

2024



LG Electronics Canada

2024 Report
on Fighting Forced Labour
in Canadian Supply Chains

Life's Good.

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01 INTRODUCTION

This is the follow up to the first report by LG Electronics Canada, Inc. (LGECI) on the steps we take to reduce the risk of forced or child labour in our supply chain, which reflects 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.

LGECI recognizes the ever-present risk of human rights violations with suppliers and others in our supply chain and acknowledge our responsibility to address the risk. Since 2006, our parent LG Electronics Inc. (LG), has published a **sustainability report** which outlines the company's environmental, social and governance (ESG) goals, activities and performance. In August 2023, LG declared its **Better Life Plan 2030** which focuses on the implementation of environmental and social ESG Strategic Initiatives including strengthening supply chain ESG risk management. Key action items include:

- ISO Management System certification for production sites;
- Increasing the number of on-site audits for major suppliers (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 a new supplier; and
- Keeping the proportion of high risk at 0.5% or lower for a supplier's self assessment factors.



01 INTRODUCTION

Moving forward, LG remains focused on achieving these strategic initiatives. This Report explains our progress on meeting the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* by reporting:

1. Steps taken during LGECI's previous financial year to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by LGECI or of goods imported into Canada by LGECI;
2. LGECI's structure, activities, and supply chains;
3. LGECI's policies and due diligence processes in relation to forced labour and child labour;
4. The parts of LGECI's business and supply chains that carry a risk of forced labour or child labour being used and the steps we have taken to assess and manage that risk;
5. LGECI's measures to remediate any forced labour or child labour;
6. LGECI's measures to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in our activities and supply chains;
7. The training provided to employees on forced labour and child labour;
8. How LGECI assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.



We continue to work towards strengthening our ESG compliance by enhancing our child and forced labour risk management practices in our supply chain, and are committed to continuously improving our business practices to create a 'Better Life for All', inclusive of our customers, employees, suppliers, investors, business partners, local communities, and the environment.

We aim to learn from external feedback to enhance our forced labour response and welcome feedback on our Report. For more information or to provide comments, please contact us at: sustainability@lge.com.

References in this Report to "LG" or "LG Electronics", refer to LGECI's parent company LG Electronics Inc. References to LGECI refer to LG Electronics Canada, Inc. References to "our", "us", and "we" refers to LG Electronics Canada, Inc. and/or its parent company LG Electronics Inc. as indicated by the context.

02 LG ELECTRONICS CANADA STRUCTURE, ACTIVITIES AND SUPPLY CHAINS

STRUCTURE & ACTIVITIES

LG Electronics Canada, Inc. (LGECI) is a Canadian company established in October 1986. LGECI is the Canadian subsidiary of LG Electronics Inc. (LG), which is headquartered in Seoul, South Korea and a global innovator in technology and consumer electronics. LGECI employs approximately 300 people in Canada, and globally, LG employs over 75,000.

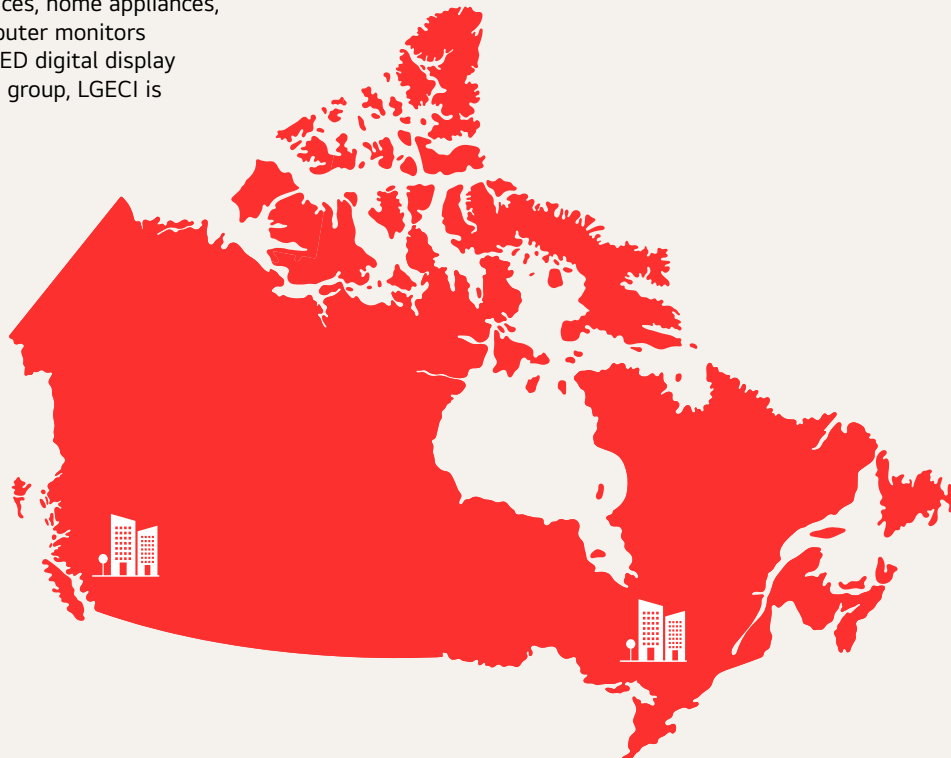
LGECI maintains its corporate headquarters in Toronto, Ontario, and primary warehouse locations in Toronto and Vancouver. The Canadian subsidiary is comprised of three business units: Home Appliances Solutions, Media Entertainment Solutions, and Eco Solutions. LGECI is focused on delivering award-winning products known for blending style and technology. These innovative products include TVs, audio solutions and portable devices, home appliances, residential and commercial air solutions, computer monitors and laptops, and industry-leading OLED and LED digital display solutions. As a subsidiary of the LG corporate group, LGECI is subject to LG's global policies.

