/administrative control, preventive maintenance, preparation of safety regulations, and continuous training shall be conducted depending on the results. In addition, suppliers shall manage and supervise the supply of well-maintained personal protective equipment to workers so that they can wear it. Also, suppliers shall not place pregnant women or nursing workers in a high-risk environment and provide reasonable convenience facilities for nursing mothers.

(2) Emergency Preparedness

Suppliers shall classify and define potential emergencies that can occur and work out response plans for each situation to minimize damage. Emergency exits shall be open at any time, easily accessible, and there shall be no obstacles in escape routes. All employees shall have/maintain prompt evacuation capabilities through regular evacuation drills. Emergency evacuation drills shall be conducted at least once a year or as required by local law, whichever is stricter.

(3) Prevention of Occupational Injury and Illness

Suppliers shall establish a system that can prevent, manage, track, and report industrial disasters and disease. The system shall include the provisions for encouraging workers to report, classifying and recording injury/illness cases, providing necessary medical treatment, investigating cases and implementing corrective actions, and promoting workers to return to work.

(4) Industrial Hygiene

Suppliers shall regularly monitor their work environments, e.g., harmful chemicals, noises and dust, to which workers can be exposed, understand their impacts, and take technical measures and supervise so that workers are not exposed to a level higher than accepted standards. Suppliers shall hold employee training on the relevant risks and take actions to provide personal protective equipment if the risks are not adequately controlled.

(5) Physically Demanding Work

Suppliers shall determine, evaluate and control physically demanding work, such as repetitive work, heavy object handling work, and long standing work. Supplier shall protect workers from musculoskeletal disorders by taking measures such as process improvement and job rotation.

(6) Machine Safeguarding

Suppliers shall assess safety risks of all production equipment and other facilities. If there is a risk of injury, suppliers shall provide and properly maintain physical protection devices, safety devices, and barriers.

(7) Cafeteria and Dormitory Management (Sanitation, Food, Housing)

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, hot water, cooling/heating, ventilation, personal valuables locker, etc.

(8) Health and Safety Communication

Suppliers shall implement necessary safety and health training for workers regarding all identified workplace hazards on a regular basis and post safety and health information that should be informed to workers in a conspicuous place. Suppliers shall provide training programs before starting work and regularly thereafter according to the training program.

(9) Health and Safety Permits

Suppliers shall obtain, keep current, and comply with all required health and safety permits.

(10) Infectious Disease Preparedness and Response

Suppliers shall develop and implement a program to take reasonable steps to prepare for, prevent, and respond to the potential for an infectious disease among its employees.

3. Environment-Friendly Workplace Management (Environment)

Suppliers shall identify environmental impacts from the production processes in order to minimize negative effects to local community, environment and natural resources while ensuring public health.

(1) Environmental Permits and Reporting

Suppliers shall acquire and maintain all environmental licenses (ex: discharge/preventive equipment 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.

(2) Pollution Prevention and Resource Reduction

Suppliers shall strive to reduce and eliminate resource consumption and waste discharge at source by improving processes, using alternative resources, conducting preventive maintenance, preserving resources, recycling and reusing.

(3) Hazardous Substances

Suppliers shall identify all chemical substances that may cause environmental pollution when leaked, and strive to safely store, transport, use, recycle, reuse, and dispose of them in a responsible way. In addition, suppliers shall label them for identification and management.

(4) Solid Waste

Suppliers shall identify the characteristics of generated wastes, discharge them after proper management according to the laws, and make efforts for recycling.

(5) Air Emissions

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 gas discharge control system shall be monitored regularly for its proper operation.

(6) Compliance with Regulations on Product's Hazardous Substances

Suppliers shall comply with relevant laws and regulations (EU RoHS, ELV, REACH, WEEE, etc.) and all LG Innotek requirements with regard to the provisions prohibiting or restricting the use of certain substances during production activities, in addition to recycling and disposal labels.

(7) Water Management

Suppliers shall make efforts to preserve water in such ways as controlling the pollution routes through recording and managing water sources and use and discharge of water. Wastewater shall be controlled and disposed by determining its properties prior to discharge. During wastewater treatment, suppliers shall record waste treatment efficiency and always

make sure wastewater is discharged within the standard.

(8) Energy Consumption and Greenhouse Gas Emission

Suppliers shall calculate and record energy consumption and greenhouse gas emissions (direct emissions - scope 1, indirect emissions - scope 2) throughout the company and at each workplace. In addition, suppliers shall work to reduce fuel consumption and minimize greenhouse gas (GHG) emission through improving energy efficiency.

(9) Boundary Noise Management

Suppliers shall identify, control, monitor, and reduce noise generated by the facility that affects boundary noise levels.

4. Corporate Ethics Compliance (Ethics)

Suppliers shall maintain top level integrity in the business relations with LG Innotek in order to ensure ethic behaviors in all business aspects including but not limited to business relations, procurement and partner management.

