

# POSCO ESG Policies & Positions



Green Tomorrow, **With** POSCO

POSCO MUSEUM

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# Overview

Based on its management philosophy of ‘corporate citizenship,’ POSCO is continuously changing and innovating together with all its stakeholders. POSCO, in addition to creating economic gains, is a leader in addressing social issues and strives to build a role model for sustainable growth. To enable our employees to internalize the management philosophy of corporate citizenship and to establish it as our organizational culture, POSCO created the Charter of Corporate Citizenship that sets out our goals as a sustainable company and our principles of practicing each area of B-S-P (Business-Society-People), and created the Corporate Citizenship Practice Guide that sets out the values and guidelines pursued by each major business unit. POSCO is also advancing its sustainable management system by amending and supplementing the company rules and guidelines that reflect the ESG-related global initiatives. POSCO ESG Policies & Positions, which is to be released this year, provides POSCO’s major ESG policies and positions as a corporate citizen. The environment section (E) sets out our net-zero commitment and the environmental management guidelines, and the social section (S) sets out the safety and health policy, human rights guidelines, and the supplier code of conduct. Lastly, the governance section (G) includes the Code of Ethics, the Anti-corruption Compliance Guidelines, and the Tax Policy. By fully disclosing its policies and positions for each area of ESG, POSCO seeks to communicate its commitment to ESG management and its principles. All POSCO employees promise to observe and comply with its ESG policies and positions and going forward, plan to continue to make improvements in line with the stakeholders’ demands.

The ESG Policies & Positions in this report apply equally to all of POSCO’s major business sites. As a corporate citizen, POSCO communicates with all stakeholders with whom it conducts business so that they will respect and comply with its ESG policies and positions.

- POSCO respects and supports the globally accepted international human rights standards including the Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights, the UN Global Compact Ten Principles, and the OECD Guidelines for Multinational Enterprises.
- To support the efforts of the global community that is inclined to achieve sustainable development based on the UN SDGs, POSCO will continue to improve its policies and positions, communicate and work harmoniously with all of its stakeholders including customers, employees, and shareholders.
- This report was prepared based on the POSCO Corporate Citizenship Report and the POSCO ESG Policies & Positions. POSCO owns the copyright, and this report may not be duplicated, in part or in whole, or provided to a third party without its prior consent.

# Environment (E)

## Net-zero Commitment

### POSCO's Net-zero Commitment by 2050

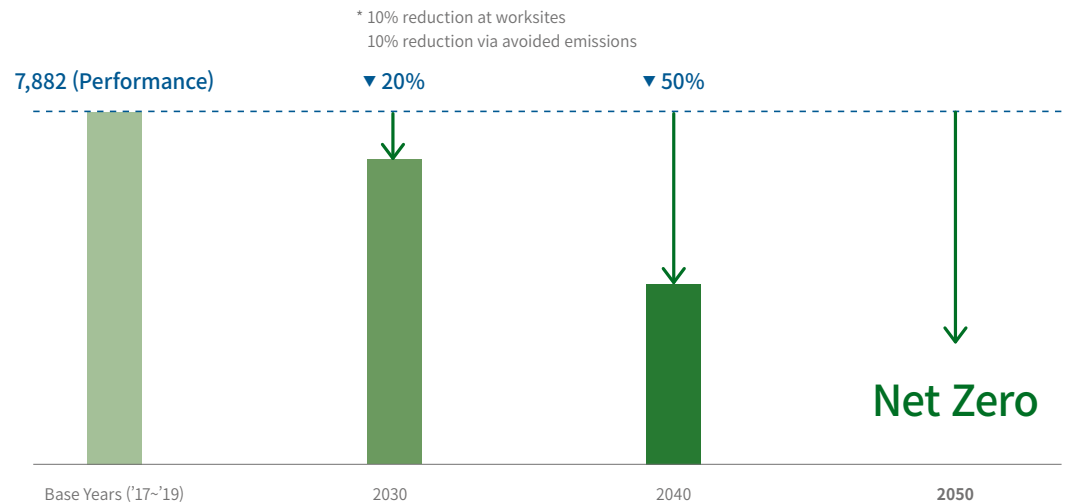
The UN IPCC(Intergovernmental Panel on Climate Change) Special Report, published in October 2018, highlights the importance of limiting the expected global average temperature increase within 1.5°C above the pre-industrial levels by 2100, in order to control numerous threats posed by climate change. The governments of each country, including Korea, have since pledged to achieve carbon neutrality by 2050. Following the 2050 carbon neutrality pledge, major investment groups and their clients have pledged to achieve carbon neutrality and are demanding investment firms and suppliers to participate in this move. POSCO also recognized the urgent need to respond to climate change and established the POSCO Net-zero Commitment 2050 vision in December 2020 with the Board's approval, and published the Climate Action Report in accordance with the guidelines of Task Force on Climate-Related Financial Disclosures (TCFD). Through these efforts, POSCO is trying to fulfill the role of good corporate citizen while increasing its competitiveness by transitioning into a low-carbon production line and restructuring its business model. With the goal of achieving the net-zero target by 2050 based on its hydrogen-based steelmaking, POSCO has set a path towards 20% carbon emission reduction by 2030 (10% via worksite reduction, 10% via avoided emissions) and 50% by 2040. To specify the vision of our net-zero commitment and to enhance our ability to execute it, we created the Fundamental Roadmap to Net-zero Commitment 2050 that includes mid to long-term comprehensive strategies covering raw materials, investments, energy, and technology development. The short- to mid-term plan to reach the net-zero target is to introduce electric furnaces before

commercializing hydrogen-based steelmaking technology; to take advantage of current operation facilities to use low carbon materials; and to develop a bridge technology such as low HMR operation<sup>1)</sup> and CCUS<sup>2)</sup> technology, in order to reduce coal and energy consumption during processing. In the mid- to long-term, we plan to achieve the net-zero target through the phased introduction of renewable-energy-based HyREX<sup>3)</sup> and electric furnaces in step with the development speed of hydrogen-based steelmaking technology.

- 1) Low HMR operation: Operation technology that increases the ratio of scraps instead of hot metal (HMR) to reduce carbon emission.
- 2) CCUS technology: CO<sub>2</sub> Capture, Utilization & Storage, CO<sub>2</sub> capture & storage technology.
- 3) HyREX (Hydrogen Reduction): Hydrogen-based steelmaking technology based on POSCO's FINEX fluidized-bed furnace technology that produces molten iron using powdered iron ore and hydrogen.

### CO<sub>2</sub> Reduction Goals

(Unit: 10,000 tons CO<sub>2</sub>)



## Environmental Management Guidelines

POSCO is responding proactively to environmental issues such as climate change, particulates, waste, and chemicals. In addition, based on our corporate citizenship management philosophy, we have established environmental guidelines that are rooted in our corporate rules and regulations, and environmental management policies.

To minimize our negative impact on the environment during business and production processes, we are actively promoting environmental management and expanding it to our supply chains and partner companies. In January 2010, we published our first Environmental Manual, followed by POSCO Group Integrated Environmental and Energy Policy, an amended version in June 2019, and have since been in compliance therewith. Moreover, we have been certified by internationally recognized environmental standards including ISO 14001 and 50001 and are regularly renewing our certifications.

POSCO complies with the environmental laws and regulations applicable to the Korean and overseas worksites and strives to continuously improve its environmental performance by systematically monitoring environmental impacts and preventing pollution. In addition, we are minimizing the negative impact on the environment during our business and production process and expanding the scope to our supply chains and partner companies.

### Worksite Environment Management

On its worksites, POSCO is managing its environmental goals by linking them with the key performance indicators (KPIs) of its environmental departments and officers. We have established the environmental standards for each area of environmental management, such as air, waste, and water quality, and have implemented measures such as education and training, establishment and management of guidelines, and internal auditing. In addition, we are applying eco-friendly production processes and optimal prevention technologies to minimize pollutant emissions at our worksites.

### Production Operation and Maintenance

POSCO monitors and manages the environmental impacts that occur during the operation and maintenance of production facilities to make improvements. In addition, for reference at work, we have established an environmental management manual for each production process to comply with related laws and to improve the environment.

### Production Development, Services, and Logistics

To achieve the net-zero target by 2050, POSCO is making avoided emission efforts by not only reducing greenhouse gas (GHG) emissions at worksites but also by extending its supply of eco-friendly products. We are expanding our portfolio of low-carbon steel products, such as high-tensile steel sheets and high-efficiency electrical steel sheets that contribute to reducing the weight of automobiles. In addition, POSCO strives to minimize greenhouse gases and environmental impacts that may occur during product transportation.

### Waste Management

POSCO established and applies waste management guidelines from the waste generation stage to final disposal. The guidelines include work scope, organization and responsibilities, separate collection and storage facilities for waste, and necessary measures in the event of environmental pollution.

### Selection and ESG Assessment of Suppliers

POSCO enacted the POSCO Supplier Code of Conduct based on global ESG standards such as the UN Global Compact Ten Principles and the Responsible Business Alliance (RBA), and ensures that its suppliers comply with them. In addition, we reflect ESG factors during the annual supplier performance evaluation to proactively manage environmental risks throughout the supply chain.

### New Projects and Mergers & Acquisitions (M&A)

In assessing new business and investment opportunities, POSCO examines expected qualitative and quantitative ESG benefits, as well as investment risks and response measures. Through our environmental management guidelines and environmental impact assessment, we strive to reduce the environmental risks generated by new businesses. In addition, when analyzing an M&A deal, we conduct a due diligence to identify ESG-related risks including the environmental risks and take preemptive actions.

### Operation of Environmental Management System

Since acquiring the ISO14001 (the international environmental management standard) certification in 1996, POSCO receives annual suitability evaluations from a third party institution and conducts internal inspections at least twice a year under the supervision of the environmental department. The inspection results are reported to the senior management level and incorporated in the creation of environmental strategies and goals.

### Environmental Product Declaration (EPD) Certification

POSCO, for the first time in the Korean steel industry, established the Life Cycle Inventory Database (LCI DB) of steel products, which includes the environmental impacts caused during the entire life cycle of steel products. In addition, based on LCI DB, we are promoting EPD certification at home and abroad for the World Premium (WP)<sup>4)</sup> products produced by POSCO.

4) World Premium (WP): POSCO's own proprietary products that are developed or under development for the first time in the world.

### Air Pollution Emission Reduction Policy

To reduce air pollutants, POSCO has established in-house goals that are stricter than the legal standards, and systematically manages its environmental performances.

### Water Resources Policy

POSCO strives to manage water resources by optimizing water management and expanding wastewater recycling. As KPIs, we selected surface water consumption reduction and effluent water quality management indicators to manage our performance. To reduce the amount of wastewater, we are increasing the recycling ratio of wastewater discharged from processing. Furthermore, we are monitoring the national water resources policies, anticipating regional regulatory changes, and creating response scenarios to evaluate water supply chain risks before they occur. We operate seawater desalination facilities and reuse treated water from sewage treatment facilities to contribute to resolving water shortages in local communities and securing a stable supply of industrial water.

## Our Position on Biodiversity

POSCO understands the importance of biosphere restoration and biodiversity protection, and sets it out in its Practicing Guidelines for the Code of Ethics. Accordingly, POSCO investigates the potential outcomes that its projects may have on biodiversity of the adjacent ecosystems and takes actions to minimize adverse impacts.

### New Projects

In carrying out new projects such as facility expansions, we will prevent and minimize factors and causes that threaten biodiversity and if necessary, repair and offset the damage. We will also try to mitigate biodiversity losses and conduct surveys to monitor potential impacts. We will strive to manifest our stance above not only to our worksites but also to our primary and other supply chains.

We are aware of the international conventions on biodiversity and the protection of land (including, but not limited to, the Convention on Biological Diversity, the Ramsar Convention, and the Convention Concerning the Protection of the World Cultural and Natural Heritage) and the IUCN<sup>5)</sup> Guidelines (including, but not limited to, the IUCN Guidelines for the Protected Area Management Categories and the IUCN Guidelines for Planning and Monitoring Corporate Biodiversity Performance), and we will comply with the national and local legal requirements at our worksites located in the areas where the conventions are applicable. Should our projects cause a damage, reduction, or degradation in the protected areas covered by the international conventions, we will restrict the reach of our worksites and reconsider the project. At our worksites that encompass the natural and important habitats, we will prevent and minimize net losses, change our plans, or investigate alternative areas so as not to adversely affect biodiversity.

Prior to implementing new projects, we conduct environmental impact assessments in accordance with the relevant laws and regulations, and identify and prevent factors that threaten biodiversity, including all endangered species. We ensure that our activities do not negatively impact biodiversity values such as ecosystems and critical habitats. In addition, we only proceed with our projects after consulting with the local residents and communities regarding land use.

5) IUCN: The International Union for Conservation of Nature and Natural Resources.

### Worksite Management

At worksites that harbor critical habitats, POSCO will strive to achieve no net loss and net positive impact in terms of biodiversity. At our largest worksites Pohang Steelworks and Gwangyang Steelworks, we will regularly monitor the adjacent ocean water quality and sediment pollution level, and at the same time, we will conduct monitoring activities to improve the local environments. If necessary, we will collaborate with professional agencies to launch a professional investigation to measure the impacts on local biodiversity.

We identify the protected areas, regions with high biodiversity value, and endangered species in the vicinity of our business and project developments, and use this information as important sources for developing, implementing, and monitoring each project's biodiversity management plan. If a conservation area recognized under the international standards such as the World Heritage or the Ramsar Convention on Wetlands, or a protected area governed by an international convention is established within, around or adjacent to one of our existing worksites, we will verify that our activities in the worksites do not adversely affect the value of such protected areas.