LGECI itself does not manufacture any products and relies on other entities (including members of the LG corporate group) to supply LG products to LGECI. LGECI is responsible for marketing, promoting, selling and distributing LG products and services in Canada. LGECI also operates after-sale customer service and technical support to customers, and makes our products available for sale direct to customers through our LG Online Brand Shop at [LG.com/ca](https://lg.com/ca).

SUPPLY CHAIN

LG's global supply chain is highly complex, comprised of thousands of suppliers worldwide. Our supply chain includes the sourcing of raw materials, design, engineering, and manufacturing of our products.

LG's upstream supply chain includes the extraction of minerals; the assembling and manufacturing of its products and parts; to the transportation of those items to Canada. 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.



03 POLICIES AND DUE DILIGENCE PROCESSES

LGECI recognizes that policy frameworks and contractual documents are integral to mitigating forced labour risks in our operations. LGECI's internal policies articulate the human rights expectations we have of our team members and provides them with knowledge around grievance management processes. All policies are available on the LGECI intranet or accessible on our [global website](#).



APPLICABLE POLICIES

- **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 LGECI 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 their utmost to preserve the environment, pursue sustainable social development by minimizing resource consumption, developing 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 organizations.
- **Diversity and Inclusion Policy.** Highlights LG's commitment to value and respect the unique contributions of people with diverse backgrounds.
- **Code of Conduct.** Promotes fairness and transparency in LG's 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 LG 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.
- **Global Human Rights Principles.** Expresses LG's commitment to upholding the rights and dignity of all stakeholders, including employees, suppliers, residents, and consumers, and acknowledgement and adherence to international human rights standards.

03 POLICIES AND DUE DILIGENCE PROCESSES

DUE DILIGENCE

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

RESPONSIBLE BUSINESS ALLIANCE (RBA) CODES

In addition to compliance with legislation, LG Electronics is a member of the Responsible Business Alliance (RBA), a nonprofit organization consisting of companies that make concerted efforts to create sustainable value for labour, environment and business.



SUPPLIER CODE OF CONDUCT

Based on the RBA Code of Conduct and other international norms, LG has created a Supplier Code of Conduct, which requires compliance from all its suppliers. To encourage the voluntary compliance of our suppliers with our Code of Conduct, we ensure it is communicated in our purchase agreements and suppliers are also provided with a guide. Among 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;
4. Act in an ethical manner;
5. Responsibly source materials and minerals; and
6. Engage in diligence and continuous improvement of human rights, health and safety, environmental, and ethical policies

As part of actions taken to assess and address forced and child labour risks, LG 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.

03 POLICIES AND DUE DILIGENCE PROCESSES

ASSESSING FORCED AND CHILD LABOUR RISKS

In assessing forced and child labour risks and practices, LG uses several benchmarks for standards. In accordance with the UN Guiding Principles on Business and Human Rights, LG conducts due diligence in its supply chain as described in this Report.

To support the systematic management of ESG risk, LG has established an 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 supplier 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 first-tier suppliers while reducing the ratio of suppliers with a high level of risk.

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 suppliers and reducing the proportion of high-risk suppliers, LG established a supplier ESG assessment process and continuously operates 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 measures through on-site assessments and consultations. Furthermore, ESG management training is provided for suppliers and overseas subsidiaries to strengthen their operational risk management capabilities so that suppliers can diagnose and manage ESG risk autonomously.

