

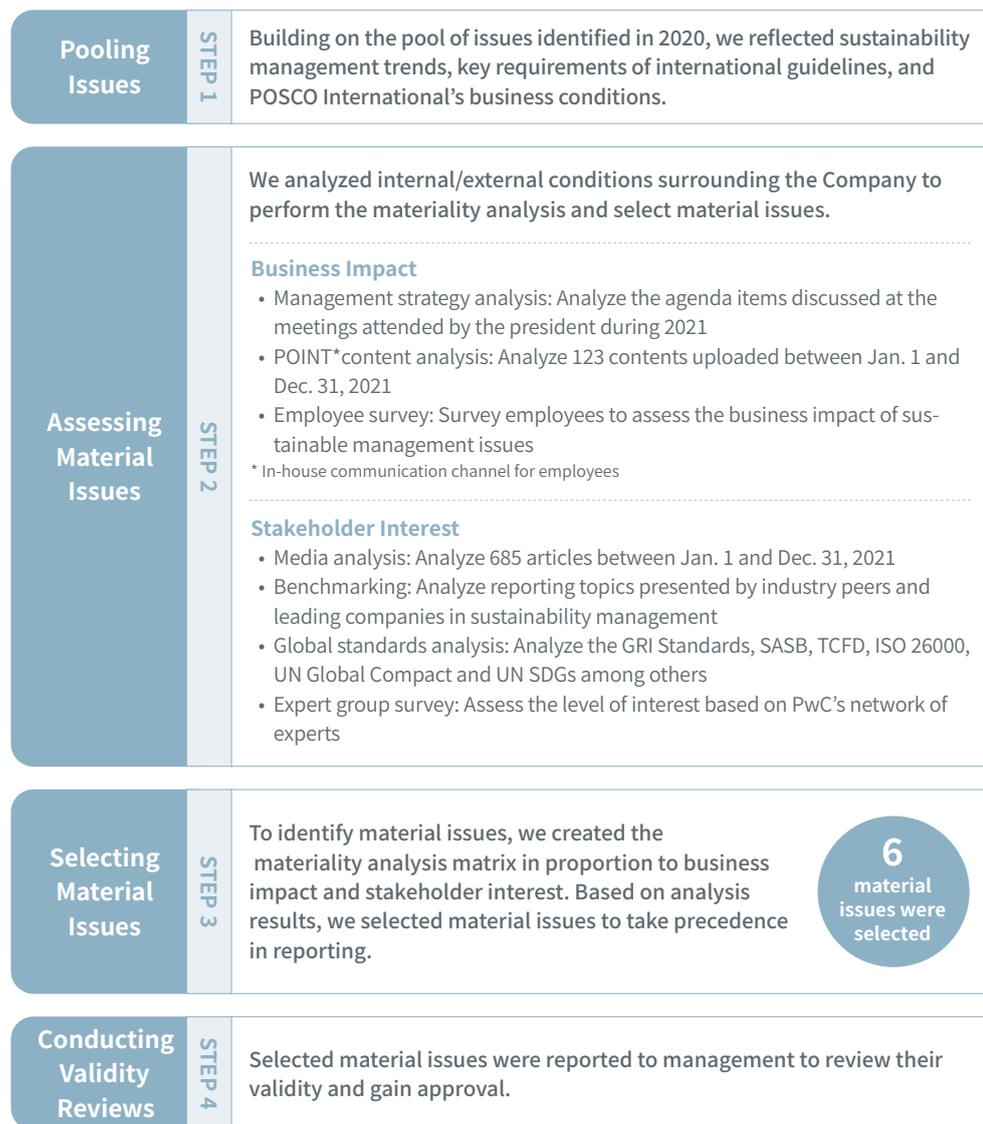
# ESG FACTBOOK



# Materiality Analysis Results for 2021

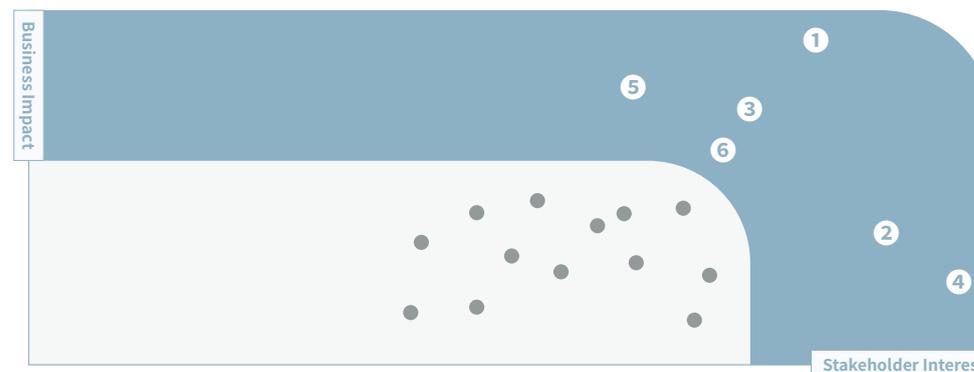
POSCO International performs materiality analyses each year to select sustainability management issues based on its impact on our business and the level of stakeholder interest. Material issues are identified by engaging wide-ranging stakeholders and analyzing internal/external conditions, and our activities and achievements related with material issues are transparently reported through our sustainability reports.

## Materiality Analysis Process



## Materiality Analysis Matrix

The materiality analysis performed in 2021 led us to identify six material issues. ‘Expanding and changing the business structure’ continued to rank first in 2020 and 2021 to reaffirm its status as the issue of the utmost importance to the Company. ‘Establishing an integrated risk management system’ which was added to the pool of material issues in 2021 refers to going beyond existing finance-centered risk management to identifying and managing risks from the viewpoint of sustainability management by integrating financial and non-financial aspects. This also reflects stakeholder expectations that we consider such non-financial risks as environmental, social, and governance risks in responding to changing business conditions and making decisions.



Rank	Material Issues in 2021	Change in Ranking	General Issues
1	Expanding/changing the business structure (eco-friendly energy and materials industry and others)	-	Respecting human rights and prohibiting discrimination Creating a great work place Improving sound governance Ensuring fair performance appraisal and reasonable compensation
2	Securing sustainable suppliers and bolstering fair trade	▲ 2	Nurturing global talent(for all domestic/global employees) Building a culture that respects diversity
3	Reinforcing employee health and safety	▲ 2	Abided by international standards and country-specific local regulations
4	Responding to climate change	▲ 3	Managing the environmental impact of buildings and operations Strengthening social contribution for local communities
5	Fully promoting stakeholder engagement	▲ 1	Improving consumer satisfaction Abiding by the Code of Ethics and its Practice Guidelines
6	Establishing an integrated risk management system	▲ 3	Protecting biodiversity and ecosystems Endorsing environmental initiatives

# ESG Policy

## Practice Guidelines for Protection of Environment and Preservation of Eco-system



We will establish an environmental management system, strengthen our capacity to address environmental risks, and implement environment-friendly management through open communication.

### 1. Establishment of an Environmental Management System

- We will endeavor to minimize the impact of our business operations on the environment.
- We will jointly carry out environmental protection activities with various stakeholders.

### 2. Compliance with Environmental Laws and Improvement on Environmental Impacts

- We will endeavor to comply with environmental laws and to improve on environmental impacts in the entire process of developing, producing, and using products.
- We will minimize the discharge of pollutants by introducing environment-friendly manufacturing processes and applying technology optimized for the prevention of pollution.

### 3. Response to Climate Change

- We will endeavor to reduce the consumption of fossil fuels, and to minimize GHG emissions by improving energy efficiency

### 4. Protection of the Environment and the Eco-system

- We will endeavor to restore the eco-system and preserve biological diversity through the effective use of natural resources and byproducts.

## POSCO International Supplier Code of Conduct



The Code of Conduct for POSCO Group Suppliers stipulates overarching principles to be observed by suppliers and their subcontractors ('suppliers' hereinafter) who provide products and services to POSCO Group including POSCO, its affiliates, and joint venture companies.

Each and every provision included herein is equally important, and this Code of Conduct consists of seven parts concerning respect for employees' fundamental human rights, health & safety, environment, ethics, protection of trade secrets and intellectual property, quality management, and win-win partnership & social contribution.