### By-product Recycling

POSCO actively discovers and recycles steelmaking and marine by-products that can replace natural resources. For Example, POSCO is continuously promoting sea forestation projects to restore the marine ecosystem. The Triton® fish shelters made from steel slag are rich in minerals like iron and calcium, and as such are effective in restoring marine ecosystems by accelerating marine plankton proliferation and algae spore adhesion. Since 2010, POSCO has installed about 7,000 Triton fish shelters in Korean waters. In addition, the Clean Ocean Volunteer Group, made up of employee volunteers donating their talents, strives to preserve the underwater ecosystem through approximately 60 water purification activities held each year, and we systematically support our employees' biodiversity-related volunteer activities.

### Endangered Species Protection

We will consider supporting local, national, and global biodiversity conservation initiatives for the protection of endangered species. By building substitute habitats, avoiding construction during hibernation seasons, and installing temporary panels that are mobile and soundproof, POSCO strives to protect endangered species, including 1 species of mammal (otter) and 11 species of birds (whooper swan, swan, bean goose, brent goose, kestrel, sparrow hawk, Korean buzzard, osprey, eagle, Saunder's gull, and Eastern curlew), near its worksites and to preserve the adjacent natural ecosystem. Further, we conduct environmental training sessions for our employees, and stakeholders to heighten their awareness of the need for biodiversity protection.

## Our Position on No Deforestation

### Overview

POSCO, as a leader in the prevention of deforestation, will continue to implement policies intended to protect the earth by expanding the recycling of industrial by-products and expanding the investment in GHG reductions. Through our sustainable environment policy, we will try to achieve zero net deforestation by 2050 as we keep our Promise of Compensation through Reforestation.

- POSCO will not build any new worksite that destroys a forest, and upon termination of the existing projects, will try to restore green space including forests.
- At POSCO's worksites, we will increase the recycling rate of by-products (98.6% in 2021) and expand investment in GHG reduction.
- If necessary, POSCO will team up with the professional agencies to restore forests and green space near its worksites.
- To minimize our negative impacts on the environment during our projects and production processes, POSCO will promote diverse activities and endeavor to expand the scope of such activities to our supply chains and business partners.

### Monitoring

To respond to forest risks, we will establish and implement plans for forest formation and greening within our worksites, and continue to monitor all related performances through environmental impact assessments. In addition, we will continue to inspect and supplement our suppliers' forest protection activities through regular supplier relationship management (SRM).

If necessary, we will secure a budget for cooperating with professional agencies and strengthen our related in-house capacities.

### Forest Restoration and Green Space Creation Performance

POSCO is committed to building a healthy ecosystem for local areas and communities near its worksites. Recently, our Pohang Steelworks and Gwangyang Steelworks have invested approximately KRW 44 billion and KRW 28 billion, respectively, toward forestation projects and zero net deforestation near the worksites. As a result, there are approximately 6.9 million or more plants in 22% of both steelwork sites, and each year, more than 30,000 plants are cultivated. Furthermore, POSCO and the Korea Forest Service have joined hands to restore forests and respond to the climate change.

# Social (S)



## Safety and Health Policy

POSCO considers safety its top priority in management. We create a culture that prioritizes safety based on rigorous and sustainable safety management systems, and foster top-notch safety experts. In addition, in line with our philosophy that ‘a company is only as healthy as its employees,’ we mainly promote our occupational health-related obligations in following three areas: health improvement, workplace environment, and disease treatment.

POSCO has set up an in-house communication system that allows all employees to readily participate and is trying to build the world’s finest safety culture through employee-led autonomous safety and health activities. To this end, POSCO applies new smart technologies such as the Internet of Things (IoT) and strives to create a workplace environment that can scientifically and effectively protect its employees' safety and health. In addition, to promote the health and safety of our stakeholders, including our business partners, we encourage their participation in safety and health activities.

To effectively implement our safety and health policy, POSCO establishes and implements goals and action plans, and operates an in-house review system that evaluates them regularly. On the basis of our compliance with safety and health laws, we set and operate even more rigorous standards of our own to ensure safety during the installation, operation, and maintenance of the facilities, machinery, and equipment.

### Safety and Health Guidelines

As a corporate citizen growing together with society, POSCO prevents disasters and improves

the health and quality of life by creating a safe and pleasant workplace environment for all of its employees. To this end, we established the following basic safety and health guidelines for all POSCO actions, and operate a safety and health management system to achieve them.

- Safety takes priority over production, quality, and speed; we strive to create an environment in which all POSCO employees can work safely and comfortably.
- In order to prevent the risk of disasters and diseases for all employees of POSCO and its business partners, we identify hazards and risk factors in advance and seek continuous improvement.

### Operation of Safety and Health Management System (ISO45001)

POSCO has autonomously and systematically operated all safety and health control-related actions and obtained the ISO45001 certification, which is the international standard for safety and health management system. Together with the ISO45001 certification, we establish safety and health strategies and goals based on the PDCA Cycle<sup>6)</sup>, and maintain a systematic and continuous safety and health management system.

6) PDCA Cycle: The project management method that continuously improves work performance by repeating the 4 steps of Plan-Do-Check-Act.

### Safety and Health Education and Training

- Every year, to raise awareness and to minimize risks of safety of its employees and related suppliers, POSCO conducts legally mandatory safety and health training sessions to its employees and supports training programs of the related suppliers. Furthermore, we conduct customized training sessions to foster safety and health capabilities requisite of each position and duty.
- Further, by operating the Global Safety Center (Safety Experience Center) and giving opportunities to experience the safety drills not only to our employees but also to the community at large, we strive to cultivate the awareness of safety in society as a whole.

## Occupational Safety Management System

Centered around 3 pillars of safety system, culture, and workforce, POSCO is strengthening a management system for occupational safety.

### Adopting a vigorous and sustainable safety management system

- ◇ Adopting the key measures pursuant to POSCO's safety management system on site in the early stage
- ◇ Strengthening the safety management processes for POSCO's business partners including partners, contractors, and suppliers.
- ◇ Systematically managing safety based on a system of operating an integrated safety management platform for employees and contractors.
- ◇ Operating a safety budget on an 'execution first, settlement later' basis to reduce hazards and risks in the early stage

### Creating a safety-first organizational culture

- ◇ Establishing a workplace culture that prioritizes safety in all on-site works via a supportive community and safety audit measures
- ◇ Vitalizing two-way communication with representative bodies and POSCO's business partners via the Industrial Safety Committee and the Joint Labor-Management Committee
- ◇ Building a workplace infrastructure that prioritizes safety, environment, and health

### Fostering top-notch safety professionals

- ◇ Enhancing the capacity of and recruiting safety management personnel such as safety division managers, safe environment directors, and safety keepers
- ◇ Reinforcing safety education and training opportunities for all employees of POSCO and its business partners

## Occupational Health Management System

In line with its management principle that 'a company is only as healthy as its employees', POSCO is promoting its key policies in the following three areas to create a pleasant workplace culture that prevents illness of its employees.

### Creating a pleasant workplace environment

- ◇ Setting up a chemical management system based on an MSDS<sup>7)</sup> scheme
- ◇ Assessing the workplace environment and reducing hazards and risk factors

- ◇ Implementing measures to prevent musculoskeletal disorders
- ◇ Enhancing the functions of protective equipment

7) MSDS: Material Safety Data Sheets.

### Building an early disease detection system

- ◇ Physical examinations (general/special/premium screening)
- ◇ Disease prevention and treatment (treatment at affiliated clinics, physical therapies, and vaccinations)
- ◇ Establishing and operating a system to prevent and control infectious diseases such as COVID-19

### Health Enhancement Measures

- ◇ Measures to improve lifecycle (no smoking/drinking, exercise, nutrition)
- ◇ Managing persons who are prone to chronic diseases, as identified by healthcare providers
- ◇ Operating mental health improvement and counselling programs

## Human Rights Guidelines

POSCO observes and supports the globally recognized international human rights standards, such as the UDHR, the UN Guiding Principles on Business and Human Rights, the UN Global Compact Ten Principles, the OECD Guidelines for Multinational Enterprises, and the Fundamental Conventions of the International Labor Organization (ILO).

All humans have the right to be treated with dignity. This includes the right to life and physical safety, freedom of ideas/expression/religion, freedom of association, work and home life balance, guarantee of privacy, food and water safety and security, prohibition of torture/slavery or forced labor, the right to fair and decent working conditions, and the right not to be subject to unfair discrimination. Since adopting the Code of Ethics that reflects its human rights policy in 2003, POSCO has made efforts to prevent human rights violations and to take adequate measures to prevent and address adverse human rights impacts that may occur in the course of its business management activities and business relations. Our commitment to human rights was further solidified in 2019 when we released our Charter of Corporate Citizenship.



## Our Basic Position on Human Rights Management

To fulfill its responsibility of observing human rights and to meet the expectations of its stakeholders, POSCO takes the following basic positions in relation to human rights management:

- Complies with laws in all jurisdictions where POSCO does business and observes the internationally recognized global human rights standards.
- Finds ways to comply with the internationally recognized human rights standards when local regulations conflict with such standards.
- Treats risks that may cause severe human rights violations as critical business issues.

### Risk management for cultivating a human rights culture

POSCO respects the human rights of all of its employees, and in order to prevent and mitigate potential risks, we prepare human rights guidelines and a risk management system in line with the international human rights standards and our internal regulations, and share the results with the public.

- ◇ POSCO takes preemptive actions against business management activities that may cause adverse impacts to human rights; should a violation occur, POSCO will implement adequate measures.
- ◇ Beyond ensuring that it does not directly violate human rights or contribute to human rights violations, POSCO makes efforts to prevent and mitigate adverse human rights-related impacts that occur or may occur in business relations, such as in supply chains.

### Obligation to respect human rights

POSCO's human rights policy applies to all of its employees, and we recommend, and if necessary, support our suppliers and partners to comply with the international human rights standards and our human rights policies. Furthermore, we respect the rights of all of our stakeholders, and try not to cause any potential violation of such rights.

### Fundamental principles

#### ① Prohibition of Discrimination and Harassment

- POSCO does not discriminate in terms of employment terms and conditions, such as employment, promotion, education, compensation, or benefits based on race, nationality, sex, age, educational background, religion, region of origin, disability, marital status, or gender identity.
- POSCO guarantees the conditions of employment that observe statutory working hours, maintain appropriate working hours, and provide reasonable remuneration for overtime work for a lifestyle that maintains human dignity.

- POSCO provides educational opportunities to all its employees, respects their cultural differences, and maintains a proper workplace environment for them to focus on their work.
- POSCO does not permit verbal, physical, or visual behaviors that are offensive to others, including sexual harassment that violates individual human rights, and protects privacy and personal information of others.
- POSCO conducts disciplinary actions by establishing the facts of an employee's misconduct through procedural fairness on the grounds of relevant regulations, such as its employment rules, personnel regulations, and reward and punishment guidelines.

#### ② Prohibition of Forced and Child Labor

- POSCO is committed to ensuring that work is not performed involuntarily through psychological or physical coercion.
- With regard to the working conditions for minors and the minimum age requirements, POSCO observes the labor laws of applicable countries and international labor standards.

#### ③ Freedom of Association and Guarantee of Right to Collective Bargaining

- POSCO abides by the Constitution and the Trade Union and Labor Relations Adjustment Act (Labor Relations Act), which are the basis of our human rights policy; strives to observe and guarantee the rights of its employees; and protects their freedom of association, their right to organize, and their right to collective bargaining.

#### ④ Occupational Safety Guarantees

- POSCO builds a culture that is committed to workplace safety by ensuring that all of its employees work in a safe environment and takes adequate measures to address any safety risk that has been identified. In addition, we support our partners establish safety management systems.

#### ⑤ Environmental Right Guarantees

- POSCO acknowledges that the environment and energy are core elements of its business activities, and strives to establish a sustainable, low-carbon, eco-friendly economy as a corporate citizen to grow together with society.
- By making efficient use of natural resources and promoting the reuse of its by-products, POSCO makes efforts to restore natural habitats and preserve biodiversity.

#### ⑥ Protection of Local Residents' Human Rights

- POSCO manages its business activities to ensure that the human rights of local residents, such as their environment, safety and health, and freedom of residence, are not violated. Moreover, POSCO collects opinions in compliance with the relevant laws and regulations to observe freedom and the traditional values of a local community.

- Workplace security personnel should not engage in an offensive behavior, including those that violates human rights, and should comply with local laws and international standards.

⑦ Protection of Customers' Human Rights

- To preserve the life, health, and safety of its customers, when offering its products and services, POSCO exercises due caution based on the statutory standards.

⑧ Responsible Supply Chain Management

- POSCO supports all of its suppliers and partners to comply with the human rights protection obligations.

### Human Rights Due Diligence (HRDD) Process

POSCO identifies human rights violations to prevent and to mitigate their negative impact, and if necessary, conducts an HRDD to fulfill its commitment to human rights protection. The due diligence procedure includes identifying and evaluating an actual/potential human rights impact, responding to the identified issues, documenting the response measures, and communicating with the stakeholders about how it was handled.

An HRDD takes the following into consideration:

- POSCO includes, in its HRDD, adverse impacts related to human rights that may occur directly or indirectly in our business management activities and business relations.
- POSCO considers, in its HRDD, various factors, such as the size and location of a worksite, human rights related risks, nature and substance of the business, and local political and economic circumstances and cultures.
- POSCO perceives that with the changing corporate actions and business operation environment, the human rights risks will gradually be affected, and POSCO continuously applies this belief in real life.

#### Due diligence method

POSCO endeavors to identify and examine any actual and potential negative impacts on human rights in domestic and overseas business management activities and business relations according to the following processes:

- ◇ When a human rights risk is detected at a major worksite in Korea or abroad, an HRDD will be conducted to assess the situation and to generate corrective measures.
- ◇ In principle, a due diligence will be conducted by an in-house professional, but if necessary, it may be conducted with an assistance of a third-party professional.
- ◇ Depending on the circumstances, practically, the interviews will be conducted with groups that may

potentially be exposed to the impact at issue and with the stakeholders.

