

Date: September 7, 2021

To: LG ACT Distributors, Applied Reps and Independent Sales Reps

Subject: Updated LG ACT Freight Policy

Effective September 7, 2021, LG Air Conditioning Technologies (ACT) has updated its LG ACT Freight Policy. All prior versions are obsolete and should be replaced with this policy. The LG ACT Freight Policy, which may be amended and updated from time to time, is available on LG's Salesforce platform.

Freight Policy

This document defines the specifics of the LG ACT Freight Policy and the freight charges that will apply for HVAC Products as provided in this policy. This Freight Policy does not change any of the requirements of the LG ACT Scrap Policy, the most current version of which is available on LG's Salesforce platform. For any questions related to the process for obtaining credit for scrapped product, please refer to the LG ACT Scrap Policy.

General Rules:

- This Freight Policy supersedes any existing freight agreements between customer and LG ACT.
- LG ACT will determine the freight company and bill customer on a prepay and add (PPD & Add) basis as provided in this policy, unless a specific carrier/account number is provided by customer, the customer meets the free freight allowance requirement threshold or LG approves of the freight expenses in accordance with this Freight Policy.
- The customer must have a current, signed Distributor, Applied Representative or Independent Sales Representative agreement in place with LG ACT. Otherwise, freight will only be allowed on a PPD & Add basis.
- Shipments are F.O.B. shipping point.
- LG ACT is responsible only for shipments to the contiguous 48 states. Ocean or other freight costs will be the responsibility of the customer unless part of a special container program.
- Additional discounts may apply for pre-season orders and other special, approved LG programs.
- Any changes to the provided delivery addresses, requested delivery dates (RDD) or site refusals may result in additional freight expenses. Customer will be responsible for all additional freight expenses unless such changes are a result of LG's actions and the additional freight expenses are approved by LG. The customer is required to provide an updated Purchase Order showing these additional freight charges added before LG approves of the additional freight expenses and authorizes the carrier to make the change.
- Backordered HVAC Product shipments will be scheduled by LG ACT with standard ground shipment. Backordered HVAC Products will not be expedited at the expense of LG. If the customer requires an order to be expedited, the customer will be responsible for the charges.
- LG ACT will pay ground service for limited warranty shipments; however, any expedited shipping service will be pre-paid and added to the invoice upon customer's approval of the quote.
- If approved in writing by LG ACT, any customer returns include a standard 25% restocking charge. LG ACT will not accept damaged, opened, or discontinued HVAC Product. The HVAC Product must be factory sealed and in good, undamaged, working condition to be resold by LG ACT.
- If projects are broken into multiple orders, each shipment must meet the free freight allowance requirement threshold for free standard ground freight.

- The ACT freight charges and freight allowance requirements for HVAC Products, and HVAC Product Accessory Orders (HVAC Product(s)), as of September 7, 2021, are as follows

1. VRF Product (shipping to one location)

- a. < \$17,499: 5% freight charge
- b. \$17,500 - \$29,999: 3% freight charge
- c. \$30,000+: LG Prepaid Standard Freight

2. HCS Product (shipping to one location)

- a. < \$17,499: 5% freight charge
- b. \$17,500 - \$29,999: 3% freight charge
- c. \$30,000+: LG Prepaid Standard Freight

3. Combined VRF/HCS Orders (shipping to one location)

- a. < \$17,499: 5% freight charge
- b. \$17,500 - \$29,999: 3% freight charge
- c. \$30,000+: LG Prepaid Standard Freight

4. PTAC/TTW (shipping to one location)

- a. 1-14 units: \$50.00 per unit
- b. 15+ units: LG Prepaid Standard Freight

5. Accessory Orders associated with the above HVAC Product (shipping to one location)

- a. < \$2,999: 5% freight charge
- b. > \$3,000+: LG Prepaid Standard Freight

Freight Damage by Carrier

LG ACT takes every precaution to prevent damage from occurring to the HVAC Product. Unfortunately, damage may occur as HVAC Product is moved from one location to another. Such damage may occur in the form of freight damage or concealed damage. In addition to those requirements contained in the customer's current, signed Distributor, Applied Representative or Independent Sales Representative agreement with LG, such damaged HVAC Product must be processed as follows.

- Any visible damage on delivery of the HVAC Product must be noted on the proof of delivery (POD) and refused. It is unacceptable to use the LG ACT Scrap Policy to return HVAC product that was clearly damaged during transportation of the product.
- All shipments must be thoroughly inspected for damage by the customer or the customer's designated recipient, e.g., General Contractor, sub-contractor, mechanical contractor, etc., before the shipment is accepted.
- Documentation of damage should be noted on the Bill of Lading (BOL) at the time of delivery, including a description of the damage. Without this documentation, delays may occur in the processing of the credit for the refused HVAC Product and/or the credit may be denied.
- It is strongly recommended that pictures be taken of the damaged HVAC Product to assist LG in its claim against the carrier.

- Customer must contact its LG operations point of contact so that LG ACT can provide a customer with credit, if approved, for the refused HVAC Product.

Concealed Damage

- All received and accepted HVAC Product at any point of shipment, e.g., warehouse, job site, etc., must be inspected for concealed damage and Dead On Arrival (DOA) units within thirty (30) calendar days of the delivery date. Any claims for concealed damage beyond thirty (30) calendar days may be denied by LG ACT. As such, a customer or its designated recipient must open all received HVAC Product containers and boxes and inspect the HVAC products for concealed damage and DOA units within thirty (30) calendar days of delivery.
- Concealed damage is any damage that occurred in transit, but was not visible at the time of delivery receipt and acceptance. Due to handling of the HVAC Product in transit, it is possible that the contents of a container and/or box may be damaged without damaging the container and/or box. If the container and/or box shows damage, the concealed claim will be denied.
- Should a customer experience concealed damage, the customer must contact its LG ACT Sales Manager to file a claim immediately according to the LG ACT Scrap Policy.

For additional information contact:

James Robinson
LG Electronics U.S.A., Inc.
Manager of Customer Support
Air Conditioning Technologies (Office) 678-328-6477
james.robinson@lge.com

Please click here for the most up to date LG ACT Freight Policy and LG ACT Scrap Policy:

https://lghvac.my.salesforce.com/sfc/p/E0000000Jv9o/a/2S0000002nU5/yTthY2z82K_1mQC7msN7drzs7iC8t_qkTWiBeuO6hcc

<https://lghvac.my.salesforce.com/sfc/p/E0000000Jv9o/a/2S0000002nTv/jQolqZf1vCZigzdnfywuHkWqNAj3PWDN8FVdGpWdfj8>