- 1. Respect for Employees' Fundamental Human Rights
- 3. Environment
- 5. Protection of Trade Secrets and Intellectual Property
- 7. Win-Win Partnership & Social Contribution

- 2. Health & Safety
- 4. Ethics and Fair Trade
- 6. Quality Management

## Health and Safety Policy



POSCO International, as a corporate citizen building a better future together, values 'health and safety' as the foremost priority in conducting its business, and therefore all its employees and stakeholders commit themselves to the following actions.

### 1. Prioritization of health and safety

We put health and safety first in making business decisions and ensure a clear understanding of, and thorough compliance with, applicable laws and company regulations in the areas of health and safety.

### 2. Creation of a healthy workplace

We preemptively identify and mitigate risks to prevent injuries and illnesses to ultimately promote the health, safety and better quality of life for all who access our worksites.

### 3. Proactive participation and improvement

We enhance capabilities to undertake health and safety activities through systematic training, and to continuously improve our health and safety management system on the basis of proactive participation and communication.

### 4. Fulfillment of social responsibility

We transparently communicate to all our stakeholders our health and safety objectives and the progress made in attaining those objectives, and create a virtuous cycle through which we fulfill our social responsibility by creating win-win partnerships.

## Protection of and Respect for Human Rights



We will respect human rights, support international standards for human rights, and uphold the dignity of all interested parties by improving freedom, safety, and quality of life.

### 1. Respect for International Standards Regarding Human Rights

- We will support and respect internationally recognized standards on human rights, such as the Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, UN Global Compact, and OECD Guidelines for Multinational Enterprises.
- We will establish a clear policy and system for the protection of human rights, and endeavor not to violate human rights in our management activities.
- We will support business partners in complying with internationally recognized human rights standards and regulations, protecting their employees' human rights, and treating them fairly.

### 2. Due diligence in Relation to Human Rights

- We may, at our discretion, conduct due diligence on management activities that might violate human rights or cause complaints.
- We will endeavor to find reasonable resolutions if, upon conclusion of the human rights due diligence, we believe our management activities have violated human rights or caused complaints.
- We will communicate with the relevant interested parties regarding human rights related activities and results thereof.

### 3. Protection of Executives and Employees

- We will not engage in verbal, physical, or demonstrative acts, such as sexual harassment, that may offend others or infringe an other's human rights.
- We will respect the privacy of executives and employees, will not slander or defame others, and will protect personal information.
- We will not compel work through mental or physical coercion.
- We will comply with local labor laws and international standards with respect to the age and labor conditions of minors.
- We will strictly comply with safety regulations, and will take appropriate action upon discovery of risk factors.

### 4. Respect and Equality

- We will not discriminate or harass for reasons of race, nationality, gender, age, educational background, religion, regional origin, disability, marital status, or sexual orientation.
- We will provide equal employment opportunity to those who possess necessary qualification and capability.
- We will maintain a work environment that respects cultural diversity.

### 5. Assurance for Legitimate and Humane Employment Terms

- We will offer adequate employment terms, such as guaranteeing proper working hours, to enable employees to maintain life with dignity.

### 6. Efforts to Respect Community Human Rights

- We will endeavor to listen to the opinions of the community and resolve issues regarding the violation of human rights caused by our management activities in the community.

## Modern Slavery and Human Trafficking Statement of 2021-2022



This is the Modern Slavery and Human Trafficking Statement of 2021 - 2022, issued pursuant to the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018, by POSCO International Corporation (hereinafter called 'P-INT'L'). This Statement sets out the steps that P-INT'L has taken and plans to take so as to mitigate the risks associated with human rights violations relating to modern slavery and human trafficking in the operations owned or controlled by P-INT'L and across its supply chains.

### Risks of Modern Slavery

P-INT'L is primarily engaged in international trading business and the export and import of goods on a B2B basis. P-INT'L also operates several manufacturing facilities including natural gas fields in Myanmar, palm oil plantations in Indonesia, and cotton yarn factories in Uzbekistan. Although there is a potential risk of modern slavery and human trafficking in all of the business areas we partake, special attention and protection measures in relation to potential human rights violations are needed especially in overseas manufacturing facilities.

### Relevant Policies and Commitments

P-INT'L has added modern slavery polices to its Business Ethics-Practice Guidelines to comply with relevant international policies, guidelines, and laws, thereby highlighting the importance of human rights to all employees. In addition, P-INT'L has also updated its Supplier Code of Conduct by including the modern slavery guideline. Since P-INT'L specified the protection of human rights in its Business Ethics in 2003, it has been promoting human rights management based on international standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the OECD Guidelines for Multinational Enterprises. In addition to applying these standards at the headquarters level, P-INT'L shares its Human Rights Guidelines with overseas subsidiaries, investment corporations and partners to build consensus on the protection of employees' human rights. In accordance with its Human Resources Regulations based on the International Labour Organization (ILO) Core Conventions and the domestic labor law, P-INT'L manages long working hours through compliance with statutory working hours, guarantee of sufficient vacation, fair recruitment and compensation without gender discrimination, and supply chain management which prioritizes the protection of human rights and safety. In the case of the headquarters, it has introduced the 'Working Hours Management System' since 2019 to prevent employees from working long hours by restricting the use of PCs in excess of statutory working hours. In addition, P-INT'L has conducted internal audits on overseas investment entities that operate manufacturing/production facilities to eradicate the possible exploitation of child labor and any harmful work environment for vulnerable groups, including female workers, and to enhance the hygiene management status of employees' accommodations. In doing so, P-INT'L endeavors to respect basic human rights and provide a healthy work environment. P-INT'L also established 'Safety and Health Management Regulations' in 2021 to eliminate any possibilities of modern slavery or human trafficking that threaten safety and health in its business operations and supply chains, and to provide a safe and pleasant work environment. P-INT'L's 'Regulations on Human Resources Management' and 'The Management Guideline of Global Employees' prohibit recruitment through forced labor and human trafficking in order to respect and comply with internationally-recognized global human rights standards and laws including the Modern Slavery Act.