- ◇ An HRDD will identify potential and actual impact. With regard to potential impact, the results of assessment will be disclosed company-wide and based on the relevant procedures performed, the prevention and mitigation measures will be taken. Remedies and solutions should be identified against the actual impact that has already taken place.
- ◇ An HRDD will be conducted by using a checklist that diagnoses the essential elements of human rights management.

#### Response and follow-up

In order to prevent and mitigate potential adverse impact on human rights, a response system will be established and follow-up measures will be implemented based on the factual findings of an HRDD.

① Establish an Internal Response System

- For the purpose of resolving the identified issues, to clearly outline the roles and responsibilities of the relevant departments.
- To properly apply the internal decision-making, budget allocation and monitoring procedures to effectively respond to the identified impact.
- To ensure that the relevant departments understand the HRDD-identified issues and to manage and address them as critical issues.

② Follow-up Measures and Remedies

- When there is an actual or potential adverse human rights impact, necessary and feasible measures will be taken to prevent and mitigate it.
- Even with the best policies and procedures in place, when there is an unforeseen adverse impact, efforts should be made, either alone or in collaboration with other entities, to correct the adverse impact.
- Even if POSCO is not directly responsible for the human rights violation, when an adverse human rights impact caused by other entities (i.e., supplier) is associated with its operations and productions, and services, POSCO will perform its prescribed role to remedy the impact.
- If we have the power to prevent and mitigate a human rights violation, we will make a use of it; otherwise, we will collaborate with other relevant entities to reinforce our power.
- As an effective means of remedy, a grievance handling system will be open to the stakeholders.

#### Communication with the stakeholders

POSCO collects the stakeholders' opinions on whether its actions to address human rights violations were appropriate and takes responsibility for explaining the results of its human rights impact assessment and responsive measures.

- ◇ To communicate with the stakeholders (including individuals and investors) on the basis of responsibility and transparency, and consider various means of communication, such as in-person meetings, official publications (e.g., Corporate Citizenship Report, Audit Report), and online channels (e.g., official company website, helpline, Corporate Citizen Love Letter), to make information easily accessible to the stakeholders.
- ◇ When releasing official publications, to include the actual and potential adverse impact, and to consider an independent review process to enhance the credibility.
- ◇ To try providing information that will be helpful to the stakeholders in their evaluation of whether our responses are appropriate in connection with certain human rights impact.

#### Integration and system improvement

Practical improvements to the human rights management will be induced by actions to integrate the HRDD results in the organizational culture and system improvement.

- ◇ To engage in activities designed to integrate human rights management into the organizational culture by conducting a training on the necessity of and the norms related to human rights management for all employees, and sharing the successful and unsuccessful human rights management practices with them.
- ◇ To engage in activities that will continuously improve the human rights management system, such as seeking professional advice, communicating with the stakeholders, and spotting the areas that need improvement through the implementation of the system.

#### **Human Rights Grievance Handling Process**

As an effective means of remedy, POSCO offers a grievance handling program for its stakeholders.

The grievance handling program performs the following important functions in connection with our commitment to observe human rights:

- To facilitate the identification of adverse human rights impact and to provide a channel that allows the directly affected stakeholders to raise concerns
- To control a proliferation of human rights threats by collecting grievances and directly offering remedies in the early stage
- To identify and addresses weaknesses in human rights policy and procedures by analyzing their status quo

We have channels such as the Ethics Counseling Center (helpline) and the Center for Reporting Unethical Behavior (hotline) for the adversely affected individuals and local communities, and we try to promptly

address and remedy any issues raised. We strictly adhere to the system of protecting those who file a grievance so that none of our employees and stakeholders will be subject to any disadvantage. [File a grievance to: [humanrights@posco.com](mailto:humanrights@posco.com)]

## **Our Position on Human Resource (HR) and Labor Management**

### **Recruitment, Appraisal, and Compensation**

#### Recruitment

POSCO recruits qualified individuals who have the knowledge and skills requisite of our corporate citizen. In principle, we hire through open recruitment, and in consideration of our strategic directions and the hiring situation, we select ‘creative talents with a practical and caring mindset.’ In accordance with our systematic and professional screening procedures and standards, we evaluate the applicants’ competence and skills objectively and treat all applicants fairly. After the initial review of their applications, we screen the applicants’ work-related basic competence and character through the POSCO Aptitude Test (PAT). The first round of interview focuses on the applicants’ knowledge and expertise in the areas for which they apply, and the second round of interview confirms the applicants’ character and fitness within our organization so that we can hire a qualified new talent who corresponds to our model talent.

#### Appraisal and reward

- ◇ POSCO has a fair and objective appraisal system in place to compensate personnel based on their performance. Prior to conducting an appraisal, both the appraisee and the appraiser pledge a ‘fair appraisal’, and the appraisee may raise an objection to the results of his/her appraisal through separate procedures. For supervisors, these multi-source appraisals with colleagues and teammates allow them to reflect on and improve their leadership skills, including their practice of the management’s philosophy, communication abilities, and work methods. To assure objective and fair appraisals of employees by supervisors, we conduct regular training sessions on the appraisal criteria and methods.
- ◇ In consideration of the internal and external factors, without any discrimination based on gender, wages may be differentiated according to the employees’ individual appraisals. We also offer bonuses to outstanding employees through the Variability Management Performance System, which are based on the company management’s overall success.

### Appraisal process

- ◇ POSCO conducts regular appraisals (once a year) for all permanent employees based on its fair and systematic standards. Based on the work performance and self-appraisal results prepared by the employees themselves, appraisals are carried out several times to systematically measure the performance of each employee. Regular appraisals rate the employees' work performance, competence, qualifications, and ethical awareness, and the results are used in their promotions and trainings, as well as their compensation, which applies the differentiated compensation system based on performance.
- ◇ Furthermore, by operating an appraisal system that allows our employees to input their work performance and supervisors to provide coaching, we provide support so that the coaching and feedback on work is available at all times.

### Our position on wage

- ◇ POSCO's wages consist of base salary, benefits, and incentives, and a base salary is determined by each employee's work-related competence and performance. In addition, our employees' wages are thoroughly managed to ensure compliance with the provisions stipulated in the labor relations laws and regulations of each country or region. We conduct annual wage negotiations with labor unions.
- ◇ Wages are fully paid in cash, and overtime pay is provided to the employees who exceed their statutory working hours pursuant to the standards set by national or local labor laws.

### Our position on working hours

- ◇ POSCO observes all laws regarding the conditions of employment, including base hours, annual paid leave, and overtime hours, and complies with the written agreements made with the workers' representatives. All overtime work is voluntary and should be performed in accordance with the standards set by the national or local labor laws.
- ◇ To effectively manage worker fatigue, the working hours, shift patterns, and break hours are determined in accordance with the relevant laws and regulations, and all workers are provided with appropriate break hours for meals and rest. To create an autonomous and flexible workplace environment, we have a flexible part-time work and work-from-home programs in place for certain positions.

## **Workplace Environment**

### Improving employee satisfaction

POSCO conducts a Great Work Place (P-GWP) survey every year to evaluate and improve the workplace culture of its employees around the world. The P-GWP results are delivered to every department so

that all of us can contribute to making POSCO a great place to work.

### Young Board

POSCO operates the Young Board as a way to promote the CEO's management philosophy by implementing an organizational culture rooted in trust and creativity, and to emphasize communication. The Young Board members are selected from various departments including production, technology development, marketing, and management support, and they propose ideas to make improvements in the areas related to organizational culture, such as creation of a safe workplace environment, innovation of work methods, and revitalization of communication between different generations and positions.

## **Employee Benefits**

### Social club support

POSCO, through its Dongho Dongrak social club program, supports the hobbies and self-development of its employees. There are social clubs of various interests, ranging from sports, such as tennis and soccer, to cultures and academics, such as movie nights and foreign language classes. While enhancing their individual competences and creativity through social clubs, our employees are also contributing their own talents and actively performing volunteer works. Going forward, POSCO plans to continue supporting social clubs to foster a happier workplace culture that promotes diversity.

## **Building a Healthy Labor-Management Culture**

### Co-dependent labor-management relationship

POSCO abides by the Constitution and the Labor Relations Act, which are the basis of its human rights policy, and strives to observe and guarantee the rights of its employees. Since its inception, POSCO has continued its tradition of co-dependent labor-management relationship under its philosophy of 'partners in building a better future.' Currently, there are two active labor unions at POSCO, with the POSCO Labor Union having the status of a bargaining representative union. Based on our labor-management relationship, the labor force and the management lead an organizational culture rooted in trust and harmony and actively participate in corporate citizenship programs.

Separate from the labor union, pursuant to the Act on the Promotion of Employees' Participation and Cooperation, we have created and operate a Labor Management Council. While striving for a co-development of the employees and the company and an enhancement of the employee benefits, the

Council promptly addresses the employees' grievances and complaints and explains to the employees the company's management status quo and policies to create empathy about business management among the employees.

## Human Capital Development System

POSCO operates various programs aimed at strengthening its employees' professional skillsets. These programs help each employee to grow through work, networking, and learning.

### Development of Field-oriented Technical Expertise and Human Capital

To train world-class field technicians, POSCO operates a POSCO Master System and a Technician Level (TL) System. Over time, field technicians steadily improve their TL level through performance improvements, and through evaluations, are appointed a POSCO Master for having the best skillsets.

### Career Development

POSCO fosters the next generation of insightful business leaders, and to improve the field technical expertise, actively supports its employees' career development. Based on the Career Development Plan (CDP) model for each area of practice, the office staff members and the engineers devise career development plans themselves. New hires first gain experiences in the same practice area for a certain period of time, then they may expand their careers to other practice areas. To promote this self-led career development for its employees, POSCO encourages the employees to have interviews with the department heads every year and takes a quarterly company-wide survey on work-related factors. Technical field staff members, by regularly rotating within their departments and positions, strengthen their technical expertise and ability to respond to an emergency. Outstanding employees are trained in the production process management to eventually become field supervisors.

### Competence Strengthening Program and Customized Training Support

POSCO focuses on nurturing professionals to transfer technological knowledge in line with changes in the workplace environment, and it offers customized leadership training programs to strengthen the

supervisors' leadership skills. To develop future talents, POSCO offers position-customized education programs, including class learnings and e-learning courses.

### New Collar Level Certification System

In this digital transformation era, POSCO plans to identify the employees who 'contribute to society by using new IT to improve the work quality and create a new value as New Collar talents and to primarily train them. We launched the New Collar Level Certification System in 2020, and all employees are welcome to participate.

The New Collar Level Certification System offers online and offline training courses on data analysis and use in 4 levels. We are encouraging our employees to proactively and voluntarily be involved in the training program by rewarding them with HR benefits such as promotion points and opportunities to study abroad upon their successful completion of each level of training. POSCO will actively support New Collar talents to become the leaders of change in the new era.

### Strengthening Competitiveness of Local-Hires Overseas

POSCO owns worksites in approximately 20 countries around the world. Our overseas offices promote local management led by local workforce, and in order to heighten their prospects for career growth, we are promoting the localization of workforce for general manager-level positions or higher. To nurture talented local workforce abroad, we offer various programs such as the Global Mobility Program and leadership courses for new hires, managers, and supervisors.

## Our Position on Diversity, Equity, and Inclusion (DE&I)

At POSCO, we believe that diversity, equity, and inclusion are essential to our culture, and strive to promote them in all of our worksites. We give all our employees an opportunity to express their opinions freely and implement an efficient and flexible organizational system by continuously identifying and resolving problems. Also, by prohibiting discrimination based on gender, nationality, race, and disability, and acknowledging and understanding the diversity and cultural gaps, we are making a workplace where everyone is respected.

### Employment for People with Disabilities

POSCO and its Group companies are making various efforts to expand employment opportunities for people with disabilities, by granting additional points to applicants with disabilities and hiring athletes with disabilities and supporting their independence and trainings. Based on a report from the Korea Employment Agency for the Persons with Disabilities from 2021, POSCO's employment rate for people with disabilities is 3.3%. In addition, we are operating a subsidiary-type standard workplace for people with disabilities called POSCO Humans to provide a cleaning service, a call center, and administrative support to our Group companies, and to consider various new projects in which people with disabilities may thrive. POSCO Group constantly strives to create a friendly hiring environments and workplace environments in which all people with disabilities are respected without discrimination.

### Family-friendly Business

POSCO is making various efforts to create a welcoming workplace for women. In 2020, we were the first Korean company to introduce a work-from-home program so that our employees wouldn't have to take a career break while raising young children. This program allowed the employees who have children of 8 years old (or in second grade in elementary school) or younger to care for their children while working from home. In 2020, we introduced a Work-from-home During Pregnancy program to support healthy childbirth and expanded its coverage in 2021 to include female employees undergoing infertility treatment. Meanwhile, in 2020, we established two co-dependent daycare centers in Pohang and Gwangyang for the children of POSCO Group and its partners' employees, increasing the number of workplace daycare centers that we operate to 6 in 3 regions including Seoul, in order to provide high-quality childcare services to our employees. Furthermore, we authorize up to two years of parental leave, which is longer than the standard stipulated by the Labor Standards Act, and newly created a family care leave to be used when a family member needs care due to an illness, accident, aging, etc., thereby providing practical support to our employees' work-family life balance.

### Prohibition of Discrimination and Harassment

POSCO does not discriminate based on race, nationality, sex, age, educational background, religion, region of origin, disability, marital status, or gender identity in its working conditions, such as hiring, promotion, education, compensation, and benefits. Also, we endeavor to eradicate discrimination and to disseminate a culture that values diversity.

POSCO guarantees the conditions of employment to ensure that its employees can enjoy a life with human dignity, such as decent work hours, and offers adequate compensation and educational opportunities. This decent workplace environment is sustained by building a culture that respects cultural diversity.

POSCO prohibits all acts that may cause sexual humiliation such as sexual harassment and violence in the workplace and forbids any abuses that inflict physical or mental pain by using one's superior position or relationship in the workplace.

