

## **LG Magna Supplier Code of Conduct v2.0 (2024)**

LG Magna e-Powertrain Co., Ltd. (LG Magna) Supplier Code of Conduct (hereinafter referred to as the "Code") stipulates the specific requirements that LG Magna expects its suppliers to adhere to and implement. These requirements are designed to ensure a safe work environment, uphold employee rights, fulfill environmental responsibility, and maintain ethical business practices. Suppliers are obligated to comply with the Code by formalizing their commitment through contractual agreements or separate compliance arrangements with LG Magna. In response, LG Magna extends support to its suppliers in performing audits and implementing continual enhancement of operations in alignment with the Code. Recognizing the importance of Environmental, Social, and Governance (ESG) metrics in assessing procurement activities, LG Magna incorporates ESG criteria in the supplier selection process. Compliance with the Code is monitored through regular annual inspections. LG Magna reserves the right to modify the Code as deemed necessary, and any modifications will be notified in advance through the LG Magna Supplier Portal website (<https://lgmagna.com/suppliers>). LG Magna, or its designated auditors, may conduct site visits to supplier facilities to evaluate compliance with this Code and request improvements as necessary. Suppliers shall conduct due diligence on the policy and provide access for remediation if adverse human rights impacts are found. In the event of a conflict between this Code and local law, the more stringent requirements shall prevail. Should a supplier fail to rectify non-compliance issues, LG Magna reserves the right to terminate its business relationship with the supplier.

### **1. Respect for Human Rights of Workers (Labor)**

#### **A. Prohibition of forced labor**

Suppliers are strictly prohibited from engaging in any form of forced labor, including, but not limited to slavery, human trafficking, involuntary prison labor against the will of workers. During the recruitment process, suppliers shall provide workers with an employment contract drafted in a language comprehensible to them and provide each worker with a copy of the contract. Workers shall retain possession of their government-issued identification documents, such as passports, work permits, or immigration documents. While legal requirements may necessitate employers to safeguard these documents, workers must be able to access them promptly whenever necessary. Suppliers shall not unreasonably restrict workers' freedom of movement, who should have the right to resign from their employment at their discretion. Suppliers are mandated to maintain records of all former workers for a minimum period of twelve months. Suppliers shall not charge any recruitment fees to workers, and in the event that such fees are imposed, the supplier is obligated to reimburse the workers accordingly. Specifically, the Supplier warrants that it shall comply with the Uyghur Forced Labor Prevention Act (UFLPA) and other similar acts in order to ensure that their parts supplied to LG Magna do not contain any material sourced from Xinjiang or from Uyghurs or other prohibited regions.

#### **B. Prohibition of Child Labor and Management of Juvenile Workers**

Suppliers shall establish an effective system to verify the age of workers, and strictly prohibited from employing child labor. For the purpose of this provision, a "child" is defined as an individual under the age of fifteen (15) or below the minimum age for employment as stipulated by local legislation. Workers under the age of eighteen (18) shall not be assigned tasks that could potentially jeopardize their health and safety, including night shift and overtime work. In cases where student workers are employed, suppliers shall provide appropriate support and training programs, while ensuring continuous compliance with relevant laws and regulations. Should instances of child labor be detected, remedial measures and assistance must be promptly provided.

#### **C. Prohibition of Excessive Overtime**

Total working hours per week shall not exceed the maximum limit established by local law or sixty (60) hours, whichever is less. Furthermore, employees must be granted at least one day off for every seven days worked. All overtime work shall be voluntary. The suppliers are required to uphold this standard and demand the same to their in-house suppliers.

#### **D. Wages and Welfare**

Wages shall be paid for hours worked at a rate exceeding the statutory minimum wage, and workers are entitled to receive a comprehensive wage statement detailing any deductions. Equal pay must be provided for equal work and qualifications. Compensation for overtime and night work shall exceed the standard hourly rates. It is strictly prohibited to make deductions from wages as a form of disciplinary action, except for deductions related to tardiness or hours not worked. Suppliers shall faithfully pay workers' social insurance premiums.