# Commitments & Figures

## Our Commitments - Core Business

Area	SDGs target	Mid/long-term Goal	2022 Plan	Main Activities Undertaken in 2021
Steel	 	<ul style="list-style-type: none"> <li>Serve as an advance guard for POSCO products in global markets by expanding the transactions with Group affiliates</li> <li>Pave the way for future growth by investing and developing of eco-friendly business</li> <li>Increase profit margins by diversifying and advancing steel business</li> <li>Preemptively respond to market changes to create a sustainable profit structure</li> <li>Strengthen the basis for steel sales and increase our market share</li> <li>Strengthen expertise as a raw material supplier for Group affiliates by expanding steel scrap sourcing</li> </ul>	<ul style="list-style-type: none"> <li>Expanding POSCO's global markets and deals with Group affiliates</li> <li>Develop new growth industry demand and expand the value chain of eco-friendly business</li> <li>Advance steel business through flexible market response</li> <li>Lay the basis for future growth through proactive response to market changes and advancing key business areas</li> <li>Strengthen the role as a stable raw steel procurement channel for Group affiliates</li> <li>Lead the steel e-commerce market</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened the role as direct trader to the mills, by reaching 8.87 million tons in sales of POSCO's Products and 2.34 million tons in sales of high value-added steel(WTP, World Top Premium)</li> <li>Established a sales portfolio linked with new industries – future mobility, wind/PV energy– reaching 740,000 tons in sales</li> <li>Created win-win business through collaboration with Korean SMEs (140,000 tons in sales)</li> <li>Focused on market/product-specific sales capabilities and expanded winning contracts</li> <li>Reached 4.02 million tons in cross trade of raw steel and 18.24 million tons in sales to Group affiliates</li> <li>Built a user-friendly platform by introducing new contents and improving convenience of the open market</li> </ul>
Recharge-able Battery	 	<ul style="list-style-type: none"> <li>Advance into JV for natural anode material to serve as a primary supplier of Group affiliates</li> <li>Expand the supply chain of cathode material and advance into JV business</li> <li>Expand the market share of recycled raw materials while advancing into processing business</li> <li>Promote the localization of procurement through long-term contracts with overseas production bases</li> </ul>	<ul style="list-style-type: none"> <li>Close deals of natural anode material for POSCO Chemical</li> <li>Stably secure lithium materials and diversify their suppliers for POSCO Chemical</li> <li>Stably secure recycled raw materials and supply them to POSCO HY Clean Metal</li> <li>Expand the raw material handling volume for rechargeable battery cathode/anode substrates</li> </ul>	<ul style="list-style-type: none"> <li>Secured African natural graphite anode raw material supplier, and negotiated off-take deals for POSCO Chemical</li> <li>Signed two JV MOUs to secure raw materials in alignment with POSCO and POSCO Chemical</li> <li>Built partnerships with JV candidates in battery recycling business across key locations in Korea, the Americas, and Europe</li> <li>Reached 15K tons per annum in battery copper foil raw materials by developing new deals in Korea and expanding overseas sales</li> </ul>
E&P		<ul style="list-style-type: none"> <li>Complete Phase 2 &amp; 3 developments of the Shwe Project for stable production and sustained sales</li> <li>Complete evaluations on Mahar prospects in Block A-3 and initiate timely development</li> <li>Secure reserves through new exploration and participation in development business</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the stable operation and sales of the Shwe Project</li> <li>Continue to achieve zero injuries and strengthen safety capabilities</li> <li>Complete Phase 2(4 additional wells completed) and initiate gas production</li> <li>Complete facility design for Phase 3 and initiate their manufacturing in earnest</li> <li>Engage in 3rd party certification of reserves in Mahar prospects and set gas sales strategy</li> </ul>	<ul style="list-style-type: none"> <li>Reached 99 bcf in sales with the stable operation of the Shwe Project</li> <li>Performed production well drilling for Phase 2 as well as EPCIC, and initiated timely development for Phase 3</li> <li>Secured an exploration permit for the PM524 block in Malaysia and a joint study permit for Bunga in Indonesia</li> <li>Signed the agreement to acquire Senex Energy of Australia</li> </ul>
LNG		<ul style="list-style-type: none"> <li>Secure captive LNG volume and expand trading aligned with Group affiliates' demand</li> <li>Diversify the trading portfolio including LNG-linked business for Group affiliates</li> <li>Participate in green IPP business with Group affiliates</li> </ul>	<ul style="list-style-type: none"> <li>Sign procurement/sales contracts to replace the suppliers of Tangguh LNG in Indonesia for POSCO</li> </ul>	<ul style="list-style-type: none"> <li>Agreed on key terms of the Heads of Agreement(HOA) with suppliers to conclude long-term LNG agreements for POSCO</li> </ul>

Area	SDGs target	Mid/long-term Goal	2022 Plan	Main Activities Undertaken in 2021
<p><b>Green Hydrogen</b> <b>Blue Hydrogen</b></p>	 	<ul style="list-style-type: none"> <li>• Develop projects in countries with potential for renewable energy</li> <li>• Develop suppliers within the region who have LNG and ammonia infrastructure facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Elaborate on business opportunities in Australia                             <ul style="list-style-type: none"> <li>- Review hydrogen and renewable energy supply opportunities for new HBI(Hot Briquetted Iron) business</li> <li>- Develop local projects with existing professional investment companies</li> </ul> </li> <li>• Develop business in Middle East and new regions                             <ul style="list-style-type: none"> <li>- Complete the feasibility study on the Oman project and set future directions</li> <li>- Develop new business in Saudi Arabia, UAE, South America, Southeast Asia</li> </ul> </li> <li>• Develop collaboration with Group affiliates                             <ul style="list-style-type: none"> <li>- Collaborate on the project in Saudi Arabia and study feasibility of the project in North America</li> <li>- Review feasibility of domestic blue hydrogen production model</li> </ul> </li> <li>• Develop blue hydrogen business applied in gas fields</li> </ul>	<ul style="list-style-type: none"> <li>• Built collaboration for promising projects by selecting a short-list of regional partners in strategic countries such as Australia</li> <li>• Signed an MOU for joint research with Petronas of Malaysia</li> <li>• Pursued participation in integrated CCS demonstration projects in Donghae prospect</li> </ul>
<p><b>Agro /Cotton</b></p>	  	<ul style="list-style-type: none"> <li>• Establish supplier due diligence and life cycle assessment system</li> <li>• Strengthen overseas agro procurement options and advance into consuming industries</li> <li>• Establish a sustainable palm oil value chain</li> <li>• Expand palm oil business in Indonesia and enter the down-stream sector</li> <li>• Secure 100,000 ha of cultivation areas in Uzbekistan by 2030 to lead the local market (achieve 10% of market share)</li> </ul>	<ul style="list-style-type: none"> <li>• Reach 1.25 million tons in imports to Korea</li> <li>• Develop overseas grain sourcing and distribution in the Americas and others, to pursue strategic partnerships with domestic consumers in captive market</li> <li>• Reach 172,000 tons in CPO sales and construct a third CPO mill</li> <li>• Maintain the RSPO certification and advance NDPE policy to expand sustainable management</li> <li>• Awarded raw cotton cluster cultivation areas in Uzbekistan(5,200 ha)</li> </ul>	<ul style="list-style-type: none"> <li>• Reached 1.12 million tons in imports to Korea</li> <li>• Reviewed the acquisition of shares in a local grain company in Ukraine (consultations suspended due to the Russo-Ukraine war in Feb 2022)</li> <li>• Reached 167,000 tons in CPO sales(exceeded the target)</li> <li>• Achieved the RSPO certification in Indonesia and the GRS in Uzbekistan</li> <li>• Exceeded cotton yarn/fabric profit margin target by 1,120%</li> </ul>
<p><b>Eco-friendly Future</b></p>	 	<ul style="list-style-type: none"> <li>• Expand the future mobility component business value chain by establishing JVs with traction module</li> <li>• Strengthen our status as a global top-tier component maker</li> <li>• Create synergy through convergence with the green bio industry by using capabilities accumulated in the bioplastic/medicine sectors</li> <li>• Boost competitiveness and vertically integrate the value chain through phase-in investment in bio raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the future mobility key component line-up                             <ul style="list-style-type: none"> <li>- Expand contracts awarded by global major motor/OEM companies (KRW 550 billion)</li> <li>- Build collaborative relationships with emerging EV makers and pave the way to win future contracts</li> <li>- Promote hydrogen vehicle key component package</li> </ul> </li> <li>• Increase our global market share by 33% y-o-y growth in bioplastic trading volume</li> <li>• Advance into bioplastic manufacturing by reviewing JV investments into bioplastic(PBAT) plants(60,000 tons in annual production)</li> </ul>	<ul style="list-style-type: none"> <li>• Reached KRW 490 billion in long-term future mobility component orders</li> <li>• Reached 15,000 tons in sales of eco-friendly functional materials</li> <li>• Signed a long-term supply contract with the world's largest bioplastic(PLA) maker TotalEnergies Corbion to help facilitate the domestic bioplastic market</li> <li>• Worked to increase our bioplastic market share and collaborate to invest in plant JVs with multiple partners</li> </ul>