To respond to acts that inflict physical or mental pain on other workers beyond the proper scope of work-related duties or that degrade the workplace environment, such as violent behavior and abusive language, as well as sexual harassments committed by employers or workers using their superior position or relationship, POSCO is building a system for reporting workplace harassment and sexual harassment.

### Diversity and Expertise of the Board

POSCO's non-executive directors, who have vast experience and expertise, are selected from various areas such as industry, finance, academia, law, accounting, and public services with the goal of improving the decision-making process without partiality towards certain area of practice.

## Information Security Policy

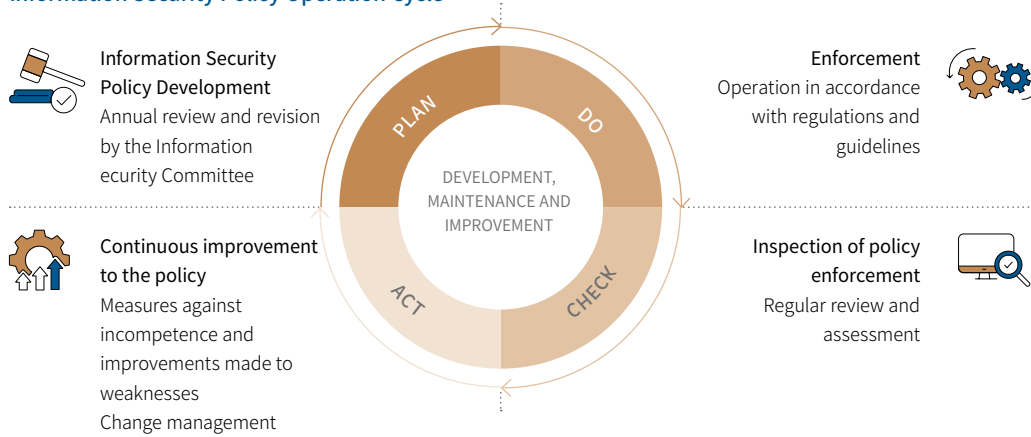
### Information Security Principles

At POSCO, we are striving to secure and maintain our global competitiveness by complying with the international standards for information security and relevant domestic and foreign laws, and to protect information assets such as core technologies and HR, which are the source of our competitive edge. In that regard, we are preparing fair and reasonable policies and standards for information security, and all our employees are striving to maintain the highest level of protection as they attain execution power by making information security a part of their daily life. To this end, we are operating the following five strategic directions to secure execution:

- POSCO recognizes information security as one of its management activities and establishes an information security management system to respond to changes in the business environment in a timely manner.
- POSCO employees recognize that they are the main agents for information security, and that they can improve the level of security by continuously participating in education and training sessions to nurture information security experts.
- POSCO employees make information security part of their daily routine and establish related activities as a corporate culture.

- POSCO forms a systematic information security organization and defines and applies clear roles and responsibilities.
- POSCO establishes and operates procedures to identify security vulnerabilities and to manage them continuously.

#### Information Security Policy Operation Cycle



#### Information Security Policy Operations Cycle

POSCO's information security regulations and guidelines are based on data security principles. These are amended each year to reflect the latest laws and systems and changes in the internal and external environments. When regulations and guidelines are enacted, amended, or repealed, they are reviewed by our Information Security Officer or Information Security Committee, and reported to the top management to be approved and finalized. All regulations and guidelines for information security are accessible to employees through the standard documentation management system. Amendments are posted on our Enterprise Portal (in-house system).

The information security policy system consists of four layers: principles, regulations, guidelines, and operating procedures. The regulations specify activities such as information security policies, organization, management of change, and responding to security breaches, together with the operation standards for each field, such as assets, personnel, and document security. In addition, information protection policies for each sector have been established as sub-guidelines of the regulations and are implemented under the supervision of each executive department.

## POSCO Supplier Code of Conduct

The POSCO Supplier Code of Conduct (Code of Conduct) provides the basic rules that suppliers and subcontractors (collectively, Suppliers) that supply products and services to POSCO should follow. POSCO's suppliers should create a safe workplace environment, treat employees with dignity and respect, and operate their business in an eco-friendly and ethical manner. To that end, the Code of Conduct encompasses the areas of E (environment), S (respect for human rights, mutual growth/social contribution, safety/health, trade secrets/intellectual property protection, and quality management), and G (ethics/fair trade).

※ The Code of Conduct refers to the RBA Code of Conduct ver.7.0.

### LABOR RIGHTS

Suppliers must protect and respect the human rights of their employees throughout the entire process of their business activities. This applies to all employees, including temporary employees, migrant workers, trainees, short-term contractors, and those that are directly employed. Employees must be guaranteed lawful employment and labor rights under local laws and regulations.

#### Voluntary employment

- ◇ All labor and work are performed voluntarily, and workers have the freedom to resign from their work without any penalty.
- ◇ Suppliers should not compel or engage their employees in forced labor (i.e., all and any involuntary labor, including slavery and human trafficking) or cause the workers to be unreasonably indebted and use this as an excuse to compel them into forced labor.
- ◇ Suppliers should not withhold any identity and immigration-related documents, such as government-issued identification, passports, or work permits, from their foreign workers, and must allow them to retain those documents themselves.
- ◇ Suppliers should provide readily accessible employment terms and conditions using an understandable language and methods to workers when hiring or making changes to their employment agreements.

#### Prohibition of child labor

- ◇ Child labor is strictly prohibited. The term "child" refers to any person below the age of 15, or below the school-leaving age, or the minimum age for employment according to local laws and regulations, whichever is the highest.

- ◇ If a child worker is discovered, the Suppliers should stop the employment of the child worker immediately and improve their age verification system in the hiring process.
- ◇ Workers below the age of 18 should not be put to work on processes hazardous to safety and health, including night shifts and overtime works.
- ◇ When operating an trainee program, etc., Suppliers should provide support and training to all trainees under the trainee program, separately from other regular workers.

#### Compliance with working hours

- ◇ Working hours should comply with, and not exceed, the maximum working hours stipulated by local law, and all overtime work must be performed voluntarily.
- ◇ Employers should guarantee workers an average of at least one paid holiday per week.

#### Wages and benefits

- ◇ Compensation paid to workers comply with all applicable wage-related local laws, minimum wage, overtime hours, and legally mandated benefits.
- ◇ Employees should be provided with an understandable wage statement for each pay period so that they can ensure that their compensation for work has been paid accurately.

#### Humane treatment

- ◇ Suppliers respect all workers' human rights, and there must be no threat or action of harsh or inhumane treatment including violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers.
- ◇ Suppliers should not use any unfair discipline against their workers or threaten them with unfair discipline.
- ◇ Suppliers establish, implement, and promote policies and procedures relating to discipline that ensure a humane treatment of their workers.

#### Prohibition of discrimination

- ◇ Suppliers are committed to maintaining a workplace that is free from harassment and unlawful discrimination. Suppliers shall not engage in discrimination or harassment based on race, color, age, sex, gender identity, sexual orientation, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, nationality, or marital status in hiring and employment practices, including wages, promotions, rewards, and access to training.
- ◇ Workers should not be subjected to medical checkups or physical examinations that could be used for a discriminatory purpose unless required by local law or for workplace safety.

- ◇ When requested to do so, Suppliers should take reasonable measures in respect of the business to enable their workers to practice their religion within a reasonable scope.

#### Freedom of association

- ◇ Suppliers should guarantee workers the right and freedom to associate, including, but not limited to, the right to freely organize and join unions, the right to collective bargaining, and the right to participate in peaceful assemblies under local laws and regulations, as well as the right to refuse such activities.
- ◇ Workers and their representatives should be able to communicate with the management regarding the workplace conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

### **SAFETY AND HEALTH**

Suppliers should recognize that a safe and healthy work environment not only minimizes work-related injuries and illnesses, but also enhances the quality of products and services, the consistency of production, and worker retention and morale. Moreover, Suppliers should endeavor to identify and solve health and safety issues in the workplace according to local laws and regulations.

#### Occupational safety

- ◇ Suppliers should design, develop, and implement safe processes, technical and administrative controls, preventive maintenance, safety regulations and safety measures, and conduct regular training sessions for workers who may potentially be exposed to health and safety hazards (e.g., chemical, electrical and other energy sources, fire, vehicles, and fall hazards).
- ◇ Where such hazards cannot be adequately controlled, Suppliers should provide workers with educational materials about the hazards, as well as personal protective equipment for work and manage and supervise its proper wearing by workers.
- ◇ Additionally, Suppliers should take reasonable steps to remove pregnant or lactating women from highly hazardous working conditions, remove or reduce workplace health and safety risks to those women, and provide accommodations for lactating women at work.

#### Response to emergency

- ◇ Suppliers must minimize harm to life, environment, and property by identifying and assessing potential emergencies and incidents.
- ◇ Emergency plans and response procedures include emergency monitoring and reporting,



notification and evacuation procedures for workers, emergency evacuation drills for workers, evacuation facilities, fire detection, fire extinguishing equipment recovery, and recovery plans.

- ◇ Emergency plans should also include appropriate fire detection and suppression equipment, clear and unobstructed exits, contact information for an emergency response officer, and recovery plans.

#### **Occupational accidents and illnesses**

- ◇ Suppliers establish and follow the procedures and systems to prevent, manage, track, and report illnesses such as occupational accidents and illnesses.
- ◇ These should include regulations to encourage reporting by workers, classify and record accidents and illness cases, provide necessary medical treatment, implement corrective actions upon occurrence of such occupational accidents and illnesses, and facilitate the return of workers.

#### **Occupational hygiene**

- ◇ Suppliers identify, evaluate, and control workers' exposure to chemical, biological, and physical factors regularly.
- ◇ If potential hazards are identified, Suppliers should be able to eliminate and/or reduce them and control them through proper design, engineering, and administrative controls.
- ◇ When the hazards cannot be adequately controlled by such means, workers will be provided with appropriate, well-maintained, personal protective equipment free of charge, and the workers must use them.
- ◇ Protective programs should include educational materials about the risks associated with these hazards.

#### **Physical labor**

- ◇ Suppliers should identify labor that is physically intensive, such as repetitive work and handling of heavy objects, and implement relevant measures such as process improvement to prevent musculoskeletal disorders, etc., from occurring in workers.

#### **Management of dangerous equipment and facilities**

- ◇ Suppliers classify and conduct regular safety inspections for dangerous equipment. Suppliers also provide physical guards, interlocks, and barriers to workers who are at risk, and maintain them appropriately.

#### **Sanitation, food, and housing**

- ◇ Suppliers provide clean toilet facilities, clean water, sanitary food preparation and storage, and dining facilities to workers.

- ◇ Workers' dormitories provided by Suppliers are kept clean and safe and provided with lighting, appropriate emergency exits, HVAC system, individual lockers, and appropriate personal space of a reasonable standard.

#### **Health and safety training**

- ◇ Suppliers provide relevant health and safety information and training about all identified workplace hazards to which workers are exposed, including but not limited to mechanical, electrical, chemical, fire, and physical hazards, in an understandable language to workers.
- ◇ Suppliers should post or place health and safety-related information in readily identifiable locations that are accessible by workers.
- ◇ Moreover, Suppliers should encourage workers to raise any health and safety concerns at any time.

### **ENVIRONMENT**

Suppliers must comply with laws and regulations on environmental protection and recognize that environmental protection is one of their basic social responsibilities as an enterprise.

Suppliers should identify environmental impacts and minimize adverse effects on the community, environment, and natural resources in their manufacturing operations while protecting the health and safety of the public at large.

#### **Environmental permits and licenses**

- ◇ Suppliers must obtain, maintain, and manage all required environment-related permits, licenses (e.g., installation, operation, notification of change of air discharge facilities), and registrations necessary for business operation, and reflect the latest legal amendments and comply with the reporting obligations.

#### **Preventing pollution and reducing resource use**

- ◇ Suppliers should endeavor to minimize or eliminate pollutant emissions and waste discharge through process improvement, substitution of raw materials, preventive maintenance, resource conservation, recycling, reuse, etc. In addition, Suppliers should endeavor to reduce electricity and fuel consumption and minimize GHG emissions by improving energy efficiency.
- ◇ The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, must be conserved through production process improvement, use of substituted materials, recycling materials, or other means.

### Hazardous substances

- ◇ Suppliers should identify and separately manage all chemicals that may potentially prove to be hazardous to humans or environment through identification marks, labels, etc., for the safe storage, transport, keeping, recycling or reuse, and disposal of the chemicals, and conduct response drills.

### Solid refuse

- ◇ Suppliers should identify, manage, and reduce solid refuse that is non-hazardous and dispose of it as per the relevant laws and regulations, while committing to reduce the amount generated.

### Air pollutant emissions

- ◇ Suppliers should identify the characteristics of volatile organic compounds, aerosols, corrosive gases, particulates, ozone-depleting substances, and combustion byproducts in the process, and dispose of them after treatment under the relevant laws and regulations, and constantly monitor the emission status of the air pollutant.
- ◇ Suppliers should also regularly check the performance and operation of their air emissions monitoring system.

### Regulations on materials

- ◇ Suppliers should label materials for recycling and disposal and comply with all laws and customer requests regarding the prohibition and restriction of the use of specific substances in production and manufacturing.

### Water resources management

- ◇ Suppliers should monitor their usage and discharge of water resources, seek preservation methods for water resources, and control the contamination channels.
- ◇ All wastewater is to be characterized, monitored, and treated as required by the regulations before discharge or disposal. Suppliers should regularly monitor the performance of their wastewater disposal system.

### Energy consumption and GHG emissions

- ◇ Suppliers should consider establishing a GHG reduction target. Suppliers shall strive to track and document energy consumption and GHG emissions (Scope 1 for direct emissions and Scope 2 for indirect emissions) and seek ways to improve energy efficiency and minimize their energy consumption and GHG emissions.