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 these 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 those 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 2024, self-assessments were conducted by 1,236 suppliers globally and LG pursued on-site assessments for 14 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				
	2021	2022	2023	2024
No. of Suppliers	1,289	1,231	1,266	1,236
High Risk	13	8	12	14
Ratio of High Risk	1.0%	0.7%	0.9%	1.1%

03 POLICIES AND DUE DILIGENCE PROCESSES

In 2024 LG continued to provide training for our supplier workforce in partnership with an RBA-certified institution to 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. For the 2024 Reporting Period, the number of suppliers increased as did the ratio of high-risk suppliers, from 0.9% to 1.1%. LG remains committed to reaching 0.5% by 2030. In the future, we have plans to support suppliers so that they can autonomously carry out assessments.

Supplier ESG Self-Assessment Details (by region)				
Region	High Risk	Medium Risk	Low Risk	Total
Korea	4	106	228	338
China	3	62	333	398
Asia	3	99	244	346
Americas	1	27	58	86
Europe/CIS	3	10	31	44
Middle East and Africa	0	15	9	24
TOTAL	14	319	903	1,236

03 POLICIES AND DUE DILIGENCE PROCESSES

RISK MANAGEMENT AT PRODUCTION SITES

In 2024, RBA adopted Risk SAQ as the standard Self Assessment Questionnaire (SAQ), which enables the consideration of inherent risks such as country and industry, whereas the score of the traditional SAQ is exclusively determined by the provided answer(s). As a regular member of RBA, LG Electronics conducted RBA Risk SAQ as annual self-assessments for all 30 production sites. This online tool enables LG to share results with multiple customers, and supports multiple languages. The SAQ consists of approximately 160 questions and provides an overview of risk levels in labour, health & safety, environment, and ethics. By implementing the RBA SAQ directly, LG can conduct self-assessments more efficiently and transparently, and direct resources to on-site audits.

RISK SELF-ASSESSMENT QUESTIONNAIRE (SAQ) FOR LG FACILITIES			
Risk Type	Low	Moderate	High
Labour & Human Rights	5	25	0
Health & Safety	5	21	4
Environment	2	28	0
Ethics/Supplier	14	16	0
TOTAL	8	22	0



While LG did not observe a meaningful improvement trend from the prior year due to changes in scoring method (adoption of the new Risk SAQ), following thorough reviews of each facility’s result, we found no serious issues relating to labour and human rights.

03 POLICIES AND DUE DILIGENCE PROCESSES

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DECLARATION TO ACHIEVE 100% OF PRODUCTION SITES WITH NO CRITICAL NONCONFORMANCE BY 2030

To reduce any forced labour or other human rights harm that we may cause or contribute to in our production sites, we set the goal to improve all of our production sites to a point where there are no critical non-conformances. In 2024, 90% of our production sites did not raise a critical non-conformance issue. We are currently on track to achieve our target of 100% by 2030.

ACQUISITION OF HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATION FOR ALL PRODUCTION SITES

Excessive working hours is a common area of non-conformance for our suppliers. In some cases, excessive working hours in supply chains can be an indicator of forced labour, as well as posing short or long-term health and safety risks for workers. To reduce and manage any forced labour, LG made the commitment to ensure 100% of production sites implement a health and safety management system that is certified by an independent auditor by 2030. LG is pleased to have achieved 100% of H&S certification (ISO 45001) for all production sites by 2023.



04 MANAGING THE RISKS OF FORCED OR CHILD LABOUR IN OUR BUSINESS AND SUPPLY CHAIN

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THIRD-PARTY AUDITS OF BUSINESS SITES

LG Electronics conducts audits for major suppliers with external experts every year (three-year cycle for each supplier) to secure objectivity in its ESG risk assessment and strengthen suppliers' management capabilities. The audit is conducted by an accredited third-party auditor in accordance with the RBA Validated Assessment Program (VAP) standards, and for any non-conformities found, we request immediate improvements, and verify the results of the improvement implementation through a closure audit.

In 2024, we conducted audits of 72 suppliers, 19 in Korea and 53 overseas including 26 in China. Following the on-site audit, we issue certificates to suppliers that receive a score of 80 or higher out of 100 points. All 72 suppliers received certificates, but 15 suppliers had to conduct a second closure audit for certification.