## Our Commitments - Environment

Area	SDGs target	Mid/long-term Goal	2022 Plan	Main Activities Undertaken in 2021
Response to Climate Change	 	<ul style="list-style-type: none"> <li>[HQ] Continue to respond to climate change through low-carbon, eco-friendly investment in new and old facilities</li> <li>[Mobility Solution]                             <ul style="list-style-type: none"> <li>- Respond to climate change making low carbon, green investments in new &amp; old facilities</li> <li>- Establish a comprehensive management system including logistics and business partners, and reduce carbon emissions (Scope 3)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>[HQ] Establish a carbon neutrality roadmap</li> <li>[Mobility Solution] Reduce 900 tons of carbon emissions by improving heavy energy consumption/ low efficiency facilities                             <ul style="list-style-type: none"> <li>- Adopt variable rotation for air compressors and cooling water pumps</li> <li>- Improve energy efficiency through power stabilizers</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>[HQ] Imbedded environmental management in line with TCFD recommendation and raised employee awareness on climate risk</li> <li>[Mobility Solution]                             <ul style="list-style-type: none"> <li>- Increased steam production by using the waste heat from annealing equipment (daily production increased by 10 tons by replacing old boiler lead pipes)</li> <li>- Switched to high efficiency LED lights in total 115 locations at the plant(Reduced annual power consumption by 92.7MW)</li> </ul> </li> </ul>
	 	<ul style="list-style-type: none"> <li>[Mobility Solution] Introduce automatic operation/ analysis systems for water treatment facilities to ensure the accuracy and credibility of concentration data</li> </ul>	<ul style="list-style-type: none"> <li>[Mobility Solution] Expand the recycling of byproducts from the polishing/rolling processes</li> <li>[Myanmar] Renew ISO 14001(2015)</li> <li>[Indonesia] Conserve the environment through stakeholder engagement</li> </ul>	<ul style="list-style-type: none"> <li>[Mobility Solution]                             <ul style="list-style-type: none"> <li>- Maintained ISO 14001(2015)</li> <li>- Reduced the generation of rolling sludge by improving the sedimentation tank in the rolling process</li> <li>- Reduced pollutants through real-time concentration management of the TMS(Tele-monitoring System) at the smokestack and control facility supplementation</li> </ul> </li> <li>[Indonesia] Earned the PROPER BLUE grade</li> <li>[Uzbekistan] Achieved the GRS(Global Recycled Standard)</li> </ul>

## Our Commitments - Social

Area	SDGs target	Mid/long-term Goal	2022 Plan	Main Activities Undertaken in 2021
Talent Management	 	<ul style="list-style-type: none"> <li>Establish a new performance management system in line with management strategy</li> <li>Operate a compensation system conducive to performance generation</li> <li>Strengthen self-directed career development</li> <li>Nurture global staff and increase the appointment of leaders</li> <li>Support the development of skill-based knowledge workers</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen business-specific customized career development</li> <li>Review the improvement of HR systems into ones led by employees</li> <li>Expand recruitment-aligned internships by 100% and introduce year-round recruitment</li> <li>Localize overseas global staff and strengthen their expert capabilities</li> <li>Supplement the expatriate compensation system(housing rental fees, etc.)</li> <li>Bolster re-skilling/up-skilling training                             <ul style="list-style-type: none"> <li>- In-house entrepreneur nurturing courses</li> <li>- Job expertise school</li> <li>- Create a global staff trading academy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Diversified recruitment methods(expanded recruitment-aligned internships, secured professional personnel for new business, and internal referral)</li> <li>Operated a job rotation program with applicants and supported their career development</li> <li>Expanded assessment goal-setting sessions(increased from annual to biannual)</li> <li>Stabilized the revised expatriate compensation system and quantified standards for remote locations</li> <li>Implemented Design Thinking courses(new business, project organization)</li> <li>Strengthened training for management(forums and 19 sessions of management academy)</li> <li>Bolstered leadership, followership, and working-level job trainings</li> <li>Developed additional 29 content modules for global staff training</li> </ul>

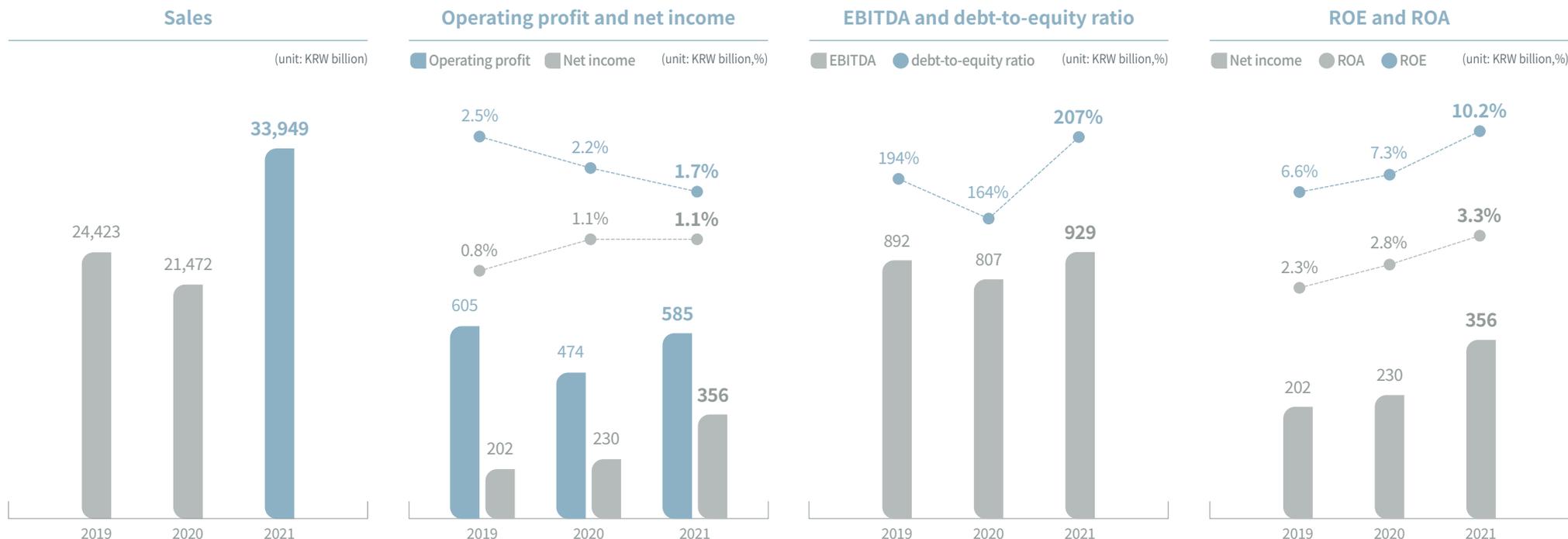
Area	SDGs target	Mid/long-term Goal	2022 Plan	Main Activities Undertaken in 2021
<b>Respect for Human Rights and Diversity</b>	 	<ul style="list-style-type: none"> <li>Reduce human rights risks in the workplace by continuously implementing human rights due diligence and improvement tasks</li> <li>Continue to reach 3.5% in inclusive employment by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Conduct paper-based human rights due diligence at major overseas operations</li> <li>Exceed the mandatory rate of inclusive employment</li> </ul>	<ul style="list-style-type: none"> <li>Revised the human rights checklist aligning with frameworks and initiatives as well as local laws and regulations</li> <li>Reached the target of inclusive employment (3.5%, hired five for office positions)</li> <li>Reorganized maternity protection programs (allowed employees to choose commute times during pregnancy and created a parental leave program)</li> </ul>
<b>Sound Corporate Culture</b>		<ul style="list-style-type: none"> <li>Create a great work place</li> <li>Create a performance-driven culture based on trust, communication, and collaboration</li> <li>Culture of skill learning to prepare for future business                             <ul style="list-style-type: none"> <li>Respond to business conditions and trends, improve expertise</li> </ul> </li> <li>Pursue smart work through digitalization                             <ul style="list-style-type: none"> <li>Leverage AI to improve work efficiency</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Create an autonomous and flexible work environment                             <ul style="list-style-type: none"> <li>Flexitime, smart office, etc.</li> </ul> </li> <li>Facilitate vertical communication                             <ul style="list-style-type: none"> <li>Townhall meetings by management, etc.</li> </ul> </li> <li>Strengthen communication among colleagues and organizations                             <ul style="list-style-type: none"> <li>Virtual communication, co-mentoring, cross-mentoring, event "thank you for collaboration"</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Improved work arrangements including the expansion of hub offices and the operation of Flexitime</li> <li>Strengthened organizational culture assessments and employee care(interviews, etc.)                             <ul style="list-style-type: none"> <li>P-GWP rated excellent among Group affiliates</li> </ul> </li> <li>Bolstered communication with management by hosting townhall meetings and expanding reverse mentoring</li> <li>Created an internal culture of collaboration                             <ul style="list-style-type: none"> <li>MS Teams, talent donation by in-house experts, thank you for collaboration events, etc.</li> </ul> </li> </ul>
<b>Workplace Safety</b>	 	<ul style="list-style-type: none"> <li>Focus on the prevention of fatal injuries</li> <li>Create a zero-injury work environment through self-directed safety activities</li> <li>Reflect feedback from the field to prevent injuries</li> <li>Continue to ensure safe facility operation and improve work methods</li> <li>Prevent risks from occurring at new processes and machinery</li> </ul>	<ul style="list-style-type: none"> <li>Establish a health and safety(H&amp;S) management system by stipulating company-wide regulations and receiving professional consulting</li> <li>Bolster H&amp;S communications                             <ul style="list-style-type: none"> <li>Operate H&amp;S consultation meetings with subcontractors and our investment companies</li> </ul> </li> <li>Reinforce safety management in overseas                             <ul style="list-style-type: none"> <li>Perform and improve workplace safety assessments, set and monitor H&amp;S metrics, and achieve ISO 45001</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Appointed the CSO(Chief Safety &amp; Health Officer) and created a dedicated H&amp;S organization</li> <li>Established a health and safety management system                             <ul style="list-style-type: none"> <li>Set H&amp;S guidelines, regulations and 21 detailed procedures</li> </ul> </li> <li>Established an injury reporting system</li> <li>Implemented H&amp;S checks on all domestic and global operations and tightened safety management for high/potential risk factors</li> <li>Raised employees' safety awareness                             <ul style="list-style-type: none"> <li>Diversified H&amp;S training content, hosted the POSCO Insight Forum)</li> </ul> </li> <li>Achieved ISO 45001 at the HQ and Plate Division (POSCO Mobility Solution)</li> </ul>
<b>Social Contribution</b>	  	<ul style="list-style-type: none"> <li>Create social value to help resolve social issues</li> <li>Pursue win-win partnership with local communities through employees' proactive participation in CSR activities</li> <li>Strengthen the CSR activities at overseas operations and elevate trust and mutual respect by protecting the rights of locals</li> <li>Operate a stakeholder-partnership committee joined to pursue mutual growth with communities in Indonesia</li> </ul>	<ul style="list-style-type: none"> <li>Pursue new eco-friendly CSR activities</li> <li>Operate employee volunteer groups to leverage their talent and hobby</li> <li>Pursue shared growth with local communities through stakeholder engagement</li> <li>Undertake CSR programs in reflection of the needs of countries where we operate                             <ul style="list-style-type: none"> <li>Educational support for teens in Uzbekistan, support for refugees in Ukraine</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Implemented eco-friendly CSR programs                             <ul style="list-style-type: none"> <li>Installed green curtains, sponsored research on endangered silvery gibbons in Indonesia</li> </ul> </li> <li>Operated volunteer corps based on employees' expertise                             <ul style="list-style-type: none"> <li>Pro Bono, POINT</li> </ul> </li> <li>Generated synergy from CSR activities through cooperation among diverse stakeholders                             <ul style="list-style-type: none"> <li>Supporting artists with developmental disabilities and safe return home in crime-prone areas</li> </ul> </li> <li>Expanded community-based social contribution program incl. supporting pandemic prevention in Myanmar, Indonesia, Uzbekistan</li> </ul>