## **ETHICS AND FAIR TRADE**

In order to fulfill social responsibilities and achieve sustainable growth, POSCO and Suppliers must comply with the following:

### Business Integrity

- ◇ Suppliers must maintain the highest standards of integrity in all business interactions. Suppliers shall apply a zero-tolerance policy to prohibit all forms of bribery, corruption, extortion, and embezzlement.

### No improper advantage

- ◇ Suppliers must not promise, offer, authorize, give, or accept bribes or other means of obtaining an unfair or improper advantage.
- ◇ This prohibition includes any act of promising, offering, authorizing, giving, or accepting anything valuable, either directly or indirectly from a third party, to acquire from or to provide to a certain person a business opportunity, or otherwise to gain an improper advantage.
- ◇ Also, inspection and monitoring shall be continuously implemented to ensure compliance with anti-corruption laws.

### Compliance with special terms and conditions

- ◇ Suppliers are obliged to comply with the provisions of POSCO's Special Terms and Conditions for Ethical Practice, and if a Supplier violates these provisions, sanctions shall be imposed according to such Terms and Conditions and contract-related regulations.

### Information disclosure

- ◇ All transactions of Suppliers must be transparent and accurately recorded and maintained in their books of account.
- ◇ Information regarding Suppliers' labor, health and safety, environmental practices, business activities, governance, financial status, and performance should be disclosed as per the applicable laws, regulations, and prevailing industry practices. Forgery or misrepresentation are not permitted.

### Protection of intellectual property

- ◇ Suppliers should respect intellectual property rights and protect relevant rights when transferring technology and/or know-how. Suppliers shall safely and actively protect all information (technical data, information, intellectual property, etc.) of POSCO that is acquired through transactions with POSCO.

- ◇ Furthermore, Suppliers must not infringe or use intellectual property, such as patents, software, designs, or trademarks of others illegally while supplying products and services to POSCO.

#### Fair trade, advertising, and competition

- ◇ Suppliers should comply with the standards for fair trade, advertising, and competition and not engage in acts that undermine the order of fair trade, such as unfair trade practices.

#### Protection of identity and prohibition of retaliation

- ◇ Suppliers should maintain programs that protect the anonymity of internal whistleblowers, except where prohibited by law. Suppliers should also notify their employees of the relevant procedures and enable them to raise concerns without any fear of retaliation.

#### Management of Responsible Minerals

- ◇ Suppliers should endeavor to procure minerals sourced from conflict and high-risk areas in a manner consistent with the OECD guidelines.
- ◇ Responsible Minerals such as cobalt, tantalum, tin, tungsten, and gold must not be a source of finance for any conflict, and they must be mined in a manner that respects human rights and the environment and fulfills social responsibilities.

#### Data protection

- ◇ Suppliers endeavor to protect the personal information of all stakeholders (including suppliers, customers, consumers, and employees) in their business.
- ◇ Suppliers must comply with data protection and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

### **MANAGEMENT SYSTEM**

Suppliers should adopt or build a management system related to the Code of Conduct. The management system should be designed to ensure compliance with the applicable laws, regulations, and customer demands. It should conform with the Code of Conduct and identify operational risks related therewith. It should also facilitate continuous improvement.

#### Company's commitment to compliance

- ◇ A statement of corporate social and environmental responsibility that affirms Suppliers' commitment

to compliance and continuous improvement, must be approved by the management and published in a local language.

#### Management duties and responsibilities

- ◇ Suppliers should identify the responsibilities of their senior company representative(s) to ensure the implementation of the management system and associated programs. The management should review the operational status of the management system regularly.

#### Regulations and customer requirements

- ◇ Suppliers should have a process to identify, monitor, and understand applicable laws, regulations, and customer requirements, including the requirements of the Code of Conduct.

#### Risk assessment and management

- ◇ Suppliers should have a process to identify legal compliance, environment, health, safety, labor practices, and ethical risks associated with their business operations.
- ◇ Suppliers should determine the relative significance of each risk, control the identified risk, and check regulatory compliance in a regular manner.

#### Improvement objectives

- ◇ Suppliers should prepare a written documentation of objectives, targets and implementation plans to improve their social, environmental, health and safety performances, and periodically assess their performances relative to the objectives.

#### Training

- ◇ Suppliers should have training programs in place for managers and employees to implement their policies, procedures, and improvement objectives and to comply with applicable legal and regulatory requirements.

#### Communication

- ◇ Suppliers should have a procedure for communicating clear and accurate information regarding their policies, practices, expectations, and performance to employees, suppliers, and customers.

#### Worker feedback, participation, and grievance handling

- ◇ Suppliers should establish a process, including an effective grievance mechanism, to obtain worker

feedback about the demands in the Code of Conduct for continuous improvement.

- ◇ Suppliers must provide an environment in which employees can provide grievances and feedback without fear of reprisal or retaliation.

#### Audits and assessments

- ◇ Periodic self-evaluations must be implemented to ensure conformity with POSCO's requirements, such as legal and regulatory requirements, the provisions of the Code of Conduct, and social and environmental responsibilities.

#### Corrective action process

- ◇ Suppliers should have a procedure in place for a timely correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

#### Documentation and records

- ◇ Suppliers should create, keep a record of, and maintain documents to ensure regulatory compliance and conformity with their own requirements along with appropriate confidentiality to protect privacy.

#### Supply chain participation and responsibility

- ◇ Suppliers should have a process of communicating the requirements of the Code of Conduct to their suppliers and monitor their compliance with the Code of Conduct.

### SHARED GROWTH AND SOCIAL CONTRIBUTION

Suppliers should actively participate in developing the local community as well as creating a sound corporate ecosystem through shared growth and social contribution.

#### Shared growth

- ◇ Suppliers should make best efforts to implement fair trade and proliferate shared growth to their own secondary and tertiary suppliers by actively participating to create and build a sound corporate ecosystem.

#### Social contribution

- ◇ Suppliers should actively carry out social contribution activities to continuously create jobs and develop local communities and the economy.

### QUALITY MANAGEMENT

Suppliers should strive to create the World's Best Supply Chain by providing the highest quality products and services to POSCO.

#### Quality Control

- ◇ Suppliers endeavor to supply products of self-proven quality so that POSCO can produce and supply world-class products.

#### Change management

- ◇ Suppliers shall notify POSCO in advance and prevent defects if there are factors that may affect the quality due to changes in equipment, materials, and work methods.

#### Mutual quality control between suppliers

- ◇ Suppliers should provide technical and quality support to their suppliers, to contribute to securing the quality of their products and services.

### Policy on Responsible Minerals

As a global company, POSCO is committed to actively participating in efforts to purchase minerals responsibly and fulfill its social responsibilities to protect human rights, by establishing a responsible supply chain to solve social problems such as human rights violations, environment destruction, and inflow of funds from conflict groups in Africa, Asia, and the Middle East.

To ensure the management of Responsible Minerals, POSCO has established a systematic policy and applies its standard operating procedures based on the OECD Due Diligence Guidance. In addition, POSCO has joined the Responsible Minerals Initiative (RMI)<sup>®</sup>, to focus on ethically responsible minerals procurement and strengthen supply chain management. Regarding these procedures, POSCO is providing education for employees, suppliers, and customers to raise their awareness of Responsible Minerals. POSCO uses the Conflict Minerals Reporting Template (CMRT) and the Cobalt Reporting Template (CRT) forms provided by the RMI Association, and the POSCO Know Your Company (KYC) and Supplier

## Questionnaire Survey that it independently developed to identify and mitigate the risks in the supply chains for tin, tungsten, tantalum, gold and cobalt.

8) Responsible Minerals Initiative (RMI): A global consultative body that tracks the country of origin of Responsible Minerals and monitors and certifies producers.

### Target Suppliers

When signing a contract or registering as a new supplier, we recommend the supplier to conduct a due diligence by a third-party organization under the Responsible Minerals Assurance Program (RMAP) for smelting plants in the supply chain. To establish a strong internal management system for POSCO itself, POSCO selected a KPI for each department to check their performance and improvement progress. As a result of these efforts by POSCO's management and employees, POSCO's smelting plants are 100% certified by the RMI for minerals of origin in the Conflict Affected and High Risk Areas (CAHRAs)<sup>9)</sup> (6 smelting plants and 5 suppliers as of December 31, 2021). In addition to tin and tungsten, the scope of Conflict Minerals (3TG) has been extended to include cobalt since 2020, due to cases of human rights abuses, such as child labor, during mining.

9) Conflict-Affected and High-Risk Areas (CAHRAs): Areas of conflict and high risk of frequent human rights risks, with armed conflict groups funded by minerals revenue and/or child labor.

### Management Organization

In 2020, POSCO newly established a Responsible Minerals Consultative Group to create a unified Policy on Responsible Minerals. With the Raw Materials Purchasing Department under the Purchasing and Investment Division as the control tower, ESG Group, POSCO International, and POSCO Chemical are participating in risk management. Currently, POSCO is complying with the 5-step activities in accordance with the five steps of the OECD Due Diligence Guidance.

### Risk Management of High-risk Suppliers

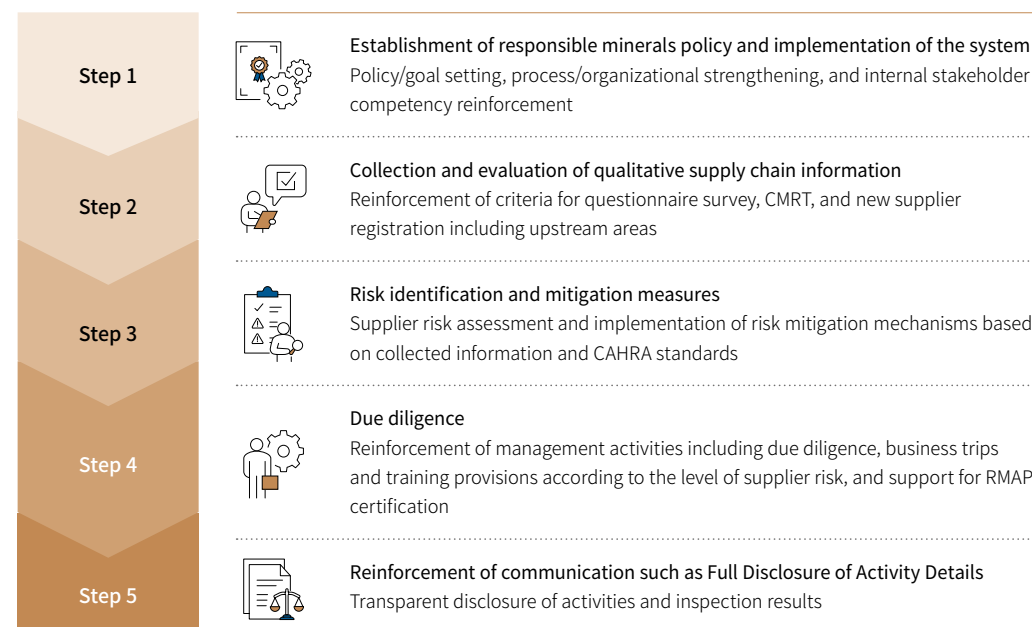
POSCO selected 211 regions in 24 nations as CAHRAs to manage its supply chain and strengthen the regulations so that the raw materials can only be purchased from RMAP-certified smelting plants. Notably, information collection and risk assessments are executed from the supplier registration stage to identify high-risk suppliers (i.e., Red Flag) and manage risks. For high-risk suppliers, the purchaser must detect latent risks and improve them through a due diligence conducted directly by the purchaser or by an independent third-party agency. In addition, by developing and providing educational contents for Responsible Minerals for internal and external stakeholders, the POSCO Policy on Responsible Minerals is

continually expanding throughout the supply chain, thereby making it easier to implement.

Suppliers shall make good efforts to gather and identify the mining/smelting plant information, origin, location, and ethical risks in the supply chain, and shall agree to and act according to our Policy on Responsible Minerals when signing a contract with POSCO. Suppliers should prepare and submit a report on the use of Conflict Minerals and Responsible Minerals at POSCO's request in a timely manner and participate in disseminating the Policy on Responsible Minerals to the high-rank suppliers so that all of our supply chains can take a lead in resolving social issues.

POSCO has created a system in which it can manage the activities of its suppliers at least once a year in conjunction with the SRM system. If POSCO does not receive sufficient information necessary to implement the Policy on Responsible Minerals, or a risk was detected in the supplier's supply chain but appropriate action was not taken, POSCO will support the suppliers to make improvements by strengthening their capacities (including assisting with training and due diligence). POSCO may consider suspending transactions with suppliers that intentionally provide factually inconsistent information or do not show efforts to make improvements.

### Responsible Minerals Policy Framework



# Governance (G)



## Corporate Governance Charter

### Preamble

POSCO (or Company) is committed to becoming a globally respected company by providing valuable goods and services, through which it contributes to its stakeholders and human society. Our Corporate Governance Charter (Charter) is enacted based on a firm belief that establishing sound corporate governance is a vital step toward securing the trust of all stakeholders and diligently fulfilling our social responsibilities. The Charter aims to promote transparent, sound, responsible and professional management under the supervision of an independent board of directors (BOD) so as to promote the balanced rights of all stakeholders, such as shareholders, customers, and employees.

### General Provisions

- ◆ POSCO's business goal is to enhance the long-term value of its shareholders. This is carried out by all of its employees including the senior management level. The BOD decides the Company's key management policy, identifies and supervises management efforts of the officers to promote the values held among the shareholders.
- ◆ To promote shareholder values and protect stakeholder rights, POSCO will establish and develop a Global Professional Management (GPM) system to ensure checks and balances between the BOD (including an outside director) and the management.

- ◆ POSCO will promptly and accurately disclose the key provisions related to the management and the financial statements to its shareholders and stakeholders, and review the accuracy of financial information through an independent expert audit agency.

