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LG Electronics Australia

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# MODERN SLAVERY

S T A T E M E N T

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2023

**Life's Good.**

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# 01 A Message from the Board

This is LG Electronics Australia’s third Modern Slavery Statement, which is a reflection of our commitment to being purpose led and creating a ‘Better Life for All’. As a customer centric business, upholding respect for human rights is critical across our operations and supply chain as we continue to be guided by our Jeong-Do Management philosophy which is based on people-oriented management and customer-value creation.

LG Electronics Australia recognises the ever-present risk of modern slavery and human rights violations with suppliers and others in our supply chain and acknowledge our responsibility to address the risk.

Following on from the establishment of the Environmental, Social and Corporate Governance (“ESG”) committee charged with delivering LG’s ESG commitment, we are moving to a deeper phase of program maturity. In FY22 we declared our Better Life Plan 2030 and focused on the implementation of 6 environmental and social ESG Strategic Initiatives including strengthening supply chain ESG risk management. Key action items comprised:

- Expanding acquisition of Health and Safety management system certification for production sites
- Increasing the number of on-site audit at production sites (at least once every 3 years) and fostering experts at each site
- Expanding self-assessment of secondary suppliers and consulting for suppliers
- Reinforcing an evaluation system with ESG factors when registering new supplier; and

- Keeping the proportion of high risk at 0.5% or lower for supplier’s self-assessment factors.

Moving forward, we remain focused on embedding delivery against these strategic initiatives, prioritising ongoing strategic work in high risk areas, which include our products that contain tin, tantalum, tungsten and gold (3TG) and cobalt.

This Statement explains our progress on meeting the requirements of the Modern Slavery Act 2018 (Cth), by:

1. Describing the nature of our supply chain and operations;
2. Identifying modern slavery risks;
3. Outlining the actions taken to manage and mitigate the identified modern slavery risks; and
4. Evaluating the effectiveness of the above named actions.

We will continue to work towards strengthening our ESG compliance by enhancing the modern slavery risk management practices we undertake in our operations and our supply chain.

We are committed to continuously improve our business practices to create a ‘Better Life for All’ including our stakeholders, including customers, employees, suppliers, investors, business partners, local communities, and the environment.

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# 02 Statement Overview

This is the third Modern Slavery Statement ("Statement") of LG Electronics Australia Pty Ltd (LGEAP) and is provided pursuant to section 13 of the Modern Slavery Act 2018 (Cth) ("the Act"). The Statement sets out the steps we have taken to identify, address and mitigate the risks of modern slavery in our operations and supply chain for the 2022 financial year 1 January 2022 – 31 December 2022 (the "2022 Reporting Period").

LGEAP's assessment of modern slavery risks in its operations and supply chain risk falls within the LG Electronics ESG risk management framework overseen by LG Electronics Inc ("LG Electronics HQ").

Unless specified, references in this Statement to "LG", "LG Electronics", "our", "us", and "we" refers to LG Electronics Australia Pty Ltd and its parent company LG Electronics Inc.

Teams within LGEAP and LG Electronics HQ work together on local and global initiatives which aim to identify, mitigate, and prevent risks (including servitude, slavery, forced labour, forced marriage, child labour, debt bondage, deceptive recruiting for labour or services and human trafficking risks) across its upstream and downstream supply chain and operations

The Statement reflects on LG Electronics' achievements and developments in the areas of supply chain risk management and initiatives geared towards strengthening internal and external ESG compliance to foster a culture of transparency and ESG management in our operations and supply chain.

## Our Key Highlights in 2022

Improved the risk assessment formula of our production sites to capture wider risk indicators to better our risk management process

93% of all production sites hold a health and safety management system certification (ISO45001)

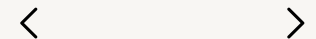
Committed to achieving 100% of production sites with no critical non-conformance by 2030

Declared to reduce high-risk suppliers from 1.5% to 0.5% by 2030

Removed high risk, non-conformant smelters from our supply chain

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# 03 Our Structure, Operations & Supply Chain