## Our Commitments - Governance

Area	SDGs target	Mid/long-term Goal	2022 Plan	Main Activities Undertaken in 2021
<p><b>Anti-corruption</b></p>		<ul style="list-style-type: none"> <li>Establish a corporate culture of compliance in accordance with global top-tier standards</li> <li>Establish a systemic prevention process to ban unjustified requests and raise the bar on anti-corruption</li> <li>Create a culture of corporate citizenship to pursue trust and creativity through ethical risk management</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate management risks and unethical practices by tightening preventive audits</li> <li>Perform rigorous checks on unethical practices and their management status at overseas organizations</li> <li>Operate wide-ranging channels – anonymous chat rooms and junior counseling centers – to eliminate any ethical blind spots</li> </ul>	<ul style="list-style-type: none"> <li>Tightened overseas ethical risk management by expanding ethics sessions for overseas organizations and offering training</li> <li>Prevented ethical risks by communicating diverse whistleblowing mechanisms and facilitating counseling</li> </ul>
<p><b>Fair Trade</b></p>	 	<ul style="list-style-type: none"> <li>Establish a corporate culture of compliance through pre-audits on private contracts and reviews on subcontract transactions to improve the quality of CP operations</li> <li>Advance compliance/ethical management as a Globally Integrated Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Implement fair trade risk prevention activities                             <ul style="list-style-type: none"> <li>Company-wide subcontract management status reviews, pre-work consultations, pre-audits on private contracts, and preliminary agent appointment reviews</li> </ul> </li> <li>Disseminate a compliance culture through diverse fair trade activities                             <ul style="list-style-type: none"> <li>Verify prompt disclosures of large businesses and disclosures on large-scale related transactions by the Fair Trade Commission</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Rated AA in CP assessments supervised by the Fair Trade Commission</li> <li>Operated a preliminary agent review program (reviewed 51 cases in total)</li> <li>Performed pre-audits on private contracts (reviewed 119 cases in total)</li> <li>Reviewed subcontract transactions to prevent the risk of regulatory non-compliance</li> </ul>
<p><b>Risk Management</b></p>	 	<ul style="list-style-type: none"> <li>Advance the integrated financial/non-financial risk management system</li> <li>Build ESG risk management governance from the long-term perspective by advancing the operation of the ESG Council</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen risk management capabilities concerning finance and import/export</li> <li>Expand the scope of ESG risk management and tighten management performance for supply chains, investment business, etc.</li> <li>Include corporate citizenship activities in the formal assessment categories in evaluating the performance of overseas investment corporations</li> </ul>	<ul style="list-style-type: none"> <li>Achieved zero in non-compliance concerning strategic item and approved exporter inspections</li> <li>Included the Corporate Citizenship Bureau in operating the Pre-Investment Consultation Group and made ESG risk assessments</li> <li>Created and operated the ESG Council</li> <li>Created an ESG checklist and offered extra points for corporate citizenship activities at overseas corporations</li> </ul>
<p><b>Stakeholder Communication</b></p>	 	<ul style="list-style-type: none"> <li>Proactively respond and make disclosures by identifying and analyzing stakeholder interest</li> <li>Create a culture of communication based on trust between labor and management and among employees</li> <li>Operate regular communication channels to manage impact on local communities</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the collection of feedback from domestic/overseas employees by hosting the Global Conference among others</li> <li>Implement measures to expand cross-functional collaboration and communication</li> <li>Continue to reach out to shareholders and investors concerning key businesses and host joint IR events with Group affiliates</li> </ul>	<ul style="list-style-type: none"> <li>Hosted Labor Management Council meetings, remote meetings presided by the CEO, and townhall meetings at the business group level</li> <li>Achieved 100% in handling whistleblower reports</li> <li>Hosted virtual conferences for shareholders and investors and disclosed newsletters and ESG reports on the website</li> <li>Held public consultations at Myanmar and Indonesian operations to communicate with locals and central/local governments</li> </ul>

## Financial Performance

In 2021, our operating profit rose by KRW 110.9 billion year-on-year to KRW 585.4 billion on a consolidated basis in line with increases in steel trading and the performance improvement of investment corporations, which is attributable to the recovery of major down-stream industries and the resulting booming market. Our cash flow from operations fell by KRW 1.6283 trillion from the previous year due to increased working capital allocations. Our debt-to-equity ratio rose by 43.2%p year-on-year due to increases in account payables and borrowings. Meanwhile, growth in net income results in year-on-year increases in such profitability indicators as ROE and ROA.