### Shareholders

#### Shareholder Rights

- Shareholders, as the owners of POSCO, have the following rights which are guaranteed by the relevant laws and regulations, such as the Commercial Code:
  - ◇ the right to participate in profit sharing
  - ◇ the right to attend and vote at the General Meeting of Shareholders (GMS)
  - ◇ the right to propose objectives of the GMS, such as nomination of candidates for directors
  - ◇ the right to obtain relevant corporate information in a timely and easily accessible manner
- To fully protect the rights of shareholders, any matters causing fundamental changes to the existence of the Company and the shareholders' rights (including, but not limited to, mergers, amendments to the articles of incorporation, capital reduction) shall be decided at the GMS.
- Shareholders should be able to exercise their voting rights as easily as possible and based on their free will. POSCO will provide sufficient information on the GMS agenda and allow the shareholders' voting rights to be exercised in writing.

#### Equitable Treatment of Shareholders

- In all business dealings, POSCO will not favor or give any special treatment to its shareholders, and will not penalize or disadvantage any non-shareholders by virtue of the fact that they are not shareholders of POSCO.

## Shareholder Responsibilities

- Shareholders shall make every effort to exercise their voting rights proactively for the development of the Company, acknowledging the fact that exercising such rights can affect the management of the Company.

## BOD

### Functions of the BOD

- The BOD shall have a comprehensive authority over the management of the Company within the scope provided by the relevant laws and regulations, and shall make key managerial decisions and supervise the management activities in the best interests of the Company and its shareholders.
- The BOD shall perform the following functions:
  - ◊ Setting of business goals and core business strategies
  - ◊ Determining the appointment and/or dismissal, supervision, assessment, and compensation policy of the management
  - ◊ Periodic monitoring of the management's accomplishments
  - ◊ Approving significant investment projects, large-scale borrowing of funds, annual business plans and budgets
  - ◊ Overseeing other matters prescribed by laws and regulations, articles of association, and operating regulations of the BOD

### BOD Composition and Appointment of Directors

- The Company shall have three or more directors and a limited number of non-executive directors.
- The chairperson of the BOD shall be the CEO and/or representative director.
- By resolution of the BOD, the Company shall appoint the CEO and representative directors among the executive directors. The positions of president, vice president, senior managing director, or managing director may be granted to a director by the resolution of the BOD upon the recommendation of the CEO.

### Qualifications of Directors

- Directors shall possess an exemplary sense of ethics, a sense of professionalism and honesty, and the ability to enhance the long-term value of all shareholders and represent the interests of all stakeholders in a balanced manner.

- Executive directors, as high-level managers of the Company, shall have abundant experience and expertise relating to the Company's business, and shall be capable of making managerial decisions in a rational and entrepreneurial manner.
- Non-executive directors shall have abundant expertise or experience in a relevant field of industry, finance, academia, law, accounting, or public sector, shall have no material relationship with the Company and shall be able to make decisions independently from the management of the Company and selected shareholders.

### Roles of Non-executive Directors

- Through the BOD activities, non-executive directors shall participate in the Company's key decision-making process. As members of the BOD, non-executive directors shall supervise and support the management through constructive advice.
- A non-executive director may request the provision of information necessary to perform their duties. If necessary, the non-executive director may receive consultation from third party experts through proper procedures, for which POSCO will cover any reasonable expenses.
- Non-executive directors shall devote sufficient time for purposes of performing their duties and shall review all related materials before attending a BOD meeting.

### Responsibilities of Directors

- Directors shall do their utmost to perform their duties of care and duties of loyalty for the best interests of the Company and its shareholders. Directors shall not leak or use any information obtained in the course of performing these duties for their own benefit or the benefit of any third parties.
- Directors, as members of the Company, shall abide by POSCO's Code of Ethics and Code of Ethics of Non-executive Directors. The BOD shall oversee compliance with the code of conduct set forth in the Code of Ethics.
- If a director violates the law or the articles of incorporation, or neglects his/her duties, he/she is liable for damages to the Company. In case there is any malice or gross negligence, he/she is also liable for damages to a third party. However, managerial decisions of a director that are based on good faith procedures and rational and reasonable judgement shall be respected.
- In order to secure the effectiveness of holding directors accountable and to recruit competent personnel as directors, the Company may subscribe to liability insurance on behalf of directors.
- A director must resign if a conflict of interest between POSCO and the director is not resolved. The director shall not engage in any discussions or decision-making processes that may affect his/her personal or professional interests.

### Operation of the BOD

- In order to make the best managerial decisions for the best interests of POSCO and its shareholders, the BOD should operate in an efficient and rational manner.
- The BOD should establish an ESG committee and an audit committee in order to perform management in an efficient and professional manner.
- In principle, BOD meetings should be held regularly seven times per year. If there is an urgent agenda to be addressed, an interim meeting of the BOD will be held. For a sound operation of the BOD, the operating regulations for the BOD which stipulate in detail the BOD's authority, responsibilities, and operating procedures should be enacted and implemented.

### Assessment and Compensation of the Management

- The BOD should design and implement the assessment and compensation system for the management that can contribute to the increase in the shareholders' long-term values. The management activities of the management should be evaluated fairly, and the results should be rationally and appropriately linked to their compensation and reappointment.

## Audit Systems

### Audit Committee

- The Audit Committee shall be comprised of at least three directors, and at least two-thirds of the committee members must be non-executive directors.
- The Audit Committee shall perform the following functions:
  - ◊ Audit the legality of the management's performance
  - ◊ Review the soundness and validity of POSCO's corporate financial activities and the appropriateness of financial reporting
  - ◊ Review the adequacy of major accounting standards and feasibility of changes in accounting estimates
  - ◊ Other matters prescribed by the statutes, articles of association, and operating regulations of the Audit Committee
- The Audit Committee is held at least once every quarter and may request the attendance of directors, non-registered officers, or other related employees, if necessary.

### Outside Auditors

- Outside auditors shall perform fair audits independently from the Company, its management and certain shareholders.
- Outside auditors shall be appointed by the Audit Committee and shall report key points identified during the external audit to the Audit Committee.
- Outside auditors shall attend the GMS and answer the shareholders' questions, if any, on the audit reports in good faith.

## Stakeholder

- POSCO will endeavor to fulfill its corporate social responsibilities to address issues related to the interests of all stakeholders (including the employees, customers, creditors, suppliers, and local communities) in good faith, so as to promote the long-term values of its shareholders.
- POSCO will endeavor to protect the rights of stakeholders according to the laws, regulations or contracts. In particular, POSCO will strive to observe all labor-related laws and regulations such as the Labor Standards Act in good faith, and maintain and improve its working conditions.
- POSCO will disclose any information that is required to be disclosed under the relevant laws and regulations in order to protect the stakeholder's interests, and shall support access to relevant information by the stakeholders.

## Disclosure

- POSCO will regularly prepare and disclose business reports, quarterly reports, and semi-annual reports. In addition to the disclosures required by law, POSCO will disclose information that may have a significant effect on the decisions made by its shareholders and stakeholders in a timely and accurate manner.
- POSCO will not favor or unfairly discriminate against any particular person in the scope or timing of such disclosures, and the disclosures shall be prepared in a manner that allows all stakeholders to have simultaneous access to the information.



## Code of Ethics

### Principles of Ethics

#### Duty of Compliance with the Code of Ethics

- Comply with relevant laws and regulations worldwide wherever POSCO conducts business.
- Strive to maintain their dignity as POSCO employees and the Company's reputation.
- Preserve honesty, fairness and trust in performing all work-related duties and business relations.
- Not engage in activities in which there are conflicts of interest between the Company and the individuals.
- Respect individual dignity and diversity of employees and stakeholders without unreasonable discrimination based on race, nationality, sex, disability, religion, etc.
- POSCO will strive to create a safe, healthy, and clean workplace and protect the environment for all people, including its employees.
- POSCO employees make best efforts to establish an ethical culture by taking responsibility for and practicing ethical conducts.
- POSCO employees, and stakeholders keep an open communication channel that enables them to consult and report violations of ethical standards and other concerns, and check the ethics-related status quo at all times by operating an advisory system with third party experts.

#### Roles and responsibilities of employees

Employees understand and practice all aspects of the Code of Ethics and comply with domestic and international anti-corruption laws as members of a global company.

- ① Understanding and Complying with the Code of Ethics
  - Fully understand and diligently comply with all aspects of the Code of Ethics.
  - In the event of potential conflicts concerning the Code of Ethics, decisions are made after consulting with the head of the department or the Corporate Audit Office.
  - In the event of committing an unethical conduct, take responsibility correspondingly.
- ② Reporting and Consulting on Unethical Conduct
  - Upon discovery of our or others' actions conflicting with the Code of Ethics, immediately report to and consult with the head of the department or the Corporate Audit Office.
  - Be aware of the various methods available for reporting or consulting about cases in which there are conflicts over the Code of Ethics.

#### Roles and Responsibilities of a Leader

The leader should perform a pivotal role in enhancing the competitiveness of the Company by preventing and eradicating unethical conduct through ethical compliance.

- Decision-making: Obligated to make ethics the top priority whenever the Company's interests conflict with its ethical responsibility.
- Managerial accountability: Be liable for any and all unethical conduct, and take supervisory accountability where there is unethical conduct by his/her subordinates.
- Business performance: Strictly abide by laws and company regulations; not pursue personal interests; make best efforts to create corporate values for the Company; and not deal with any corrupt stakeholders.
- Elimination of favors and solicitations: Eliminate all forms of solicitations and not engage in solicitation activities for the benefit of the Company or the suppliers.
- Respect for individuals: Make best efforts to eliminate conduct that impairs respect for the individuals within the organization, such as sexual harassment and verbal abuse.
- Preventing Conflicts of Interest: Prevent conflicts of interest with any private stakeholder who is employed by a counterparty, and make best efforts to eradicate unfair business practices of providing preferential treatment for personal interests.
- Practical activities: Strive to fulfil responsibilities necessary for raising the level of ethical practice to the world's highest by fulfilling the above roles and responsibilities.

The leader must prevent unethical conducts by the employees and take the following measures where such conduct occurs.

#### Training and counseling on ethics

- ◇ Provide training and counseling on ethics for relevant employees.
- ◇ Cause the relevant employees to understand the importance of compliance with the Code of Ethics and practice of ethical conduct.

#### Preventative measures against unethical conduct

- ◇ In the event of habitual occurrence of an unethical conduct, isolate the cause, improve the process, and take fundamental preventive measures.
- ◇ Report to or consult with the Corporate Audit Office immediately after receiving a report that an employee has violated the Code of Ethics.

## Penalties for Violation of the Code of Ethics

Employees who violate the Code of Ethics may be subject to certain penalties, including dismissal according to the related regulations. Notably, a zero-tolerance policy is applied to unethical conducts, such as accepting bribes, embezzlement, fabrication of information, and violation of sexual ethics.

### Conducts subject to punishment

- ◇ Violating the Code of Ethics or demands that others do so
- ◇ Failing to immediately report a violation of the Code of Ethics that he/she is aware of or concerned about
- ◇ Failing to cooperate with the investigation of the Corporate Audit Office regarding the matters that may potentially be in violation of the Code of Ethics
- ◇ Taking a retaliatory action against other employees who report an ethical management issue

## Code of Ethics Practice Guidelines

### **Practice of Ethics and Compliance with Law**

As a global enterprise, we will nurture an ethical corporate culture by performing management activities that adhere to our basic principles and comply with laws and ethics. Employees and third parties supporting or acting on behalf of POSCO must comply with the FCPA and other applicable anti-corruption laws.

- Money and valuables refer to money (e.g., cash, gift certificates, and rights of use) or things that can bring economic benefits.
- Apart from the exceptions, offering, requesting, or receiving money or valuables from stakeholders<sup>10)</sup> is prohibited for any reason whatsoever.

10) Stakeholders: Employees, customers, partners and suppliers, local communities, shareholders and investors, etc.

- During overseas business trips, must not ask for or receive gifts from the overseas affiliates.
- If money or valuables are received unknowingly or involuntarily, such money and valuables should be returned, or if they cannot be returned, must report to the Corporate Audit Office.

### Hospitality

- ◇ Hospitality refers to a variety of activities carried out for the purpose of business networking and business meetings including meals, drinks, golf, shows, and games.
- ◇ Must not be involved in hospitality valued in excess of KRW 100,000 per person with stakeholders. If it

is necessary to engage in hospitality due to the nature of the business, must obtain approval from the head of the department in advance. In case of unavoidably engaging in a form of hospitality valued in excess of KRW 100,000 per person, must report the incident to the Corporate Audit Office. However, food and beverages valued under KRW 30,000 per person is permitted to be offered to persons who are subject to the Improper Solicitation and Graft Act (Anti-Graft Act), including public officials, journalists and faculty members, when there is a lawful purpose of facilitating the performance of work-related duties or social relationships, or as a matter of courtesy, within the scope permitted by the Anti-Graft Act.

- ◇ Any sort of hospitality at an entertainment bar with hosts/hostesses is prohibited, regardless of the monetary amount.

### Convenience

- ◇ Convenience refers to providing or receiving benefits such as transportation, accommodation, sightseeing, and support for an event.
- ◇ Provision or receipt of conveniences exceeding a customary level, whether in the form of transportation or accommodation, is prohibited, except for conveniences provided equally to all participants in an event.
- ◇ In the event that hospitality exceeding the customary level was unavoidably received or provided, must report to the Corporate Audit Office.

### Congratulatory or condolatory money

- ◇ Not inform stakeholders of their own or their co-worker's congratulatory or condolatory events. Notification through a third party will be deemed as an act of notification by the individual himself/herself.
- ◇ Information on congratulatory or condolatory events should be provided through the congratulatory/condolatory bulletin board, and the use of work e-mail or sending out a written notice (e.g., a wedding invitation or an obituary notice) for such purpose is prohibited. The permissible scope of congratulatory or condolatory events concerning employees subject to notification is limited to the parents, grandparents and children of the employee or his/her spouse.
- ◇ The advised amount of congratulatory or condolatory money among employees is KRW 50,000, which is a generally accepted amount based on social customs.
- ◇ Congratulatory or condolatory monetary gifts for outside stakeholders should be under KRW 50,000, while wreaths and condolence flowers worth of up to KRW 100,000 are allowed. However, those who are subject to the Anti-Graft Act must be treated in accordance therewith.