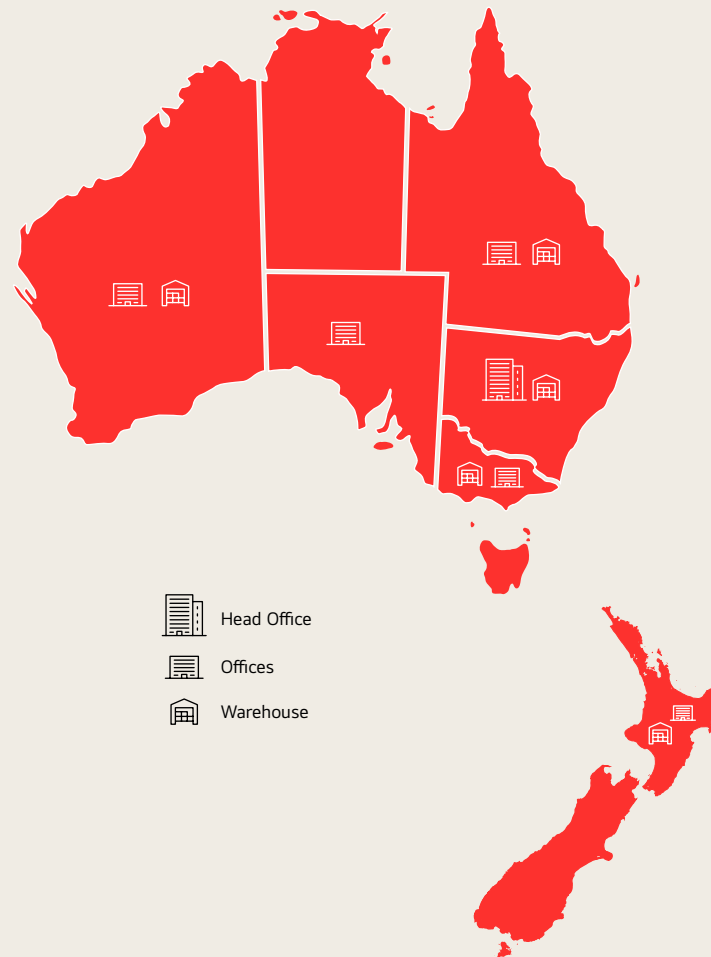
## Structure & Operations

LG Electronic Australia Pty Ltd (LGEAP) is an Australian proprietary company. The global electronics manufacturer, LG Electronics Inc. headquartered in South Korea, is the parent company of LGEAP. LGEAP does not own or control other entities within the meaning of the Modern Slavery Act 2018 (Cth). Being part of the LG Electronics Inc corporate group, LGEAP is subject to global LG policies.

LGEAP itself does not manufacture any products as it relies on other entities (including members of the LG Electronics Inc corporate group) to supply LG products to LGEAP. LGEAP is responsible for marketing, promoting, selling and distributing LG products and services in Australia. LGEAP's principal activities as part of its operation are as importer, distributor and retailer of consumer electronics, the marketing of consumer electronics and; the purchase and sale of products and components and capital equipment.

LGEAP after-sales operations includes customer service and technical support via LGEAP's customer service centre and a service network which comprised of 485 Authorised Service Centres in the 2022 Reporting Period.

LGEAP's business is organised across 12 business divisions comprising 3 sales divisions (Consumer Electronics, IT/ID, Energy Solutions) Marketing, Service, Supply Chain, Finance/Accounting, Sales Administration, Credit, HR, IT/Operations and Legal . LGEAP's operations are based at its head office in Eastern Creek, New South Wales, with satellite sales offices in Melbourne (Victoria), Brisbane (Queensland), Perth (Western Australia), Adelaide (South Australia) and Auckland (New Zealand). As at 31 December 2022, LGEAP had a workforce of approximately 296 people (comprising of LGEAP employees and contractors who are employed by labour hire companies), the majority of whom were based at our Eastern Creek head office.



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# 03 Our Structure, Operations & Supply Chain