### Distribution of Economic Value

(as of Dec. 31, 2021, on a consolidated basis, unit: KRW million)

Stakeholder	Category	2019	2020	2021
Shareholder & investor	Total cash dividends	86,362	86,362	98,700
	Interest	141,243	98,488	82,451
Government	Income tax expenses	134,461	103,676	138,175
Local community	Donations	1,098	1,836	32,503
Supplier	Cost of goods sold	22,157,555	19,154,607	30,968,559
Employee	Employee wages*	243,125	270,747	325,511

\* Employee wages data for 2019 and 2020 were restated based on the 'Employee Benefit' criteria in the consolidated financial statements to in order to improve accuracy

## Figures - Core Business

Implementation Area	Metric	Unit	2019	2020	2021
<b>Steel</b>	Steel sales	10,000 ton	1,143	762	1,310
	POSCO product sales	10,000 ton	437	549	887
	Sales aligned with eco-friendly business <sup>1)</sup>	10,000 ton			74
	Combination deal sales(Steel Business 1 only) <sup>2)</sup>	10,000 ton			23
	Raw steel sales(Steel Business 2 only) <sup>2)</sup>	10,000 ton			2,592
<b>Rechargeable Battery</b>	Cathode raw material sales <sup>2)</sup>	Ton			7,422
	Anode raw material sales <sup>2)</sup>	Ton			11,400
<b>Energy</b>	Owned reserves	bcf	1,127	1,026	938
	Shwe Project sales <sup>2)</sup>	bcf			99
<b>Agro</b>	Agro imports into Korea	10,000 ton	111	100	112
	CPO(Crude Palm Oil) production	10,000 ton	10	12.3	16.3
<b>Eco-friendly Future Business</b>	Eco-friendly parts orders awarded <sup>3)</sup>	KRW 100 million	2,950	2,200	4,893
	Eco-friendly material sales <sup>4)</sup>	10,000 ton		1.7	1.5
<b>Mobility Solution</b>	Traction motor core sales	10,000 units	40	64	100
	Precision material sales <sup>2)</sup>	10,000 ton			2

1) Sales generated in relation to eco-friendly businesses including wind power/photovoltaic materials, hydrogen/carbon capture, eco-friendly vessels, cold-rolled steel for EV batteries Selected as new key figures in line with reorganizing our business structure with a focus on seven key industries and data has been collected since 2021

2) Selected as new key figures in line with reorganizing our business structure with a focus on seven key industries and collected since 2021

3) Value of contracts awarded for EV and hydrogen vehicle components

4) Sales of bioplastics, recycled raw materials and chemical materials. Collected since 2020

## Figures - Environment TIMM

Implementation Area	Metric	Unit	2019	2020	2021
<b>Action of the Climate Crisis</b>	Energy consumption <sup>1)</sup>	TJ	1,243	1,236	1,283
	↳ Direct energy(Fuel)	TJ	236	240	297
	↳ Indirect energy(Electricity, Steam)	TJ	1,013	996	987
	Energy consumption intensity <sup>2)</sup>	TJ/KRW billion	0.05	0.06	0.04
	Total GHG emissions(Scope 1+2) <sup>1)</sup>	tCO <sub>2</sub> e	62,604	60,446	62,342
	↳ GHG emissions(Scope 1)	tCO <sub>2</sub> e	13,631	12,835	15,616
	↳ GHG emissions(Scope 2)	tCO <sub>2</sub> e	48,979	47,611	46,726
	GHG emissions intensity <sup>2)</sup>	tCO <sub>2</sub> e/KRW billion	2.75	2.82	1.84

\* Based on the POSCO INTERNATIONAL Headquarters(domestic operations) and POSCO Mobility Solution(report on operations accounting for 75% or more of consolidated sales)

1) Discrepancies between type-specific energy consumption and their total sums and between Scope 1 and 2 GHG emissions and their total sums may occur due to rounding down at respective worksites, and data from the HQ in 2021 were calculated by taking account the ratio of leased office areas

2) Calculated by dividing total energy consumption and total GHG emissions by consolidated sales(divided by non-consolidated sales for the year 2019 before the split-off of POSCO Mobility Solution)

Implementation Area	Metric	Unit	2019	2020	2021
<b>Environmental Impact Mitigation</b>	Environmental investment expenditures	KRW	544,688,449	175,324,639	416,138,723
	Water consumption(tap water)	Ton	520,269	503,263	546,657
	Sewage/effluent discharge	Ton	406,429	414,961	427,592
	General waste generated	Ton	1,966	2,227	3,392
	└ General waste recycled <sup>1)</sup>	Ton			2,741
	└ General waste incinerated <sup>1)</sup>	Ton			405
	└ General waste landfilled <sup>1)</sup>	Ton			246
	Designated waste generated	Ton	573	757	517
	└ Designated waste recycled <sup>1)</sup>	Ton			456
	└ Designated waste incinerated <sup>1)</sup>	Ton			61
	└ Designated waste landfilled <sup>1)</sup>	Ton			-
	Amount of waste recycled	Ton	1,430	2,446	3,197
	Ratio of waste recycled	%	56.3	82	81.8
	SOx emissions	Ton	0.05	0.08	0.05
	NOx emissions	Ton	24.6	25	32.1
	Dust emissions	Ton	1.7	1.8	0.6
	Stainless steel recycling	Ton	10,141	7,829	10,693
	└ Returned to manufacturer(POSCO)	Ton	5,078	3,283	4,895
	└ Provided to recycling companies	Ton	5,063	4,546	5,798
	Consumption of SPM recycled paper	%	85.8	55	11
Ratio of domestic operations maintaining ISO 14001 environmental management system certification	%	50	50	50	

\* Based on the POSCO International Headquarters(domestic operations) and POSCO Mobility Solution(report on operations accounting for 75% or more of consolidated sales)

1) Compiled since 2021 as a new metric

Figures - Social **TIMM**

Implementation Area		Metric	Unit	2019	2020	2021		
Talent Management	Talent pipeline strategy	New hires(domestic) <sup>1)</sup>	persons	170	192	240		
		Total employees in Korea	persons	1,973	1,271	1,264		
		└ Permanent employees (indefinite employment)	Professional <sup>2)</sup>	Male	persons			881
				Female	persons			159
			Expert <sup>2)</sup>	Male	persons			4
				Female	persons			184
		└ Contract employees (fixed-term employment)	Male	persons	38	15	17	
			Female	persons	6	13	19	
		Overseas employees	persons	8,287	8,329	8,816		
		Turnover(domestic) <sup>3)</sup>	%	2.8	2.5	4.8		
	Voluntary turnover(domestic) <sup>3)</sup>	%		1.3	3.1			
	Talent development	Training hours per person(domestic) <sup>4)</sup>	hours	62.7	69.4	42.7		
		Training expenses per person(domestic) <sup>5)</sup>	KRW million	1.9	1.4	1.4		
Training programs(domestic)		programs	1,309	1,134	2,071			
└ Offline training courses		courses	84	103	108			
└ e-learning courses		courses	892	1,031	1,963			
Total training hours for global staff		hours	5,702	1,328	1,427			
Global staff who participated in offline training		persons	133	290	313			
	e-learning content developed for global staff(cumulative)	modules	16	26	55			

\*Based on the POSCO International Headquarters and overseas operations and corporations(report on operations accounting for 75% and more of consolidated sales)

1) Including POSCO Mobility Solution

2) Employees in professional positions are nurtured into management by performing a range of work including sales, marketing and business management while employees in expert positions are primarily assigned to supporting work including trade operation support (negotiations), and sales/administrative support to develop into skilled players in their own field. Employees, however, may cross over these two job categories depending on their competency and career goal, Compiled since 2021 as a new metric

3) Turnover ratio is calculated including both permanent and contract(fixed-term) employees

4) Total training hours declined in 2021 due to change in the methods and scope of training hour calculation

5) Total training expenses decline in 2020 and 2021 due to decreases in offline training and increases in virtual online training

Implementation Area	Metric	Unit	2019	2020	2021		
<b>Respect for Human Rights</b>	<b>Human Rights Management System</b>	Overseas operations that conducted paper-based human rights due diligence <sup>1)</sup>	sites	3	0	0	
	<b>Respect for employee Diversity</b>	Ratio of female employees(domestic)	%	17.9	27.2	28.4	
		Number of female executives(ratio) <sup>2)</sup>	persons(%)		2(5.4)	1(3.2)	
		Female managers(in manager and above positions)(domestic) <sup>3)</sup>	persons(%)	66(6.8)	91(8.8)	107(10.1)	
		Number of socially minor employees(with disabilities and of foreign national)(ratio) <sup>3)</sup>	persons(%)		62(4.8)	46(3.6)	
		Ratio of employees with disabilities(domestic)	%	1.8	3.2	3.5	
		Participation in anti-sexual harassment training <sup>4)</sup>	%	100	100	100	
		Employees who took parental leave	Male	persons	7	13	8
			Female	persons	17	26	28
		Employees who will return from parental leave	Male	persons	4	5	10
				persons	15	14	22
		Employees who returned from parental leave(ratio)	Male	persons(%)	2(50)	4(80)	7(70)
			Female	persons(%)	12(80)	14(100)	19(86)
		Employees who returned from parental leave and worked one year or longer(ratio)	Male	persons(%)	2(100)	6(100)	4(100)
			Female	persons(%)	12(100)	12(100)	14(100)
<b>Sound corporate culture</b>		Employee satisfaction survey results(P-GWP)		score	84	83	88
		Retirement pension funds under management	DB type	KRW 100 million	1,330	1,403	1,456
			DC type	KRW 100 million	1	1	50
		Subscribers to retirement pension plans	DB type	persons	1,411	1,453	1,465
	DC type		persons	14	21	42	

\*Based on the POSCO International Headquarters and overseas operations and corporations(report on operations accounting for 75% and more of consolidated sales

1) Paper-based human rights due diligence was not conducted in 2020 and 2021 due to COVID-19, and has been resumed in the first half of 2022.