(1) Compliance with "Jeong-Do" management (business integrity)

In accordance with LG Innotek's Jeong-Do management policy, suppliers shall maintain a zero-tolerance policy which prohibits corrupt practices such as bribery including gift receipt, embezzlement, etc.

(2) Prohibition of Improper Advantage

Suppliers shall not offer or accept means of benefiting from illegal or inappropriate gains, and shall perform monitoring and enforcement procedures to exercise autonomous compliance with anti-corruption laws.

(3) Disclosure of Information

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.

(4) Protection of Intellectual Property Right

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

(5) Fair Business, Advertising and Competition

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

(6) Protection of Identity and Non-Retaliation

Suppliers shall operate an employee reporting channel that guarantees anonymity and ensures confidentiality so that workers can participate without fear of retaliation.

(7) Protection of 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, and sharing personal information.

(8) Responsible Sourcing of Raw Materials

Suppliers shall establish a policy to prevent the use of materials sourced through any illegal and unethical means (e.g. minerals excavated from mines occupied by armed forces, timber felled in areas of forest conservation or logging prohibition). Suppliers shall include a conflict mineral provision in the relevant policy and construct a system which can prove that 3TG (tantalum, tin, tungsten, and gold) contained in the raw materials/parts/products supplied to LG Innotek

does not provide, directly or indirectly, any resources or convenience to armed forces that violate serious human rights in the Democratic Republic of the Congo or neighboring countries. Suppliers shall carry out due diligence on the source sites and supply chains of 3TG minerals in raw materials/parts/products supplied to LG Innotek and be able to provide the due diligence data upon LGIT's request.

(9) Community Engagement

Suppliers are encouraged to help foster social and economic development and contribute to the sustainability of the communities in which it operates.

(10) AEO Compliance (Import/export Safety Control)

Suppliers shall ensure safety controls of their import and export activities including but not limited to preventing terrorism through AEO (Authorized Economic Operator) and the U.S. C-TPAT compliance efforts for the goods they import and/or export. (*U.S. C-TPAT: Customs-Trade Partnership Against Terrorism)

5. Management System

Suppliers shall establish and maintain the management system for continuous improvements in order to fulfill requirements of their customers as well as this code and applicable laws.

(1) Company Commitment

As responsible representatives for complying with this code of Conduct, suppliers' executive management shall express their will to comply in writing in local language and post it at their workplaces.

(2) Management Accountability and Responsibilities

Suppliers shall specify the senior management members and company representatives responsible for operation of the management system and related programs, who shall regularly check the status of the management system's operation on a regular basis.

(3) Legal and Customer Requirements

Suppliers shall establish procedures to identify, monitor and understand the latest regulations including this code as well as customer requirements.

(4) Risk Assessment and Risk Management

Suppliers shall identify potential risks in terms of labor, ethics, environment, safety and health, and establish management plans for risks identified as having a high probability and significant impact, and report the implementation status to management.

(5) Improvement Objectives

Suppliers shall establish objectives and action plans in terms of labor, ethics, environment, safety and health, and evaluate the achievement status periodically.

(6) Training and Communication

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

(7) Worker Feedback, Participation and Improvement

Suppliers shall establish a process for continuous improvement by evaluating the level of understanding of their employees on the code and collecting their opinions.

(8) Grievance Reporting System

Suppliers shall ensure effective means enabling free communication between the workers and the management while

allowing the workers to report their grievances. To prevent retaliatory actions, suppliers shall also prepare anonymous reporting channels to provide confidentiality.

(9) Audits and Assessments

Suppliers shall conduct periodic self-assessments to ensure compliance with this code and local laws and regulations.

(10) Corrective Action Process

Suppliers shall establish procedures to adequately correct non-conforming matters in time, which were identified through internal or external evaluation, inspection, investigation or review.

(11) Documentation and Records

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

(12) Supplier Responsibilities

Suppliers shall deliver this code also to next tier suppliers, require them to comply with it, and conduct compliance assessment.

The code is established based on the Responsible Business Alliance (RBA) and the international principles required by the industry.

Revision History

No.	Date	Summary of Revised Contents	Charged
0	2021. August	- Some provisions in the Supplier's Code of Conduct were revised to reflect RBA CoC version 7.0 and requirements of the industry - Labor - Grievance reporting system - Health - Health and safety permits, infectious disease preparedness and response - Environment - Boundary noise management - Ethics - Community engagement, AEO compliance - Standards for detailed enforcement responsibility regarding the Supplier's Code of Conduct was arranged and newly enacted.	Kim Si-young, Joint Growth Team
1	2023. June	- Changed the approver due to reorganization. - Revised the overall content of the Supplier's Code of Conduct by reflecting the requirements of customers, evaluation agencies, and internal relevant departments. - Operational Principle - Respect for Human Rights of Workers - Safe Work Environment - Eco-friendly Workplace Management - Management System - Standards for supplier responsibilities are excluded from this document. Suppliers can be guided with the content of the code of conduct, and customers and the evaluation agency does not require the integration of the responsibility standard.	Shared Growth Team Kim Seung hwan