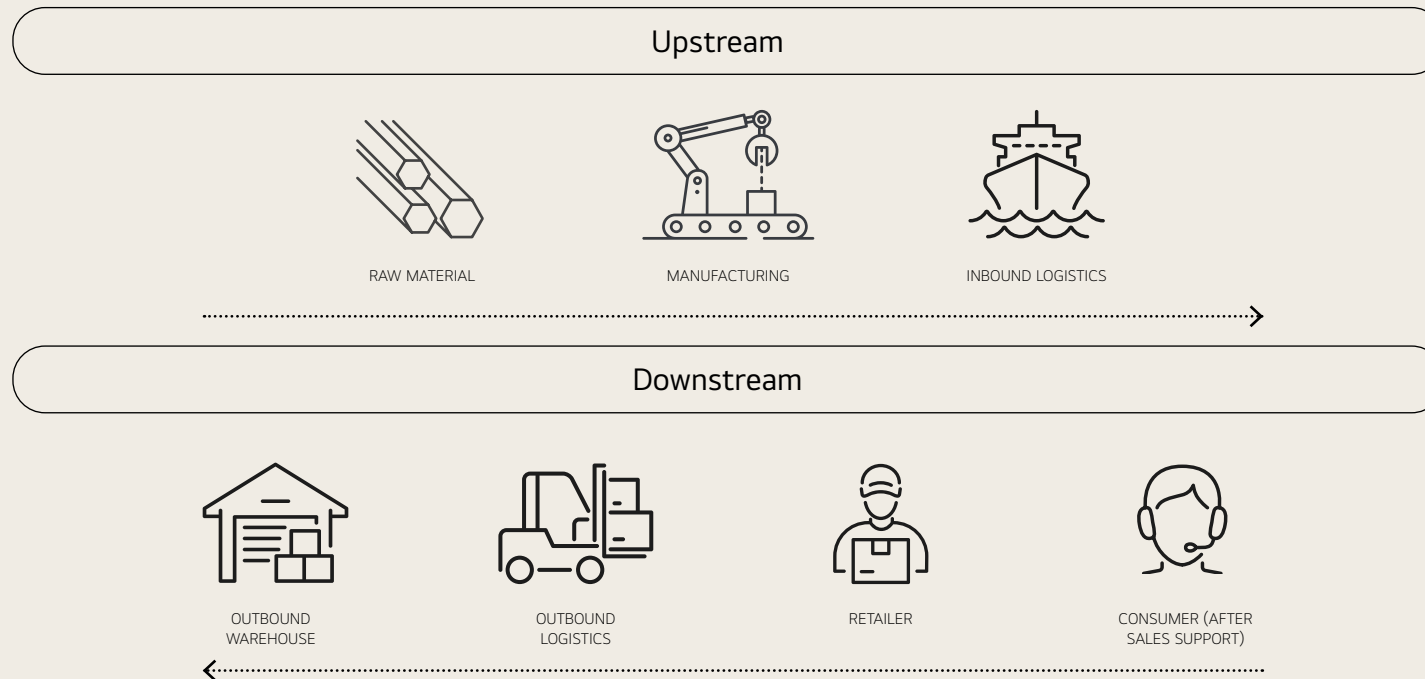
## Our Supply Chain

LG Electronics' supply chain is large and complex, with thousands of suppliers and companies around the world contributing to our products.

LG Electronics' upstream supply chain to include the extraction of minerals to the assembling and manufacturing of its products and parts to the transportation of those items to Australia. LG is reliant on a network of first-tier suppliers for the sourcing of materials and components and collaborates with its suppliers across the globe, to manage ESG risk associated with human rights violations, labour issues, exclusion of

underprivileged people, unfair and unethical activities in its global supply chain.

At a local level, LGEAP's downstream supply chain include LGEAP's global affiliates that supply LG products to LGEAP. LGEAP's supply chains also include suppliers of call centre services, labour hire companies, logistics and transport suppliers, cleaning service providers, IT equipment suppliers, marketing firms and professional services firms, among others. During the financial year ending 31 December 2022, LGEAP engaged around 233 service providers / suppliers.



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# 04 Identifying Risks of Modern Slavery Practices

The majority of LG Electronics team members are employed directly. This means that we have direct visibility of employment terms and conditions, which are set out in contracts of employment that are regulated by Australian and New Zealand employment laws and relevant industrial instruments.

We consider that the risk of modern slavery in our direct team is low. Strong policies, team member training, accessible grievance mechanisms and ongoing monitoring and policy revision are key controls we use to

create greater transparency and mitigate the risk of modern slavery in our operations.

LG Electronics recognises that policy frameworks and contractual documents are integral to mitigating modern slavery risks in our operations. LG's internal policy framework articulates the human rights expectations we have to our team members and provides team members with knowledge around the grievance management processes. All policies are available on the LGEAP intranet or accessible on the global website.

| Policy/Code  | Purpose  |
|--|--|
| Code of Ethics   | Sets out how we expect our team members to behave towards each other, customers, competition and the broader community.  |
| Whistleblower Policy                                       | Promotes our compliance with whistleblower regulations which includes an anonymous reporting channel for team members (including contractors), their family and associates to raise serious matters they don't feel comfortable raising through other channels, including breaches of the law. |
| Workplace Health and Safety Policy (Internal LGEAP Policy) | Outlines our commitment to the physical and psychological safety and health of our customers, team members and business partners.  |
| Safety & Health Policy and Environmental Policy (SHEE)     | Both global policies encourage internal and external stakeholders to do its utmost to preserve the environment, pursue sustainable social development by minimising resource consumption, develop-ing eco-friendly production processes & products and optimizing energy efficiency.           |
| Global Labour Policy                                       | Articulates our commitment to respect the standards established by the UN, ILO, OECD and other international labour organisations.   |
| Diversity and Inclusion Policy                             | Highlights our commitment to value and respect the unique contributions of people with diverse backgrounds.  |
| Code of Conduct  | Promotes fairness and transparency in our daily business, to ensure the healthy development of the company and to earn the trust of customers by complying with applicable laws and regulations.   |
| LGE Supplier Code of Conduct                               | 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.  |

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# 04 Identifying Risks of Modern Slavery Practices

## Modern Slavery Risks in Our Supply Chain

For the 2022 Reporting Period, LG Electronics did not identify evidence of modern slavery practices in its supply chain. However, we are alert to the following specific risks that may be present in our wider supply chain:

- Poor working conditions and the exclusion of underprivileged people given the vast and complex characteristics of LG Electronics' global supply chain.
- Higher risk of modern slavery in the cleaning sector as outlined in the Australian Government Guidance. LG Electronics acknowledges that the cleaning services it acquires in relation to our offices are recognised as potential high risk services; and given
- Geographic risks associated with products and/or services sourced from Asian countries identified by the Global Slavery Index as having the highest risk of modern slavery, present as a greater degree of being implicated in modern slavery.
- Human Rights issues including underpayment of workers, indentured workers and/or exploitation of migrants especially in higher risk countries in the Global Slavery Index;
- Slavery, child labour and human trafficking in high risk geographies wherein LG Electronics may conduct commercial activities such as the procurement of key raw minerals and materials;



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# 04 Identifying Risks of Modern Slavery Practices

## Our approach to high risk products - Conflict Minerals Management

LG Electronics recognises that modern slavery risks including forced labour, child labour unsafe working conditions and other human rights abuses are pervasive in the mining and trade of conflict minerals used within the consumer electronics industry in which we operate.