#### **E. Non-Discrimination/Non-Harassment/Humane Treatment**

Suppliers are obligated to uphold the human rights of all workers and strive to eliminate harassment and discriminatory practices within the workplace. No worker should be subjected to violence, gender-based violence, sexual harassment or abuse, physical punishment, mental or physical coercion, bullying, public humiliation, abusive language, unjust constraints, or any form of severe or inhumane treatment, nor should they be under threat of such treatment. Throughout all facets of employment,

## **LG Magna Supplier Code of Conduct v2.0 (2024)**

including recruitment, wages, compensation, incentives, promotions, and training opportunities, suppliers shall not discriminate or harass based on gender, race, color, age, sexual orientation, gender identity, ethnic or national origin, disability, pregnancy, marital status, religion, political affiliation, union affiliation, social standing, covered veteran status, protected genetic information, or health status. Suppliers are expected to establish and clearly communicate disciplinary policies and procedures to all workers. Furthermore, suppliers are prohibited from mandating medical examinations that could be utilized for discrimination purposes against workers or job applicants, such as pregnancy tests. Additionally, suppliers shall provide reasonable accommodations for religious practices and disabilities upon request.

### **F. Freedom of Association and Collective Bargaining**

Suppliers are required to establish effective ways to address workplace and compensation concerns through transparent communication and direct interaction between workers and management. This implies that workers and/or their representatives have the freedom to openly discuss their working conditions and management practices with management, expressing their views and concerns without fear of discrimination, retaliation, threats, or harassment. Suppliers shall guarantee workers' rights to freely organize and join labor unions, engage in collective bargaining, participate in peaceful assembly, and to reject such activities. Workers or worker representatives shall be able to express their opinions on working conditions and management policies, as well as any challenges they encounter to management without the risk of discrimination, retaliation, or threats. In situations where local laws and regulations impose limitation on the freedom of association and the right to collective bargaining, suppliers should allow the establishment of worker representative bodies within the parameters set by the law.

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

### **A. Occupational Safety**

Suppliers are obligated to conduct regular risk assessments to identify potential health and safety hazards, including but not limited to chemical, electrical, other energy sources, fire, vehicles, fall hazards, and other risks that workers may encounter, and to implement measures to mitigate these risks in accordance with the Hierarchy of Controls. In cases where these hazards cannot be effectively managed, suppliers shall provide workers with appropriate personal protective equipment (PPE) and conduct training sessions on the risks associated with these hazards. Furthermore, suppliers bear the responsibility of implementing gender-responsive measures. For instance, suppliers shall ensure that pregnant or nursing workers are not exposed to hazardous working conditions and provide reasonable accommodations, such as adequate break time and suitable location for nursing mothers.

### **B. Emergency Preparedness**

Suppliers shall identify and evaluate potential emergency situations and events, and establish and implement emergency plans and response procedures to minimize their impact. These measures include emergency reporting procedures, employee notification and evacuation protocols, worker training and emergency drills. Emergency plans must incorporate appropriate fire detection and suppression equipment, clear and unobstructed exit paths, adequate exit facilities, contact information for emergency responders, and recovery strategies. Suppliers shall ensure that emergency exits are operable outwardly and maintain evacuation capabilities by conducting regular evacuation drills and evaluations. These evaluations shall include timekeeping records and corrective actions, with all employees participating at least once annually or as required by local legislation, whichever is more stringent. Emergency assembly points, both inside and outside, shall be marked with signs that are easily identifiable. After the drills, evaluations shall be conducted to assess evacuation time and identify necessary improvements, thereby ensuring prompt and efficient evacuation capabilities. Evacuation drills shall be conducted in various scenarios (day and night) in all areas utilized by workers, including cafeterias and dormitories.

### **C. Occupational Injury and Illness**

Suppliers must adhere to the following procedures to prevent occupational injuries and illnesses and deter their reoccurrence: a) reporting incidents and accidents; b) classifying and documenting types of injuries and illnesses; c) providing necessary medical treatment; d) implementing corrective and preventive measures, including worker training, after conducting root cause analysis; e) supporting workers in their return to work following treatment. Suppliers shall ensure that workers have the right to withdraw from situations posing immediate threats until the hazardous conditions are adequately mitigated, without any fear of retaliation.