2) Compiled since 2020 as a new metric

3) Including POSCO Mobility Solution

4) Denominator of the ratio is the sum of total employees in Korea and registered executives

Implementation Area	Metric	Unit	2019	2020	2021
<b>Respect for Human Rights</b>	<b>Workplace safety<sup>1)</sup></b>				
	Injuries(accidents)	cases	5	2	64
	└ Employees	cases			62
	└ Partners/contractors <sup>2)</sup>	cases			2
	Lost Time Incident Rate(LTIR)	No. of incidents per every 1,000,000 hours worked	-		2.76
	└ Employees	-			3.02
	└ Partners/contractors <sup>2)</sup>	-			0.75
	Work-related fatalities	persons			0
	└ Employees	persons			0
	└ Partners/contractors <sup>2)</sup>	persons			0
	Value of COVID-19 prevention supplies distributed	KRW			596,180,580
	Emergency response exercises conducted	cases			181
	Hours of emergency response exercises conducted	hours			4,524
Near Miss Frequency Rate(NMFR)	No. of incidents per every 1,000,000 hours worked	-	44.1	22.1	1.5
<b>CSR</b>	CSR expenditures	KRW 100 million	10.7	13	7.7
	Volunteer hours <sup>3)</sup>	hours	16,888	24,070	3,586
	No. of volunteers <sup>3)</sup>	persons	1,312	1,346	399

\* Based on the POSCO International Headquarters and overseas operations and corporations(report on operations accounting for 75% and more of consolidated sales)

1) No. of injuries and LTIR are newly compiled as our health and safety management indicators in 2021, while LTIFR and severity rate have been disclosed in 2019-2020(Including POSCO Mobility Solution, permanent employees, contract employees and business partners combined since 2021)

2) Tier 1 partners/contractors working at our operations

3) Including POSCO Mobility Solution

## Figures - Governance

Implementation Area	Metric	Unit	2019	2020	2021
<b>Governance</b>	Ratio of outside directors <sup>1)</sup>	%	57.1	57.1	57.1
	Female directors <sup>1)</sup>	persons	0	1	1
	Net income <sup>2)</sup>	KRW million	209,404	238,557	360,789
	Earnings per share	KRW	1,697	1,934	2,924
	Total cash dividends	KRW million	86,362	86,362	98,700
	Cash dividend payout ratio	%	41.2	36.2	27.4
	Dividend per share	KRW	700	700	800
<b>Anti-corruption</b>	Whistleblower reports submitted and handled	cases(%)	20(100)	54(100)	48(100)
	Employees who completed ethical management training <sup>3)</sup>	persons	4,291	8,788	13,853
	Attendance in ethical management training <sup>4)</sup>	%		100	100
	Total reports submitted through the reporting systems (website, phone, e-mail) (all reports on business/ethics)	cases	60	52	37
	└ Reports submitted by employees <sup>4)</sup>	cases		32	22
	└ Reports submitted anonymously <sup>4)</sup>	cases		0	1
	└ Reports involved counseling on ethical dilemmas <sup>4)</sup>	cases		35	34
└ Reports handled with disciplinary and other actions <sup>4)</sup>	cases		1	1	
<b>Fair trade</b>	Fair trade training conducted(offline)	sessions	50	7	8
	Hours of fair trade training conducted(online)	hours	64	17,680	252
	Fair Trade Compliance Council meetings held	meetings	5	4	2
	Preliminary review of agent appointment <sup>5)</sup>	cases			51
	Pre-audits on private contract <sup>4)</sup>	cases		110	119
	Pre-work consultations <sup>4)</sup>	cases		24	17
<b>Information Security</b>	Privacy violations	cases	0	0	0
	Completion of information security training <sup>4)</sup>	Permanent	%	100	100
		Contract	%		100

1) As of March of the consequential year

2) Net income attributable to the owners of controlling interests

3) Including POSCO International overseas operations

4) Compiled since 2020 as a new metric

5) Compiled since 2021 as a new metric

# GRI Standards Index

GRI Standards	Disclosure		Page/URL
<b>GRI 101: Foundation</b>			
<b>General Disclosures</b>			
GRI 102: Organizational Profile(2016)	102-1	Name of organization	84
	102-2	Activities, brands, products and services	29-36
	102-3	Location of headquarters	2
	102-4	Location of operations	23-25
	102-5	Ownership and legal form	65
	102-6	Markets served	23-25, 29-36
	102-7	Scale of the organization	23-25
	102-8	Information on employees and other workers	109
	102-9	Supply chain	89, 115
	102-10	Significant changes to the organization and its supply chain	No significant changes
	102-11	Precautionary Principle or approach	69, 99-100
	102-12	External initiatives	94, 116-124
	102-13	Membership of associations	94
GRI 102: Strategy(2016)	102-14	Statement from senior decision-maker	4
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GRI 102: Ethics and Integrity(2016)	102-16	Values, principles, standards, and norms of behavior	69, 89, 99-100
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GRI 102: Governance(2016)	102-18	Governance structure	63-64, 67
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	102-23	Chair of the highest governance body	63
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GRI 102: Stakeholder Engagement(2016)	102-40	List of stakeholder groups	76
	102-41	Collective bargaining agreements	50
	102-42	Identifying and selecting stakeholders	76
	102-43	Approach to stakeholder engagement	76
	102-44	Key topics and concerns raised	76, 98
GRI 102: Reporting Practice(2016)	102-45	Entities included in the consolidated financial statements	Please refer to page 53 of the 2021 POSCO International Business Report
	102-46	Defining report content and topic Boundaries	2
	102-47	List of material topics	98
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GRI Standards	Disclosure	Page/URL
GRI 102: Reporting Practice(2016)	102-51	Date of most recent report
	102-52	Reporting cycle
	102-53	Contact point for questions regarding the report
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	102-55	GRI content index
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GRI 103: Management Approach(2016)	103-1	Explanation of the material topic and its Boundary
	103-2	The management approach and its components
	103-3	Evaluation of the management approach
<b>GRI 200 Economic Standards</b>		
GRI 201: Economic Performance(2016)	201-1	Direct economic value generated and distributed
	201-2	Financial implications and other risks and opportunities due to climate change
	201-3	Defined benefit plan obligations and other retirement plans
	201-4	Financial assistance received from government
GRI 203: : Indirect Economic Impacts(2016)	203-1	Infrastructure investments and services supported
GRI 205: Anti-corruption(2016)	205-1	Operations assessed for risks related to corruption
	205-2	Communication and training about anti-corruption policies and procedures
GRI 206: Anti-competitive Behavior(2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practice
<b>GRI 300 Environmental Standards</b>		
GRI 301: Materials(2016)	301-2	Recycled input materials used
GRI 302: Energy(2016)	302-1	Energy consumption within the organization
	302-3	Energy intensity
	302-4	Reduction of energy consumption
	303-2	Management of water discharge-related impacts
GRI 303: Water and Effluents(2018)	303-3	Water withdrawal
	303-4	Water discharge
	GRI 304: Biodiversity(2016)	304-1
304-3		Habitats protected or restored
GRI 305: Emission(2016)	305-1	Direct (Scope 1) GHG emissions
	305-2	Energy indirect (Scope 2) GHG emissions
	305-4	GHG emissions intensity
	305-5	Reduction of GHG emissions
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
GRI 306: Waste(2020)	306-3	Waste generated
	306-4	Waste diverted from disposal
GRI 307: Environmental Compliance(2016)	307-1	Non-compliance with environmental laws and regulations
GRI 308: Supplier Environmental Assessment(2016)	308-2	Negative environmental impacts in the supply chain and actions taken
<b>GRI 400 Social Standards</b>		
GRI 401: Employment(2016)	401-1	New employee hires and employee turnover
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
	401-3	Parental leave