In light of this, we monitor and will continue to monitor the origin of the four major conflict minerals of tin, tantalum, tungsten and gold used in the components, parts and materials that make up our products.

In our approach to manage the elevated modern slavery risk in conflict minerals, LG Electronics also:

- requires Responsible Mineral Assurance Process (“RMAP”) certifications for refiners in our supply chain;
- provides training to our suppliers on the responsible use of minerals to promote better awareness of the modern slavery risks associated with the minerals;
- carries out due diligence with conflict mineral suppliers consistent with the OECD Guidance and encourages our suppliers to do the same with their suppliers;
- encourages smelters and refiners to participate in third party independent conflict-free or responsible sourcing validation programs;
- is a member of the Responsible Mineral Initiative (“RMI”), a global industry standard for conflict minerals and the Private-Public Alliance for Responsible Minerals Trade (“PPA”) in which we provide information to help establish a conflict minerals tracking system; and
- uses the Hazardous Substances Management System (“HSMS”) and the Conflict Minerals Management System (“CMMS”) to collect information about conflict minerals in its materials.

LG Electronics also is cognizant of the increased human rights risks that the raw materials, cobalt and mica carry during their mining process, which are materials used in some of our electronic products. As such, to mitigate risk LG participates in global activities to trace the origin of the raw materials, cobalt and mica.



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# 04 Identifying Risks of Modern Slavery Practices

## Our approach to high risk products - Conflict Minerals Management

### 2022 – Risk Assessment of Conflict Minerals

LG Electronics assesses the level of risks in the procurement of conflict minerals and cobalt based on the data provided by the suppliers about their raw material, its origin, and the smelter or refiner RMAP validation status and constantly evaluates supplier responses according to the risk level.

LG Electronics has continued to conduct monthly monitoring of information concerning conflict materials and cobalt submitted by our suppliers. Through such monitoring, LG Electronics inspected components and suppliers using prohibited smelters, faulty smelters, and non-conformant smelters.

In 2022, to improve the consistency of our data on cobalt, all the information received from cobalt suppliers about the raw material was assessed. LG Electronics also reinforced our commitment to work only with RMAP conformant smelters across the four major conflict minerals by excluding the non-conformant smelters from its supply chain.

There was a greater number of non-conformant smelters for tantalum, tungsten and gold in our supply chain during the 2022 Reporting Period compared to previous reporting periods, due to the smelters in Russia being deemed non-conformant as a result of the Russia-Ukraine war.

| RMAP Smelter Certification Management |                |      |      |      |      |
|---------------------------------------|----------------|------|------|------|------|
| Mineral                               | Status         | 2019 | 2020 | 2021 | 2022 |
| Tin                                   | Conformant     | 73   | 53   | 51   | 58   |
|                                       | In-Progress    | 0    | 6    | 4    | 0    |
|                                       | Non-Conformant | 10   | 24   | 26   | 22   |
| Tantalum                              | Conformant     | 36   | 34   | 38   | 33   |
|                                       | In-Progress    | 0    | 0    | 0    | 0    |
|                                       | Non-Conformant | 0    | 1    | 1    | 5    |
| Tungsten                              | Conformant     | 39   | 40   | 38   | 34   |
|                                       | In-Progress    | 1    | 1    | 0    | 0    |
|                                       | Non-Conformant | 0    | 4    | 5    | 10   |
| Gold                                  | Conformant     | 102  | 103  | 99   | 92   |
|                                       | In-Progress    | 0    | 1    | 0    | 0    |
|                                       | Non-Conformant | 11   | 7    | 12   | 20   |

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# 05 Actions taken to Assess and Address Modern Slavery Practices

## Supply Chain Risk Management Framework

LG Electronics recognises the essential need for a robust risk management framework that can identify risk factors in advance and also guide our internal and external stakeholders in achieving ethical business practices.

### Responsible Business Alliance (RBA) Codes

In addition to compliance with local legislation and international laws, LG Electronics is an active member of the RBA, a not for profit organisation comprising of companies that are dedicated to fostering sustainable value for business, labour and the environment.