### **D. Industrial Hygiene**

The exposure of workers to chemical, biological and physical agents shall be detected and evaluated through routine industrial hygiene assessments which include noise, vibration, and air quality. If elimination or reduction of the hazards is not feasible, potential hazards shall be controlled and managed to levels below those stipulated by local legislation, by implementing proper design, engineering and administrative measures. In the event where 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 continuously upheld, incorporating educational resources that inform workers about the dangers associated with these hazards.

### **E. Physically Demanding Work**

Suppliers shall identify physically demanding tasks, such as repetitive work and handling of heavy objects and improve such processes by incorporating supportive equipment and adjustable workstations. Additionally, suppliers should consider implementing job rotation systems to mitigate the risks associated with such tasks. Furthermore, suppliers are encouraged to promote stretching exercises and physical activities among workers to help prevent musculoskeletal disorders.

### **F. Machine Safeguarding**

Suppliers are obligated to conduct regular safety inspections of all relevant machinery and maintain comprehensive records in accordance with local laws. To ensure the safety of workers, suppliers shall provide physical protective guards and barriers, as well as safety devices such as automatic shutdown mechanisms when covers are opened and interlocks. Moreover, preventive maintenance of the machinery is essential to guarantee operational safety and efficiency.

### **G. Cafeteria and Dormitory Management**

Suppliers are responsible for furnishing employees with clean restroom facilities, safe drinking water, and a sanitary kitchen

**LG Magna Supplier Code of Conduct v2.0 (2024)**

area for cooking, food storage, and dining. Dormitory accommodation, provided either by suppliers or labor dispatch companies, must adhere to high standards of cleanliness and safety. These facilities should be equipped with appropriate emergency exits, temperature control systems, hot water access for bathing and shower, sufficient lighting, ventilation, personal lockers or secure storage spaces.

**H. Health and Safety Communication**

Suppliers shall provide health and safety training to all workers in a language they can understand. Health and safety-related information shall be prominently displayed or easily accessible within the facility. The training programs shall address specific risks associated with factors such as gender and age. Training shall be conducted regularly, including before the commencement of work, and suppliers shall establish effective reporting and communication channels that enable workers to raise and share health and safety concerns without fear of retaliation.

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

#### **A. Compliance with Environmental Laws (permits and reporting)**

Suppliers shall acquire and maintain all requisite environmental permits, such as those for discharge, preventive facility installation/operation, or change reports in accordance with the laws, and fulfill their reporting obligations. Suppliers shall also remain informed about the most recent legal updates to ensure complete compliance.

#### **B. Pollution Prevention and Resource Conservation**

Suppliers shall make efforts to reduce and minimize resource consumption and waste discharge through process enhancements, adoption of alternative energy sources, implementation of preventive maintenance practices, preserving resources, and promoting recycling and reuse.

#### **C. Hazardous Substance**

Suppliers shall identify and document all chemicals and materials (including hazardous waste) that may pose a hazard to human health or the environment if released. Suppliers should strive to ensure safe storage, transportation, usage, recycling, reuse, and disposal of these materials by appropriately labeling and managing hazardous substances and monitoring and keeping track of hazardous waste data. Suppliers shall identify areas susceptible to soil and rainwater pollution in the event of chemical leaks, establish corresponding response plans, and conduct leak response drills at least once a year.

#### **D. Solid Waste**

Suppliers shall identify the types, characteristics, and quantities of solid waste they produce, and dispose of them in accordance with relevant regulations, with a focus on waste reduction efforts. The selection of waste disposal and transportation service providers shall be based on their compliance with legal requirements, which may include conducting on-site inspections. Suppliers shall also monitor and document waste disposal data to ensure compliance with waste management regulations.

#### **E. Air Emissions**

Suppliers are required to identify the characteristics of Volatile Organic Compounds (hereinafter “VOC”), aerosols, corrosive gases, dust, ozone-depleting depletion materials, and combustion byproducts generated in their operations. These emissions must be treated in compliance with relevant laws prior to discharge. Ozone-depleting substances are to be effectively managed in accordance with the Montreal Protocol and other applicable regulations. Continuous monitoring of treatment facility efficiency is essential to ensure emissions are within permissible limits.