- ◇ Upon the request of the Corporate Audit Office, must submit a record relating to the congratulatory or condolatory money received from and returned to the stakeholder.

#### Solicitations/recommendations

- ◇ Solicitations/recommendations regarding the following through in-house acquaintances or outsiders is prohibited and registration on the Clean POSCO System is required upon receiving requests/recommendations of the following:
  - Requests for special favors in equipment/material purchases and various contracts
  - Requests for preferential treatment and special favors in various personnel affairs such as employment, promotions, rewards and punishment, and transfer of positions
  - Requests for preferential treatment such as excessive conveniences and favors beyond the conventional procedures
  - Requests for negligence in management and supervision, such as an inspection
- ◇ Unlawful solicitation to those who are subject to the Anti-Graft Act in relation to their work-related duties is prohibited, directly or through a third party.

#### Pecuniary transactions

- ◇ Not engage in pecuniary transactions with a stakeholder, such as lending or borrowing money, providing a loan guarantee, or leasing real estate.
- ◇ In the event of unavoidably entering into a pecuniary transaction with a stakeholder, must report to the Corporate Audit Office.

#### Sponsorship for events

- ◇ Any support or donation should not be received from a stakeholder, whether in the form of money or other valuables, in relation to any event organized by the department or as Company's extracurricular activities.
- ◇ Any form of convenience received from a stakeholder such as transportation, venue, or services in relation to such event is deemed a receipt of money or other valuables for the event.
- ◇ In the event of unavoidably receiving any sponsorship for an event from a stakeholder, must report to the Corporate Audit Office.

#### Inappropriate use of budget funds

- ◇ Budget funds (such as meeting expenses and business promotion expenses) should not be used for personal purposes.

- ◇ In principle, company expenditures should be paid by a corporate credit card in accordance with the purpose of the budget and the standards prescribed by law.

#### Protection of information and assets

- ◇ Strictly protect the confidential or important information of the Company.
- ◇ Promptly deliver important information that comes to one's attention to the person who needs to know such information for the performance of his/her job.
- ◇ Not distort or disseminate false information.
- ◇ Refrain from using the Company's supplies and facilities for purposes not directly related to work.
- ◇ Not use, leak, or disclose information in any illegal way other than for its intended purpose or use.
- ◇ If information has been acquired or stored without authority, dispose it without delay in accordance with the standards set by relevant laws and the Company regulations.

#### Fair trade

- ◇ Comply with relevant international and local antitrust laws and not engage in unfair trade practices, such as collusion with competitors with respect to production, prices, bidding or market segmentation.
- ◇ Not demand any form of compensation or use one's dominant position to make an inappropriate request to customers or business partners.
- ◇ Respect the rights and property of others including their intellectual property rights, and try not to enter into transactions or make profits by infringing upon such rights.
- ◇ Ensure that any corporate information, including competitor's information, is obtained and utilized only in a lawful manner.

#### Preventing conflicts of interest

- ◇ A conflict of interest refers to a case in which the ability of employees to perform their duties fairly is impeded or is likely to be hindered due to personal interests involved with the employees of business partners.
- ◇ Conflicts of interest should be prevented by thoroughly eliminating inappropriate requests by employees of business partners who have personal interests, including retired employees.
- ◇ Not attend a social gathering with any retired employee that is not approved by the Company.
- ◇ May join a retired employee social gathering after retirement; prior to this, in the event of attending any retired employee social gatherings, report to the supervisor within the department and withdraw from such social gathering.
- ◇ Not engage in unfair business practices, such as signing unfair private contracts, purchasing at a high

price, funneling a business, and leaking trade-related information in advance, by giving a preferential treatment to a certain individual or corporation for the sake of personal interests.

- ◇ Prevent conflicts of interest with POSCO and POSCO Group companies, even after one's retirement.

### **Employee's Work-life Balance**

We strive to pursue a personal growth of our employees and a corporate development by maintaining work and life balance, and to create a happy workplace by establishing a corporate culture of mutual respect.

#### **Pursuit of work-life balance**

- ◇ Try to improve the quality of life of employees by providing benefits that are helpful for maintaining a stable life.
- ◇ Support employees in achieving their individual visions, and allow them flexibility in terms of the time, location, and method by which they perform their work.

#### **Provision of education and career growth opportunities**

- ◇ Organize a work environment and systems where creativity can be enhanced.
- ◇ Support employees' education and participation in development programs so that they can fully develop their abilities and qualities and become qualified individuals with the best capabilities.

#### **Fair assessment and compensation**

- ◇ We will conduct an impartial and systematic assessment for employees based on their individual competency and performance and provide appropriate compensation therefor.

#### **Creation of a healthy organizational culture**

- ◇ Employees aim to create an open corporate culture through open communications.
- ◇ Employees remove barriers between departments and pursue a cooperative atmosphere.

### **Guidelines for Creating Customer Value and Building Trust**

Recognizing that the trust and success of our customers are the future for us, we strive to always respect our customers' opinions, understand them, and create value that will be of assistance to their growth.

#### **Realization of customer satisfaction**

- ◇ Work in a customer-oriented way, ensuring that the voice of customers is heard and respected.
- ◇ Proactively accommodate customers' legitimate needs and reasonable suggestions.

#### **Creation of customer value**

- ◇ Satisfy customers' needs by providing the best products through continuous technology development.
- ◇ Employees will try to understand the domestic and overseas market status and develop a service-oriented mindset that respects customers' culture and practices.

#### **Securing customer trust**

- ◇ Pay due attention to the safety and health issues of customers in our management activities, and not provide any product or service that might threaten the safety and health of the customers.
- ◇ Protect customer information and comply with relevant data protection laws and regulations.
- ◇ Provide accurate information to customers on a timely basis.

### **Duties of Good Faith and Fair Dealings Toward Investors**

We strive to maximize value for investors by realizing legitimate profits through transparent decision-making and effective management activities.

#### **Pursuit of increased shareholder value**

- ◇ Make profits through transparent decision-making and efficient management activities and increase corporate value and shareholder value at the same time.

#### **Impartial provision of investment information**

- ◇ Not provide information that may affect the investment decisions only to certain investors, nor provide any partial information.
- ◇ Neither directly trade stocks or securities, nor encourage others to trade using insider information acquired while working for the Company.

#### **Transparent calculation and provision of financial information.**

- ◇ Process and calculate all financial information based on accurate transaction records, implementing the appropriate processes and controls.
- ◇ Prepare financial reports in accordance with generally accepted accounting standards.

- ◇ Provide sufficient and accurate information regarding the management of the Company to investors, so that investors may make investment decisions freely and responsibly.

### **Building Win-win Relations with Business Partners**

We strive to establish a fair trade system based on mutual trust, and build a corporate ecosystem in which stakeholders can co-exist and grow together.

#### **Building mutual trust**

- ◇ Pursue fair dealings with our business partners on an equal footing and based on mutual respect.
- ◇ Strictly protect information obtained through transactions with business partners in accordance with the terms of the relevant contract and the relevant laws.
- ◇ Support business partners in their efforts to comply with anti-competition related laws and regulations.

#### **Pursuing mutual growth with business partners**

- ◇ Pursue mutual benefits by sharing fruitful outcomes with business partners.
- ◇ Cooperate and communicate openly with business partners such that business partners may provide high-quality products and services.
- ◇ Provide fair opportunities and reasonable transaction terms to business partners, so that they can grow as long-term business partners.

#### **Support for a continuing development of business partners**

- ◇ Endeavor to build a stable supply chain by providing technical and financial supports to business partners.
- ◇ Endeavor to expand the potential pool of business partners that can grow with us in harmonious development of the overall corporate ecosystem.

### **Contribution to the Country and Society (Corporate Citizenship)**

We strive to contribute to the growth of the country and society by fulfilling our responsibilities and duties as global corporate citizens.

#### **Roles and attitudes of a corporate citizen**

- ◇ Respect local laws and regulations as well as local culture and tradition in all markets in which we do business and strive for joint development with society nationwide.
- ◇ Encourage the participation of and endeavor to communicate with our stakeholders in performing management activities that may affect society at national level.
- ◇ Encourage business partners to participate in activities for the development of society nationwide.

#### **Contribution to the national and social development**

- ◇ Fulfill our obligations to the community by creating and maintaining stable jobs and paying taxes on time.
- ◇ Actively participate in social service activities, such as volunteer works and disaster relief work, and conduct public interest activities in various fields, including culture, arts, sports, and education.
- ◇ Support local residents in improving the quality of their lives and pursuing a happy life.

### **Protection of Environment and Ecosystem Conservation**

We strive to establish an environmental management system, strengthen our ability to deal with environmental risks and implement environment-friendly management through open communication.

#### **Implementation of environmental management system**

- ◇ Effectively implement an environmental management system; evaluate the impacts and risks of business activities on the environment; and manage and analyze the performance of environmental management.
- ◇ Share performances and issues with various stakeholders and jointly carry out environmental conservation activities.
- ◇ Help business partners form a consensus that protection of the environment is one of company's fundamental social responsibilities and support business partners in their efforts to comply with laws and regulations related to environmental protection.
- ◇ Support business partners in their efforts to manufacture products and provide services while protecting the public health and minimizing adverse effects on the environment and the natural resources of the community.

### Compliance with environmental laws and improvement on environmental impacts

- ◇ Endeavor to comply with environmental laws and to reduce our impacts on the environment in the overall process of developing, producing, and using our products.
- ◇ Minimize our pollutant emissions by introducing eco-friendly manufacturing processes and applying technologies optimized for prevention of pollution.

### Response to climate change

- ◇ Endeavor to reduce our consumption of fossil fuels or raw materials, and to minimize greenhouse gas emissions by improving energy efficiency.
- ◇ Enhance our competitiveness by developing innovative low-carbon technologies.

### Protection of environment and ecosystem

- ◇ Endeavor to restore the natural ecosystem and preserve biological diversity through the effective use of natural resources and by-products.

### **Protection of and Respect for Human Rights**

We strive to respect human rights, support the international standards for human rights and strengthen the dignity of all stakeholders by improving freedom, safety, and quality of life.

### Respect for international standards on human rights

- ◇ Support and respect internationally recognized standards on human rights, such as the UDHR, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the Fundamental Conventions of ILO.
- ◇ Establish a clear policy and system for the protection of human rights and strive to prevent human rights from violations in the course of our management activities.
- ◇ Support our business partners in their efforts to comply with the internationally recognized human rights standards and regulations, protect our employees' human rights and treat them fairly.

### Obligation to conduct a due diligence for respect of human rights

- ◇ May, at our discretion, conduct a due diligence on management activities that might violate human rights or cause complaints.
- ◇ If, upon conclusion of the due diligence, believe our management activities have violated human rights or caused dissatisfaction, then endeavor to seek reasonable solutions.

- ◇ Communicate with the relevant stakeholders regarding human rights-related activities and the results thereof.

### Protection of employees

- ◇ Not engage in any verbal, physical, or demonstrative acts that may offend others or infringe on others' individual human rights, such as sexual harassment.
- ◇ Respect the privacy of each and every employee; not slander or defame others; and not leak personal information.
- ◇ Not compel work through mental or physical coercion.
- ◇ Comply with local labor laws and international standards with respect to the working conditions for minors and the minimum age requirements.
- ◇ Strictly comply with safety regulations and take appropriate actions upon the discovery of hazards.

### Respect and equality

- ◇ Not discriminate or harass on the grounds of race, nationality, sex, age, educational background, religion, regional origin, disability, marital status, or gender identity.
- ◇ Provide equal employment opportunities to those who possess the necessary qualifications and competence.
- ◇ Maintain a workplace environment that respects cultural diversity.

### Assurance of lawful employment terms and conditions

- ◇ Take prompt and proactive actions in the event that human rights issues are raised by employees through the Company's grievance handling system.
- ◇ Offer employment terms and conditions, such as guaranteeing proper working hours, to enable employees to maintain their lives with dignity.

### Community efforts to respect human rights

- ◇ Endeavor to listen to the opinions of the community and address issues of any violation of human rights caused by our management activities in the community.

## Our Position on Stakeholder Engagement Framework

POSCO pays attention to the opinions of our various stakeholders, and we reflect their feedback in our business operations through our Stakeholder Engagement Framework. In running our business or when promoting new projects in particular, POSCO considers the economic and physical impacts on local communities. This is reflected in the Practicing Guidelines for the Code of Ethics, Policy on Responsible Minerals, and Investment Guidelines. The following items are carefully considered during the project development and community consultation phases.

### Stakeholder Engagement Framework

#### Identification of Community and Stakeholders

POSCO defines and categorizes stakeholders according to their general functions, scale, importance, and the degree of influence they receive from business activities. This includes employees, customers, partners and suppliers, local communities, and shareholders and investors. POSCO also identifies local communities and stakeholders that may be affected economically, environmentally, and socially before starting any business in the region.

#### Establishment of Stakeholder Engagement Plan

We operate communication channels tailored to the characteristics of each stakeholder.

- Shareholders and investors: Company briefings (once every quarter of the year), public notices, investor meetings (face-to-face meetings), non-executive director IR, regular consultations on credit rating
- Customers: Customer satisfaction surveys, Early Vendor Involvement (EVI) forums
- Partners and suppliers: Information exchange meetings with suppliers, invitation-based meetings for selected suppliers, networking meetings with partners
- Local Communities: Local briefings and discussions, exchanges with civic groups (NGOs), environmental improvement council, Corporate Citizen Love Letters, sister village volunteer activities
- Employees: Labor unions and labor-management council, Young Board, town hall meetings, management meetings, POSCO Today, PBN, etc.