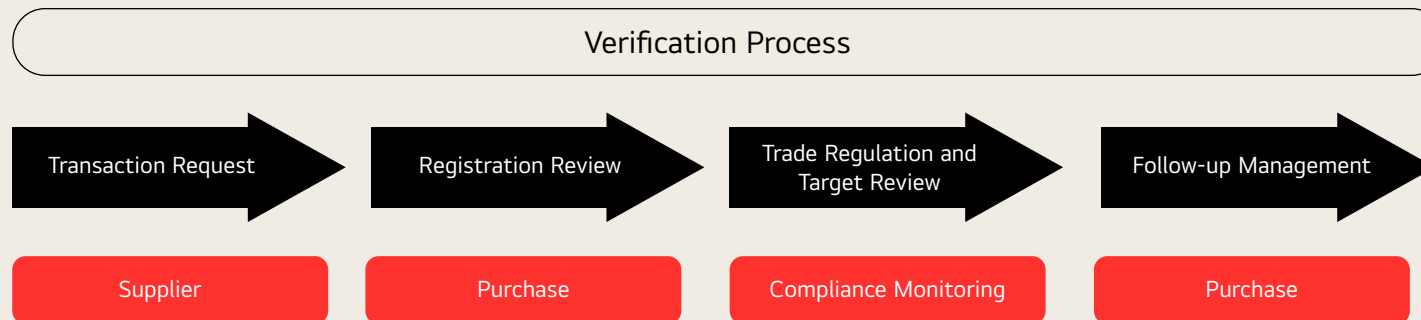
### Supplier Code of Conduct

Based on the RBA Code of Conduct and other international norms, LG Electronics has created a Supplier Code of Conduct, which requires compliance from all of our suppliers. In order to encourage the voluntary compliance of our suppliers with our Code of Conduct, we ensure it is reflected in our purchase agreements and we also provide suppliers with a guide. Amongst several other directives, the Supplier Code of Conduct requires from a Supplier, a commitment that it will:

1. Respect human rights of workers;
2. Ensure a safe working environment;
3. Provide an environment-friendly workplace; and
4. Not procure materials through illegal and/or unethical means

As part of actions taken to assess and address modern slavery risks, LG Electronics operates a pre-verification process upon the registration of new suppliers to ensure their commitment to our Supplier Code of Conduct is plausible and can be upheld.

### Verification Process



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## Supply Chain Risk Management Framework (Continued)

In assessing modern slavery risks and practices, LG Electronics uses several benchmarks for standards beginning with the Act.

In accordance with the UN Guiding Principles on Business and Human Rights, LG Electronics conducts due diligence in its upstream and downstream supply chains and operations as described in this Statement.

### ESG Risk Management Process for Suppliers

In order to support the systematic management of ESG risk, LG Electronics has established a ESG inspection process for upstream suppliers, which consists of supplier self-assessment, on-site inspection, and third-party ESG management conformity certification. LG strengthened its supplier-led risk management capabilities by addressing non-conformities and providing ESG management training to high-risk suppliers and major suppliers through on-site inspections. LG has also set the goal to check the risks of its 1st-tier suppliers while reducing the ratio of suppliers with a high level of risk.



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# 05 Actions taken to Assess and Address Modern Slavery Practices

## ESG Risk Analysis and Due Diligence in Our Supply Chain

### Supplier Self-Assessment

LG Electronics conducts supplier self-assessments once a year. An in-depth evaluation sheet that we developed by applying the RBA guide is used during the assessments. We conduct assessments based on the ESG self-assessment system to enhance the fidelity of improvement activities aimed at addressing non-conformities. Improvement tasks that are derived for non-conformities are registered in the ESG management system. Potential issues with suppliers such as issues related to labour, human rights, safety, health, environment, and ethics were identified accordingly and classified into the categories of low, moderate and high risk.

In 2022, self-assessments were conducted by 1,231 suppliers globally and we pursued on-site assessments for the 8 high risk suppliers and provided consultation on improvement tasks for those suppliers to further understand the risks and take preventative actions.

| Supplier CSR SAQ Results            |       |       |       |       |
|-------------------------------------|-------|-------|-------|-------|
|                                     | 2019  | 2020  | 2021  | 2022  |
| Number of self-assessment suppliers | 1,665 | 1,416 | 1,289 | 1,231 |
| Number of high-risk suppliers       | 40    | 26    | 13    | 8     |
| Ratio of high-risk suppliers        | 2.4%  | 1.8%  | 1.0%  | 0.7%  |

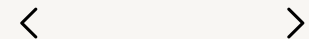
| Supplier ESG Self-Assessment Details (by region) |           |             |            |              |
|--|-----------|-------------|------------|--------------|
| Region   | High Risk | Medium Risk | Low Risk   | Total        |
| Korea  | 1         | 150         | 294        | 445          |
| China  | 0         | 49          | 319        | 368          |
| Asia   | 1         | 80          | 197        | 278          |
| Americas   | 2         | 16          | 49         | 67           |
| Europe/CIS                                       | 2         | 16          | 40         | 58           |
| Middle East & Africa                             | 2         | 4           | 9          | 15           |
| <b>Total</b>                                     | <b>8</b>  | <b>315</b>  | <b>908</b> | <b>1,231</b> |

In the 2022 Reporting Period we continued to provide training for our supplier's workforce in partnership with an RBA-certified institution so that we can enhance the objectivity of the assessments. We continued to reduce the proportion of high-risk suppliers by improving and applying the risk-assessment process for our suppliers. As evidenced by the assessment results for the 2022 Reporting Period, the ratio of high risk suppliers followed a positive downward trend reaching 0.7%. This result is promising and places LG in a better position to reach our commitment of 0.5% by 2030.

In the future, we have plans to support suppliers so that they can autonomously carry out assessments.

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# 05 Actions taken to Assess and Address Modern Slavery Practices

## ESG Risk Management at Production Sites

During the 2022 Reporting Period, LG Electronics conducted a risk based self-assessment of all 30 production sites.

LG Electronics administered the newly introduced risk assessment tool developed by RBA, the 'risk-SAQ'. This new tool combines inherent risk indicators including country governance and product risk, among other indicators, with factory specific responses, rather than the previously used i-SAQ approach which solely considering the factory responses. This new assessment formula was adopted by LG in 2022 as on-site verification was limited. This formula also improved modern slavery risk transparency and LG's risk assessment framework.