#### **F. Compliance with Regulations regarding Hazardous Substances in Products and Processes**

Suppliers are obligated to comply with all applicable laws and regulations regarding the prohibition or restriction of specific substances and toxic chemicals in their products and manufacturing processes. Additionally, suppliers must adhere to the latest hazardous substance management standards set forth by LG Magna.

#### **G. Water Resource Management**

Suppliers shall identify and regularly monitor their water sources, utilization, and discharge. All wastewater generated must undergo treatment in accordance with local laws prior to discharge and shall be routinely monitored to ensure compliance with regulatory standards.

#### **H. Energy Consumption and Greenhouse Gas Emissions**

Suppliers are required to establish the corporate-wide greenhouse gas reduction target and report such goal. Suppliers shall track and document their energy consumption as well as all Scope 1, 2, and significant categories of Scope 3 greenhouse gas emissions, and publicly disclose their progress toward the reduction goal. Additionally, suppliers shall seek strategies to improve energy efficiency and minimize both energy consumption and greenhouse gas emissions.

#### **I. Biodiversity and Forest Logging Management**

Suppliers are required to recognize the critical role of biodiversity in fostering a healthy environment and promoting sustainable development, and they should take proactive measures to minimize the environmental impact of their business operations. Additionally, suppliers shall acknowledge the detrimental impact of excessive logging in mountains and forested areas on global climate change. In alignment with global initiatives, suppliers shall endeavor to reduce forest logging and contribute to sustainable land use practices, through either direct or indirect investments.

## **4. Ethics**

### **A. Compliance with "Jeong-Do" Management and Anti-Corruption Measures**

In accordance with LG Magna's Jeong-Do Management policy, suppliers are strictly prohibited from engaging in corrupt practices, such as receiving bribes including gifts, or engaging in embezzlement. It is imperative for suppliers to enforce a zero-tolerance policy towards corruption and consistently regulate, monitor, and document any such incidents to ensure compliance with relevant anti-corruption laws and regulations.

### **B. Information Disclosure**

All transactions shall be conducted transparently and accurately documented in accounting books. Suppliers are required to adhere to applicable laws and industry best practices by disclosing information related to labor practices, health and safety standards, environment management, business operations, corporate governance, financial status, and performance. Falsification of records or misrepresentation of conditions or practices is not permissible and must be avoided at all costs.

### **C. Protection of Intellectual Property Rights**

Suppliers shall respect all intellectual property rights, ensuring the protection of such rights when transferring technology or know-how. Suppliers shall also safeguard the confidential information of both LG Magna and their own suppliers to prevent unauthorized use or disclosure.

### **D. Fair Trade, Advertising and Competition**

Suppliers shall comply with the relevant regulations and standards regarding fair trade practices, including the prohibition of collusion, as well as compliance with laws governing advertising and competition.

### **E. Identity Protection and Non-Retaliation**

Suppliers are required to establish an anonymous and confidential reporting channel and whistleblower protection programs, unless prohibited by laws. Suppliers must communicate a clear process for their personnel to raise concerns without fear of retaliation.

### **F. Personal Information Protection**

Suppliers shall systematically protect the personal information of all stakeholders, including suppliers, clients' consumers and employees. Compliance with personal information protection and information security laws is essential when collecting, storing, processing, transmitting, and sharing personal information.

### **G. Adherence to International Trade Regulations**

Suppliers shall comply with all applicable international trade laws and regulations governing the products and services supplied to LG Magna. This entails refraining from providing raw materials, parts, products, or service related to transactions involving entities under international sanctions, including specific countries, companies, organizations and individuals. In the event that suppliers become aware of transactions involving sanctioned entities post-facto, suppliers are obligated to promptly notify LG Magna and take immediate remedial actions. LG Magna may request verification or investigation into the presence of sanctioned entities within the supply chain, and suppliers shall cooperate fully in such instances.