#### Analysis of the Impact on Community and Provision of Information

In the process of operating worksites and implementing new projects, POSCO takes an in-depth look at its physical and economic impacts on local communities. While ensuring its compliance with relevant laws and regulations throughout the project area, POSCO supervises its environmental and social impacts, including assessing the environmental influences of our projects. The contents thereof are reflected in the Code of Ethics Practice Guidelines, Policy on Responsible Minerals, and Investment Guidelines. We also hold discussions with the local community about the effects our projects can have through public hearings.

#### Project Execution

POSCO carries out projects with the aim of preserving local cultural heritage and minimizing economic, environmental, and social impacts. If a business or a project is deemed as having an adverse effect or is likely to have an adverse impact, POSCO reviews and monitors measures to minimize them. To this end, we consult with the local community through community engagement and feedback mechanisms.

#### Collection and Analysis of Opinions from the Community

POSCO collects and analyzes community opinions from the early stages of project development. POSCO supplies transparent and specific information during the process and provides opportunities for those related to the issues at hand in addition to the local community and major stakeholders to communicate their impressions and thoughts. Furthermore, we strive to provide comprehensive information on how to manage and respond to issues and to provide appropriate timing for participation to help local communities in making decisions.

#### Grievance handling mechanism

POSCO operates a mechanism for handling grievances from a local community, such as preservation of cultural heritage, and a process for collecting opinions. Grievances of the local community can be filed through various channels, including POSCO's website (Love Letter/Center for Reporting Unethical Behavior), telephone, fax, mail, and e-mail. If the grounds for the grievance are confirmed, the relevant departments will take appropriate actions after conducting a monitoring and a due diligence. POSCO rigorously protects complainants, and strictly prohibits disclosure of the complainants' identity and any acts of searching for and retaliating against the reporting person. In addition, we ensure that complainants are not subject to any ill treatment, including in employment relationships. After processing the complaint according to the procedure, the results are notified directly in person or in writing.

### Release of information and incorporation in the decision-making process

The current status of community development and communication progress with local communities are disclosed internally and externally through Corporate Citizenship Reports, websites, press releases, and local briefing sessions, thereby enhancing the trust and credibility of stakeholders.

## Human Rights Protection and Job Policy in the Local Community

In our business activities and relationships, POSCO's controls its management activities and business relations so that human rights such as the environment, safety and health, and freedom of residence of local residents are not violated. POSCO also collects opinions in accordance with relevant laws and regulations, and respects the autonomy and traditional values of local communities. In addition, by creating and maintaining stable jobs and diligently paying taxes in compliance with the Code of Ethics, POSCO fulfills its responsibilities and obligations in the local community. POSCO is providing stable jobs in Pohang and Gwangyang, where our major worksites are located, and operates employment and startup support programs for the youth. With the goal of protecting and respecting human rights, we provide equal employment opportunities for anyone who possesses job qualifications and competence.

## Anti-corruption Compliance Guidelines

### Chapter I. General Provisions

#### Article 1. Objective

POSCO seeks to observe the highest legal and ethical standards in conducting business in all areas around the world. The objective of these Anti-corruption Compliance Guidelines is to ensure that global anti-corruption laws and standards are being complied with by not only POSCO employees, but also POSCO Group companies, agents, and counterparties.

### Chapter II. Procedures

#### Article 2. Global Anti-Corruption Standards

POSCO employees shall observe legal and ethical standards regarding global anti-corruption set out in the Foreign Corrupt Practices Act of 1977 (FCPA) (United States), the Bribery Act of 2010 (United Kingdom), the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Convention) and the UN Global Compact. The FCPA prohibits any company, US or non-US, listed on a national securities exchange in the United States from giving bribes to any non-US foreign government officials and requires the bookkeeping of accurate records and implementation of adequate internal controls. Considering that POSCO is listed on the New York Stock Exchange (NYSE), it must abide by the FCPA.

The Bribery Act prohibits UK companies and any non-UK entities doing business in the UK from giving bribes to any non-UK, foreign civil servants and business partners outside the UK. The OECD Anti-Bribery Convention is the first international convention to criminalize bribery to foreign government officials. In Korea, the Act on Combating Bribery of Foreign Public Officials in International Business Transactions was enacted and implemented to execute the OECD Convention. The UN Global Compact regulates all forms of corruption of corporate entities.

POSCO employees not only shall observe the global anti-corruption laws and standards but also the local anti-corruption laws and regulations of the countries where they do business. For instance, in the Korea, some of the local laws and regulations include the Criminal Code, the Act on the Aggravated Punishment of Specific Crimes, the Act on the Aggravated Punishment of Specific Economic Crimes, and Anti-Graft Act, among others. An act committed as a social or business customary practice, if in violation of the global anti-corruption laws and standards or local laws, will not be exempt. On the other hand, if there is a conflict or inconsistency between the global anti-corruption laws, standards, local laws and the Anti-Corruption Compliance Guidelines, the strictest standards shall prevail.

#### Article 3. Prohibition and Restrictions on Hospitality and Convenience

##### General principles

No POSCO employees shall provide or receive anything of value as convenience to or from any stakeholder, including foreign or local government officials, counterparts, with the intention of wrongdoing to obtain or retain any business benefits. In this regard, 'anything of value' shall include, but is not limited to:

- Securities, real estate, meals, gifts, golf



- Expenses of transportation, accommodation, etc.
- Any rights to use or receive discounts on products or services
- Any political contributions
- Any transfer or exemption of liabilities, employment, privileges, or any other tangible or intangible economic benefits

PROVIDED, HOWEVER, THAT it may be permitted to provide or receive a generally accepted hospitality or convenience if it is necessary to conduct the ordinary business for sales promotion, execution of a contract or promotion of mutual business understandings, etc., when the following conditions are met:

- The level of business hospitality and convenience is reasonable and legitimate.
- The business hospitality and convenience should not be offered frequently within a given time period.
- Relevant expenditure details shall be accurately reflected in the Company's books and must comply with the Company's internal regulations in relation to other procedures.

#### Meals, gifts, etc.

When POSCO employees provide any meal or gift to a stakeholder as a gesture of goodwill or courtesy or to promote social relationship, they must comply with the following:

- The meal or gift is provided only at necessary points of time with a clear cause and is not provided frequently within a given time period.
- Matters concerning business hospitality, including meals, shall be subject to the Company's Code of Ethics, and in the case of public officials who are subject to Anti-Graft Act, relevant laws must be followed.

#### Convenience

Whenever POSCO employees provide any convenience to a stakeholder, they must comply with the following:

- Employees shall not provide or receive convenience such as transportation, accommodation, etc. beyond a generally accepted level, except where a convenience is provided generally and equally to all attendees of an event.
- The convenience shall be of a reasonable level and shall be directly or indirectly related to sales promotion, demonstration or explanation, execution of a contract or performance of obligations thereunder, etc.
- The convenience shall not be provided to anyone other than the stakeholders themselves (friends, etc.)
- Any costs incurred by the convenience should not be paid to the stakeholders, but should be paid directly to the service providers, such as airlines and hotels.

#### **Article 4. Prohibition and Restrictions on Express Fee**

No POSCO officer and employee shall make any express fee to any domestic and foreign government officials to gain favor. Express fees are a relatively small amount, and is provided or intended to be provided to a government official who is involved in daily routine work, in order to expedite a legitimate business decision or other transaction, which may include:

- Receipt and processing administrative documents, such as visa issuance
- Customs clearance, and loading or unloading of products related to logistics, etc.
- Opening a telephone line or providing supply of electricity or water

#### **Article 5. Agents and Joint Ventures**

##### Agents

An agent is a person who handles matters such as contract awarding, customs clearance, license approval, and tax affairs on behalf of a company. Global anti-corruption laws and standards such as the FCPA, prohibit an agent from making any payment of money or providing any valuables to a stakeholder, including foreign or local government officials, and counterparties on behalf of the company with a fraudulent intent. Therefore, while working with an agent, one should exercise their duties and responsibilities in a manner that ensures that there is no violation of any global anti-corruption laws and standards. Before signing a contract with an agent, the following should be considered: if any of the following applies, the final decision on whether to sign a contract with the agent shall be made based via Agent Contract Checklist.

- Whether an agent has a past or present record of improper business practices (e.g., actual or alleged incidence of giving or receiving bribery or other corrupt practices)
- Whether an agent is related to a former and current public official (e.g., recommendation of an agent by a public official, stake-holding by a public official)
- Whether an agent requests an unusual or complicated method of payment (e.g., advance payment, third party payment)
- Whether information provided by the agent is incomplete or inaccurate

When entering into a contract with an agent, the following must be expressed in the contract:

- Agent's roles and responsibilities in complying with the global anti-corruption laws and standards
- Criteria for computing the agent's remuneration and method of payment
- Right of the Company to terminate a contract with the agent in the event that the agent violates global anti-corruption laws and standards

- Right of the Company to conduct an investigation where there is a reasonable concern that the agent may violate the global anti-corruption laws and standards.

After executing a contract with an agent, POSCO employees will manage that the agent complies with the global anti-corruption laws and standards, and upon finding of a violation, shall report immediately to the Corporate Audit Office, so that the Company can take any appropriate measures, such as rectifying the violation or terminating the contract with the agent.

On the other hand, whenever there is any question or concern with regard to the violation of global anti-corruption laws and standards in an agency contract, please contact the Corporate Audit Office.

#### Joint ventures

Under the global anti-corruption laws and standards, such as the FCPA, joint venture companies or joint venture partners are prohibited from making any payment of money or providing anything of value with fraudulent intentions to any stakeholders, including but not limited to, domestic/foreign government officials and counterparties, and hence, the laws and regulations applicable to agents also apply to joint venture businesses.

#### Miscellaneous

The Anti-Corruption Compliance Guidelines that apply to agents may be used vis-à-vis counterparties, including, but not limited to suppliers and customers, mutatis mutandis based on mutual understanding.

#### **Article 6. Accounting Records and Management**

Global anti-corruption laws and standards strictly stipulate that it is necessary to keep a system of accounting controls to record and monitor all business transactions in order to ensure that they are accurately recorded.

Therefore, POSCO employees shall keep and properly account for invoices, receipts, and other related payment documents that arise from the business, and any possession of expenditures or assets which is not listed in the books of the Company is strictly prohibited.

In addition to maintaining the books and records, all businesses must be carried out as per the following via the Company's internal accounting management system:

- All transactional expenses and costs shall be executed only after approval by a person with proper authority.
- All transactions shall be recorded as per the accounting standards and approved from a person with proper authority.

- The Company's assets shall be utilized only upon approval from a person with proper authority.
- A due diligence on the Company's assets will be conducted periodically.

#### **Article 7. Anti-Corruption Compliance Training**

POSCO employees shall implement and attend anti-corruption compliance training sessions under the guidance of the Corporate Audit Office, and submit records of attendance to the Corporate Audit Office.

#### **Article 8. Whistleblowing and Protection for Whistleblowers**

POSCO employees shall report to the Corporate Audit Office when they learn or have a reason to believe that any violation of the global anti-corruption laws and standards or the Anti-Corruption Compliance Guidelines has occurred.

The Company shall fully protect whistleblowers who report any violation of global anti-corruption laws and standards or the Anti-Corruption Compliance Guidelines to the Corporate Audit Office, and strictly prohibit disclosure of the whistleblower's identity, and retaliation against or search for the whistleblower, and shall not subject the whistleblower to any type of disadvantages, such as in relation to the whistleblower's employment relationships with POSCO.

#### **Article 9. Reward and Punishment**

POSCO may reward its employees who have contributed to achieving the objectives of the Anti-Corruption Compliance Guidelines as per the relevant regulations of reward and punishment.

POSCO may take disciplinary actions against its employees who violate the global anti-corruption laws and standards and the Anti-Corruption Compliance Guidelines as per the rules of employment and the rules of reward and punishment, and such disciplinary actions may include dismissal, suspension, salary reduction, reprimand, etc.

On the other hand, POSCO will not be responsible for any fine or cost, etc. if a civil or criminal penalty is imposed on its employees for violation of the global anti-corruption laws and standards.

## Tax Policy

- ◆ POSCO diligently reports taxes and fulfills payment obligations in accordance not only with domestic laws and regulations but also with those of each country in which we do business. POSCO diligently fulfills its obligations as a taxpayer, such as by submitting data stipulated by relevant laws to the tax authorities of each country based on our value of transparency.
- ◆ In carrying out transactions with special-interest parties, POSCO's principle is to abide by the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations and the laws of each country. For transfer price transactions with overseas special-interest parties, POSCO prepares Master File, Local File, and Country-by-Country Report with outside tax experts to manage its performance.
- ◆ POSCO complies with the laws and regulations of each country in which it does business, diligently fulfills its tax obligations, and does not enter into transactions or contracts to transfer income between countries for the purpose of exploiting the differences in tax laws or loopholes in the international tax systems. POSCO ensures that taxable income is distributed consistently with the value created in each country where POSCO conduct its activities. We do not use tax havens that unjustly reduce tax burdens, and we diligently fulfill our tax obligations in international transactions through normal tax structures.
- ◆ All employees in charge of tax affairs at POSCO will comply with all tax regulations of the relevant countries in accordance with POSCO's tax policy and conduct business while maintaining a relationship that values transparency with local tax authorities.
- ◆ While POSCO lawfully pays taxes, we do appeal against claims of unreasonable taxation through a legitimate process such as a trial or administrative litigation. Any increase in growth gained from utilizing these tax reduction methods are shared with local communities.
- ◆ Tax risks that occur throughout POSCO's global businesses are reviewed and assessed for compliance with domestic and international regulations. Some examples of tax risks include investment in new businesses, strengthening competitiveness in existing businesses, corporate restructuring. In reviewing such risks, decisions are made based on advice from outside tax experts and tax authorities.

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