The risk-SAQ was supervised by LG Electronics personnel on site to ensure completion and the survey composition was:

- 59 questions on labour;
- 29 questions on safety and health;
- 22 questions on the environment; and
- 17 questions on ethics and suppliers.

| Risk Self-Assessment Questionnaire (SAQ) for LG Facility |          |             |           |               |              |            |
|--|----------|-------------|-----------|---------------|--------------|------------|
| Type of Risk   | Low Risk | Medium Risk | High Risk | Inherent Risk | Control Risk | Total Risk |
| Labor & Human right                                      | 18       | 15          | 2         | Medium        | Low          | Low        |
| Health & Safety  | 11       | 17          | 2         | Medium        | Low          | Low        |
| Environment  | 25       | 5           | 0         | High          | Low          | Medium     |
| Ethics/Supplier  | 25       | 4           | 1         | Low           | Medium       | Low        |
| <b>Total</b>   | 17       | 13          | 0         | Medium        | Low          | Low        |

In addition to the categories of low, moderate and high risk, the 2022 Self-Assessment Results now also determined the risk levels across our production sites in terms of inherent, control and total risk. The results showed that our manufacturing process causes adverse impact to the environment, with the inherent risk level for the environment being assessed as high risk, however it is to be noted that the control level was assessed as being low.

In regards to the labour and human rights risk, with the majority of LG Electronics manufacturing sites being located in developing countries the inherent risk was identified as medium risk with the control level being assessed as low. In response to this result, LG Electronics audited all manufacturing sites and found no issues relating to labour and human rights, including slavery and human trafficking.

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# 05 Actions taken to Assess and Address Modern Slavery Practices

## Third-party Audits of Business Sites

To support the extensive assessment of its supply chain operations, LG Electronics selects fifty companies to provide consulting costs to ensure that ESG (Environmental, Social and Governance) is inspected by a reliable certification company to strengthen competitiveness and foster sustainable co-prosperity of both LG Electronics and its suppliers.

During the 2022 Reporting Period, LG Electronics instigated 16 external audits including 3 VAP audits, conducted by third party auditors to ensure the objectivity of the assessment and improve the risk management capabilities of each business site. The majority of non-conformity issues that were highlighted by the audits included 'working hours', 'emergency preparedness' and 'occupational safety'. After the assessments, the facilities were required to develop and implement improvement plans as corrective and/or preventative action.

The results of the ESG risk self-assessments and on-site due diligence is reflected in the purchasing contract evaluation process which in turn promotes ESG compliance.



| Third-party audit non-conformity findings |   |               |
|---|---|---------------|
| Category                                  | Contents                                | No. of Issues |
| Labour                                    | Working Hours                           | 39            |
|   | Voluntary Work                          | 5             |
|   | Wages and Benefits                      | 16            |
| SHEE                                      | Emergency Preparedness                  | 46            |
|   | Occupational Safety                     | 26            |
|   | Other Health and Safety                 | 17            |
|   | Hazardous Substances                    | 2             |
|   | Permit and Other Environment            | 7             |
| Ethics                                    | Identity Protection and Non-Retaliation | -             |
| Management                                | Supplier Responsibilities               | 4             |
|   | Training and etc                        | 3             |
| <b>Total</b>                              |   | <b>165</b>    |

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# 05 Actions taken to Assess and Address Modern Slavery Practices

## Modern Slavery Questionnaire – Local Initiative

In 2022, LG Electronics continued to issue its Modern Slavery Questionnaire to new suppliers and prospective suppliers as part of any tender process.

The Questionnaire serves as an assessment tool to evaluate operational and supply chain risks related to modern slavery practices, and identify whether LG Electronics will cause, contribute or be associated (whether directly or indirectly) to modern slavery practices.

In the 2022 Reporting Period, there was a 49% increase in Questionnaire responses compared to the previous reporting period. Some suppliers provided their own modern slavery policies in lieu of completing the Questionnaire, whilst others provided copies of similar internal policies that dealt with certain ESG goals.

It must be noted that the Questionnaire is issued mostly to local suppliers that operate in Australia and New Zealand. Most of these entities are small in size and often do not have dedicated resources tasked with developing policies concerning modern slavery.



### Summary of Results:

In the 2022 Reporting Period we saw an improvement in the results compared to the 2021 Reporting Period:

- 37.5% of respondents had a Modern Slavery Statement, up from 33.5% in the 2021 Reporting Period;
- 47% of respondents were entities that generated over AUD\$100 million in consolidated revenue, of which 83% had a Modern Slavery Statement in compliance with the Act. This was an 8% increase compared to the 2021 Reporting Period;
- 48% of respondents had some form of written policies and procedures relating to modern slavery, human rights, ethical trading and/or whistleblowing, up 20%; and
- 76% of respondents confirmed it agreed to comply with LG Electronics' Code of Ethics, a 14% increase compared to the previous reporting period.

The results from the Questionnaire demonstrates suppliers are becoming more active in developing a Modern Slavery Statement, which suggests that more entities are examining their respective internal supply chain to identify, assess and evaluate modern slavery risks.