## **5. Responsible management of minerals and raw materials (Responsible sourcing)**

Suppliers shall establish and implement policies aimed at preventing the use of materials and minerals sourced through any illegal and unethical means, and they shall abide by all applicable regulations. Suppliers shall establish a management system for tantalum, tin, tungsten, gold (conflict minerals), and cobalt in the raw materials, parts, and products they supply to LG Magna in accordance with the Organization for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Suppliers are obligated to conduct due diligence on the origin and supply chain of 3TG minerals and cobalt present in the raw materials, parts, and products they supply to LG Magna. These materials and substances must originate from smelters and refiners certified by Responsible Minerals Assurance Process (RMAP) or other certification programs that meet the standards of the RMAP. Upon LG Magna's request, suppliers must furnish the current status of relevant due diligence, and promptly provide due diligence results, including information on the origin, smelters, and refineries of 3TG minerals and cobalt contained in the raw materials, parts, and products supplied to LG Magna.

## **6. Management system**

### **A. Management's Declaration of Commitment for Compliance and Responsibilities**

As responsible representative(s) for adhering to this Code of Conduct, the suppliers' executive management shall publicly declare their commitment to due diligence and continuous improvement of human rights, health and safety, environmental, and ethical policies in writing. This declaration should be made accessible to all workers in a language they understand through appropriate channels. Additionally, the management shall review the status of their compliance at least once a year.

### **B. Respond to External Requirements**

Suppliers are required to stay informed about the latest laws, including this Code, as well as customer requirements, and conduct regular compliance evaluations or audits. Following such evaluations or audits, suppliers shall analyze the root causes of nonconformities and implement corrective and preventive measures.

### **C. Risk Assessment and Management**

Suppliers shall identify potential risks in terms of labor, ethics, the environment, health, and safety related to the Company's operations, including significant impacts on human rights and the environment. For risks with high probability and significant impact, suppliers must establish a management plan and report the implementation status to management at least once a year.

### **D. Objective Establishment and Management**

Suppliers shall establish objectives 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 relevant laws, suppliers shall conduct training programs for managers and workers. Suppliers should also communicate clear information on policies, goals, and performance with workers, lower tier suppliers, and LG Magna.

### **F. Worker/Stakeholder Engagement and Access to Remedy**

Suppliers shall establish procedures for two-way communication with workers, worker representatives, and other stakeholders when necessary. Supplier shall solicit feedback related to the operation practices and compliance with this Code and enhance relevant procedures based on the received input. Workers shall be provided with a safe environment to share their concerns 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 are obligated to distribute this Code to their downstream suppliers, mandate compliance with its provisions, and conduct compliance assessments.

## **LG Magna Supplier Code of Conduct v2.0 (2024)**

### **References**

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

#### RBA (Responsible Business Alliance) Code of Conduct

#### ILO Fundamental Conventions

- o Freedom of Association and Protection of the Right to Organise Convention, 1948 (No.87)
- o Right to Organise and Collective Bargaining Convention, 1949 (No.98)
- o Forced Labour Convention, 1930 (No.29)
- o Abolition of Forced Labour Convention, 1957 (No.105)
- o Minimum Age Convention, 1973 (No.138)
- o Worst Forms of Child Labour Convention, 1999 (No.182)
- o Equal Remuneration Convention, 1999 (No.100)
- o Discrimination (Employment and Occupation) Convention, 1958 (No.111)
- o Occupational Safety and Health Convention, 1981 (No.155), and the  
Promotional Framework, 2006 (No.187)

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

#### OECD Guidelines for Multinational Enterprises

#### Universal Declaration of Human Rights

#### United Nations Convention Against Corruption

#### United Nations Convention on the Rights of the Child

#### United Nations Convention on the Elimination of All Forms of Discrimination Against Women

#### United Nations Global Compact

#### Dodd-Frank Wall Street Reform and Consumer Protection Act

#### Eco Management & Audit System

#### Ethical Trading Initiative

#### ILO Code of Practice in Safety and Health

ISO 14001 and related standards – Environmental management

ISO 45001:2018 - Occupational health and safety management systems

#### National Fire Protection Association

Social Accountability International (SAI)

- o SA 8000

#### United States Federal Acquisition Regulation