In 2024, LG conducted 21 on-site audits including 5 Validated Assessment Program (VAP) audits for its own manufacturing sites. These audits were conducted by third party auditors to ensure the objectivity of the assessment and improve the risk management capabilities of each business site. Among 21 audits, 19 audits were initiated by customers and 2 audits were initiated by LG for internal review. Although there were no serious findings such as trafficking or slave labour, LG continues to conduct corporate-wide improvement action plans for common findings including working hours and commencing in 2025, LG has established an annual inspection program for its manufacturing subsidiaries.

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



04 MANAGING THE RISKS OF FORCED OR CHILD LABOUR IN OUR BUSINESS AND SUPPLY CHAIN

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CONFLICT MINERALS

LG Electronics recognizes that we could contribute to or be directly linked to forced labour due to the use of conflict minerals and certain raw materials in our products. In our supply chain, we have a high exposure to risk, as a variety of products in our product range are made with one or more of the four major conflict minerals of tin, tantalum, tungsten and gold or the raw materials cobalt and mica, including home entertainment items such as televisions, and in IT and computer items such as monitors and laptops. LG continues to work with relevant suppliers to assess, help understand and address, where possible, any potential forced labour risks associated with the products that contain one or more of the conflict minerals, cobalt or mica. This has included meetings with all conflict mineral suppliers or smelters to obtain information to assess their risk of forced labour, by obtaining information about their supply chains and sourcing practices and due diligence systems they have in place.

LG reviewed the sourcing practices information provided by the suppliers of conflict minerals and cobalt on a monthly basis and verified this information through an independent third-party assessment. The assessment validates whether the smelter practices responsible mineral procurement and conforms to the Risk Minerals Assurance Process (RMAP) standards.

As a result of the RBA audit conducted for self-review purpose in 2024, we developed a checklist to determine the appropriateness of the conflict minerals management system and will apply it from 2025, in an effort to continuously improve the management system. In 2024, in accordance with the Responsible Minerals Initiative (RMI) recommendations, 28 non-compliant smelters, including those subject to international sanctions or which failed to submit their due diligence data, were excluded from our supply chain.

05 REMEDIATION MEASURES

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 further risk.

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

In addition, self-assessments are carried out by LG's major suppliers with an assessment sheet covering labour, human rights, safety, health, environment, and ethics. For high-risk suppliers, LG offers improvement measures through on-site assessments and consultations.

In addition, 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.

In 2024, LG's 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.



05 REMEDIATION MEASURES

Provision of Support for High-Risk Suppliers

ESG MANAGEMENT CONFORMITY CERTIFICATES

To ensure the suitability of ESG management practices, LG collaborated with globally recognized certification companies such as SGS. These companies conducted on-site visits in 2024 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 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.



05 REMEDIATION MEASURES

Support for enhancing ESG Management Capabilities of Global Staff and Suppliers

In 2024, LG continued its efforts to foster a strong ESG culture through numerous training programs. For suppliers, LG provided training on its Supplier Code of Conduct and related risk management program including due diligence. For LG's own Procurement Managers, we provided training on the Supplier Code of Conduct, labour/human rights (including forced labour), health and safety, the environment, ethics and supplier management and related ESG risk management.

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

In 2024, LGECI observed increasing general awareness from our business partners (including retailers, distributors and other businesses) of the importance of forced labour risk management, and an increase in questions specifically relating to LG Electronics' forced labour risk management practices. LGECI received significantly more inquiries regarding our practices both as part of tendering activities and business as usual contract management.



06 ADDRESSING LOST INCOME TO THE MOST VULNERABLE

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No measures were necessary. No such cases were found in the supply chain.



07 OUR TRAINING TO EMPLOYEES ON FORCED AND CHILD LABOUR

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In 2024, LGECI continued its efforts to foster a strong ESG culture through the provision of online training provided by the RBA on preventing forced labour. This training is provided to our executive team including Human Resources leadership and our purchasing and supply chain management departments.



08 MEASURING THE EFFECTIVENESS OF OUR PROGRAMS

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

In 2024, 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.

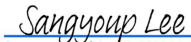
We are actively enhancing the risk management capabilities of our suppliers through targeted actions to address non-conformities and by providing ESG management training during on-site inspections, especially for high-risk and major suppliers.

Looking ahead, we remain committed to reducing the proportion of high-risk suppliers; continuously assessing forced labour 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.



09 SIGNED ATTESTATION

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for LG Electronics Canada, Inc. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name	Sangyoun Lee
Title	CFO
Date	05/26/2025
Signature	 <small>Sangyoun Lee (May 26, 2025 14:47 EDT)</small>

I have the authority to bind LG Electronics Canada, Inc.