In 2022, LG Electronics began issuing the modern slavery information sheet to accompany the Questionnaire with an aim to provide suppliers additional education and knowledge around the Act, prior to their completion of the Questionnaire. We believe this will provide an even greater improvement to the Questionnaire results for next year by increasing both the response rates and the quality of responses received by suppliers.

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# 05 Actions taken to Assess and Address Modern Slavery Practices

## Management and Ongoing Improvement of ESG Risk in our Supply Chain

In 2022, LG Electronics declared our Better Life Plan 2030 which focused on creating a 'better life for all' promoting the key initiative focused towards modern slavery, strengthening supply chain ESG risk management.

- This initiative included the following action plan which will assist in reducing modern slavery risks within our operations and supply chain:
- Expanding acquisition of Health and Safety management system certification for production sites
- Increasing the number of on-site audit at production sites (at least once every 3 years) and
- fostering experts at each site
- Expanding self-assessment of secondary suppliers and consulting for suppliers; and
- Reinforcing an evaluation system with ESG factors when registering new supplier.

### Pledge to expand the acquisition of health and safety management system certification for all production sites to 100% by 2030

As a member of the international community, LGE is striving to pursue sustainable growth so that it can fulfill its social responsibilities such as reducing negative impacts, and providing quality jobs. In particular, LGE is creating a safe work environment that achieves a work-life harmony to enhance employee satisfaction, establish an independent safety culture, and create a sustainable workplace. Furthermore, LGE pursues growth in which society and business coexist in order to achieve an inclusive society, and is carrying out various activities accordingly.

The prioritisation of the health, wellbeing and safety of our staff in our production sites lends itself to reducing the risk of modern slavery in our operations. Through our commitment to achieve 100% of production sites holding health and safety management system certifications, we can eliminate modern slavery concerns which relate to workplace health and safety such as excessive work hours and locked accommodation.

We are currently on track to achieve our target of 100% by 2023 with 93% of our production sites currently holding a health and safety management system certification. Only two production sites did not acquire certification during the 2022 Reporting Period however, they are currently completing the certification process which is due to be complete during the 2023 Reporting Period.

### Declaration to achieve 100% of production sites with no critical non-conformance by 2030

In order to build a sustainable supply chain, we have to model sustainability internally. This works alongside our goal to work with 100% RMAP conformant smelters and refrain from using minerals mined in conflict zones and minerals that infringe human rights and damage the environment in the mining process.

We currently have just over half (66%) of our production sites with no critical non-conformance, with room for great improvement in this area in the years to come. As part of our initiative to strengthen our supply ESG risk management LG Electronics aims to have no critical non-conformance issues in all of our production sites by 2030.

### Commitment to reduce high-risk suppliers from 1.5% to 0.5% by 2030

In order to enhance the sustainability of the entire supply chain, LG Electronics identifies risk factors in advance and continuously strives to manage these factors and mitigate risk.

With the goal of assessing ESG risks of all first tier supplies and reducing the proportion of high-risk suppliers, we established a supplier ESG process and continuously operate this for systematic ESG risk management.

In addition, self-assessments are carried out by our major suppliers with an assessment sheet covering labour, human rights, safety, health, environment, and ethics. For our high-risk suppliers, we offer improvement measure through on-site assessments and consultations.

Furthermore, ESG management training is provided for suppliers and overseas subsidiaries in order to strengthen their operational risk management capabilities so that suppliers can diagnose and manage ESG risk autonomously.

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# 05 Actions taken to Assess and Address Modern Slavery Practices

## Management and Ongoing Improvement of ESG Risk in our Supply Chain (Continued)

In 2022, our Supplier Grievance Hotline continued to operate in order to address the grievances of suppliers, including the reporting of unethical conduct and other ethical or human rights violations, promoting transparency and accountability.



### Provision of Support for High Risk Suppliers

#### ESG Management Conformity Certificates

To ensure the suitability of ESG management practices, LG Electronics collaborated with globally recognised certification companies such as UL Solutions and SGS. These companies conducted on-site visits in 2022 to assess high risk supplier ESG categories including labour, safety and health, the environment, and corporate ethics, based on the RBA Code of Conduct.

Through this collaborative effort, LG Electronics provided support to suppliers, enabling them to enhance their capabilities. Subsequently, conformity certificates were issued to suppliers who completed the ESG inspection and demonstrated improvements.

#### Support for enhancing ESG Management Capabilities of Global Staff and Suppliers:

In 2022, LG Electronics has continued its efforts to foster a strong ESG culture through the following programs:

- Online training focusing on workers' human rights and safety and health management in the supply chain for purchasing managers; and
- Key executive training for supplier companies with specialised training institutions in line with tightening safety health laws and regulations.

These initiatives reflect LG Electronics' commitment to advancing the capabilities of its suppliers and promoting responsible and ethical business practices across the supply chain.

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# 06 Assessing the Effectiveness of our Actions

LG Electronics prioritises sustainability to deliver value to stakeholders and customers. Our purchasing function plays a crucial role in creating value by identifying and nurturing competitive suppliers.

In 2022, we conducted comprehensive assessments and implemented measures to address labour rights, safety and health, environmental impact, and corporate ethics throughout our supply chain. These efforts align with the RBA Standards and our Code of Ethics.

The increased participation in self-assessments, both globally and locally, indicates that more suppliers are proactively improving working conditions, leading to a more sustainable supply chain.

To ensure effective management, we have established a supplier-focused process that includes self-inspections, on-site inspections, and third-party ESG management conformity certification. This process is seamlessly integrated into our supplier ESG management system.

We are actively enhancing the risk management capabilities of our suppliers through targeted actions to address non-conformities and by providing ESG management training during on-site inspections, especially for high-risk and major suppliers.

Looking ahead, we remain committed to reducing the proportion of high-risk suppliers, continuously assessing modern slavery risks, and strengthening supply chain ESG risk management, both internally and externally, to mitigate risks. These efforts will be integrated into our existing and future management systems.

## 2023 Commitments

Continue to work towards our commitments designed to create a 'Better Life for All'

Conduct internal modern slavery training at a local level

Implement an internal local Anti-Child Labour Policy

Monitor Questionnaire results at regular intervals to help shape policy and proactive collaborative initiatives with Suppliers

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# 07 Process of Consultation and Approval

LG Electronics is committed to building trust with stakeholders by focusing on three key factors:

1. **Strengthening ESG Compliance:** We prioritise compliance with environmental, social, and governance (ESG) standards, ensuring our operations align with responsible practices.
2. **Establishing an ESG Decision-Making System:** We have implemented a robust system that enables informed ESG decision-making, incorporating key considerations into our strategic plans.
3. **Fostering a Culture of Internal ESG Management:** We strive to cultivate an organisational culture that values and prioritizes ESG management, promoting awareness and accountability throughout the company.

During 2022, LG Electronics continued to consult with its suppliers and business sites to improve the risk of modern slavery within our supply chain, this consultation process included analysing the impact and the seriousness of modern slavery risks on business.

We are committed to collaborating with our employees and suppliers, with strong backing from our Board, Senior Leadership Team, the ESG Committee and the ESG Department, to enhance awareness and knowledge about modern slavery. Our collective efforts aim to effectively prevent and eradicate modern slavery both in Australia and worldwide.

## Consultation

Both LGEAP and LG Electronics HQ supported the preparation of this Modern Slavery Statement including with annual sustainability and conflict minerals due diligence reports. These reports include details of ethical sourcing programs, supplier due diligence and monitoring activities, emerging risks, identified issues, remediation actions, planned program improvements and collaborations and other initiatives. This Modern Slavery Statement draws upon these reports and has been co-developed and reviewed by the legal and ESG departments and LGEAP executives.

This Statement meets the requirements of the Act and has been prepared in accordance with the Act and the Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities. This Statement was approved by the Board of Directors of LG Electronics Australia Pty Ltd on 29 June 2023.



Seung Joo Lee  
Director  
LG Electronics Australia Pty Ltd

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# 08 Other Information

## Compliance with Mandatory Criteria/ Signing and Approval Requirements

This Statement has been prepared to meet the mandatory reporting criteria in the Act. The table below identifies where each criterion is addressed in this Statement.

| #  | Mandatory Criteria<br>Modern Slavery Act 2018 (Cth) s 16(1)   | Page reference  | Section references   |
|----|---|-----------------|--|
| a) | Identify the reporting entity   | 04              | Statement Overview   |
| b) | Describe the structure, operations and supply chain of the reporting entity   | 05-06           | Our Structure, Operations and Supply Chain                   |
| c) | Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls..   | 07-10           | Identifying Risks of Modern Slavery Practices                |
| d) | Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls to assess and address those risks, including due diligence and remediation processes.                                | 11-18           | Actions taken to Assess and Address Modern Slavery Practices |
| e) | Describe how the reporting entity assesses the effectiveness of such actions..  | 19              | Assessing the Effectiveness of our Actions                   |
| f) | Describe the process of consultation with:<br>(1) any entities that the reporting entity owns or controls; and<br>(2) in the case of a reporting entity covered by a statement under section 14 – the entity giving the statement | 20              | Process of Consultation and Approval                         |
| g) | Include any other information that the reporting entity, or the entity giving the statement considers relevant.   | 03, 21-22       | - A Message from the Board<br>- Other Information            |
| #  | Signing and approval requirements<br>Modern Slavery Act 2018 (Cth) s 13(2)  | Page references | Section references   |
| h) | The reporting entity must ensure that the statement is approved by the principal governing body of the entity and signed by a responsible member of the entity,   | 20              | Board Approval and Signing                                   |

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# 08 Other Information



## LG Electronics Policies and References

[LG Electronics Supplier Code of Conduct](#)

[Conflict Minerals](#)

[LG Electronics Sustainability Reports](#)

[Responsible Business Alliance Code of Conduct](#)

[LG Code of Ethics](#)

[LG Electronics Safety and Health Policy and Environment Policy](#)

[LG Conflict Minerals Due Diligence Report 2022](#)

[LG Global Labour Policy](#)

[Responsible Minerals Initiative Responsible Minerals Assurance Process](#)

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**Life's Good.**