GRI Standards	Disclosure	Page/URL	
GRI 403: Occupational Health and Safety(2018)	403-1	Occupational health and safety management system	55-56
	403-2	Hazard identification, risk assessment, and incident investigation	55-58, 86
	403-3	Occupational health services	86
	403-4	Worker participation, consultation, and communication on occupational health and safety	55-57, 85
	403-5	Worker training on occupational health and safety	57-58
	403-6	Promotion of worker health	85-86
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58, 85-86
	403-9	Work-related injuries	56, 111
	GRI 404: Training and Education(2016)	404-1	Average hours of training per year per employee
404-2		Programs for upgrading employee skills and transition assistance programs	48-49, 87-88
GRI 405: Diversity and Equal Opportunity(2016)	405-1	Diversity of governance bodies and employees	63, 112
	405-2	Ratio of basic salary and remuneration of women to men	46
GRI 406: Non-discrimination(2016)	406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination
GRI 407: Freedom of Association and Collective Bargaining(2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No such operations or suppliers
GRI 408: Child Labor(2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	No such operations or suppliers
GRI 409: Forced or Compulsory Labor(2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No such operations or suppliers
GRI 411: Rights of Indigenous Peoples(2016)	411-1	Incidents of violations involving rights of indigenous peoples	No such violations
GRI 412 : Human Rights Assessment(2016)	412-1	Operations that have been subject to human rights reviews or impact assessments	51-52
	412-2	Employee training on human rights policies or procedures	50, 110
GRI 413: Local Communities(2016)	413-1	Operations with local community engagement, impact assessments, and development programs	51-52, 59-61, 72-73, 81-83
GRI 414: Supplier Social Assessment(2016)	414-1	New suppliers that were screened using social criteria	89
GRI 416: Customer Health and Safety(2016)	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant regulatory actions taken
GRI 418: Customer Privacy(2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No substantiated complaints
GRI 419: Socioeconomic Compliance(2016)	419-1	Non-compliance with laws and regulations in the social and economic area	No relevant regulatory actions taken

## Other Data

### Employee Data

As of March 2022, POSCO International hired a total of 10,080 employees, including 1,264 at the HQ in Korea and 8,816 at overseas operations. This excludes employees working at POSCO Mobility Solution that was split off in April 2020.

### Government Grants

Government grants are recognized only when POSCO International complies with the attached conditions and is reasonably assured of receiving the grants. When such grants relate to profit, they are recognized as profit in accordance with systemic criteria over the periods that correspond to the relevant costs to be compensated through grants. When such grants are related to assets, they are recognized as deferred profit and recognized as profit at identical value each year over the durable years of the concerned assets. In 2021, the remaining balance of government grants

out of POSCO International’s tangible assets(on a consolidated basis) amounted to KRW 88 million. For further details, please refer to ‘10. Tangible Assets’ on page 115 of the 2021 POSCO International Business Report.

### Supply Chain

Trading business is to identify the needs of the buyer and choose the appropriate supplier to deliver products that cater to such needs. POSCO International’s supply chain covers companies who manufacture and/or produce products that meet buyer’s needs. In addition, our supply chain also includes shipment and transportation service companies as they are the ones who deliver products to our customers. With the merger of POSCO P&S in 2017, suppliers of scraps, nickel, chrome, and steel sheets used for manufacturing have become part of our supply chain. For the year of 2021, the cost of goods purchased from our supply chain amounted to KRW 30.968559 trillion.

# SASB Index

As we engage in wide-ranging business such as trading sales in addition to trade, resource development, production & processing, and infrastructure development & operation, we aim to report against multiple industry standards that correspond to our major businesses so that we increase the breath of information that we share with stakeholders. While our SASB Index is based on the Iron & Steel Producers Standards in the Extractives & Minerals Processing(EM-IS) sector in accordance with the Sustainable Industry Classification System(SICS), we also voluntarily report on the Oil & Gas – Exploration & Production Standards in the EM-IS sector as well as the Industrial Machinery & Goods Standards in the Resource Transformation sector. As to the Oil & Gas – Exploration & Production Standards, we have set the scope of reporting as the Shwe Project of which development has been completed and which is currently under operation.

## Accounting Metrics (Iron & Steel Producers / Industrial Machinery & Goods Standards)

The scope of reporting for the year 2021 in accordance with the Iron & Steel Producers and Industrial Machinery & Goods Standards spans our domestic operations at the Headquarters and our wholly owned subsidiary POSCO Mobility Solution. Going forward, we will extend this scope to include domestic and international subsidiaries to report on a consolidated basis.

### Greenhouse Gas Emissions

Code	Metric	Reference
<b>EM-IS-110a.1</b>	(1) Gross global Scope 1 emissions (2) Percentage covered under emissions-limiting regulations <sup>1)</sup>	(1) p.43,107 (2) 97%
<b>EM-IS-110a.2</b>	discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	p.43, p.121-122

1) The percentage of our GHG emissions that is covered under emissions-limiting regulations amounts to 97% which corresponds to the emissions generated by POSCO Mobility Solution

### Energy Management

Code	Metric	Reference
<b>EM-IS-120a.1 / EM-EP-120a.1</b>	Air emissions of the following pollutants: (1) CO (2) NOx (N2O excluded) (3) SOx (4) Particulate Matter(PM10)	p.108

### Air Emissions

Code	Metric	Reference
<b>EM-IS-130a.1/ RT-IG-130a.1</b>	(1) Total Energy consumed (2) Percentage grid electricity	(1) p.107 (2) 69.5%
<b>EM-IS-130a.2</b>	(1) Total fuel consumed (2) Percentage coal (3) Percentage natural gas (4) Percentage renewable	(1) p.107 (2) 0% (3) 97% (4) Percentage renewable

### Water Management

Code	Metric	Reference
<b>EM-IS-140a.1</b>	(1) Total fresh water withdrawn (2) Percentage recycled (3) Percentage in regions with High or Extremely High Baseline Water Stress	(1) p.108 (2) 0% (3) Not applicable

### Waste Management

Code	Metric	Reference
<b>EM-IS-150a.1</b>	(1) Total waste generated (2) Percentage hazardous (3) Percentage recycled	p.108

**Workforce Health & Safety**

Code	Metric	Reference
<b>EM-IS-320a.1/ RT-IG-320a.1</b>	(1) Total recordable incident rate(TRIR) for (2) Fatality rate for (3) Near miss frequency rate(NMFR) for (a) full-time employees and (b) contract employees	We monitor our LTIR data. Refer to (1) p.56,111 (2) p.111 (3) p.111

**Supply Chain Management**

Code	Metric	Reference
<b>EM-IS-430a.1</b>	Discussion of the process for managing iron ore and/ or coking coal sourcing risks arising from environmental and social issues	p.89
<b>RT-IG-440a.1</b>	Description of the management of risks associated with the use of critical materials	p.89

**Activity Metrics**

POSCO International does not own any mine or directly produces steel, but engages in processing and sales as a Globally Integrated Corporation. This indicates that activity metrics of the EM-IS and RT-IG Standards do not apply to the Company. For the scope and size of our business operations, please refer to ‘Key Figures’ on pages 37 and 107 of this report.

Code	Metric	Reference
<b>EM-IS-000.A</b>	Raw steel production, percentage from: (1) Basic oxygen furnace processes (2) Electric arc furnace processes	
<b>EM-IS-000.B</b>	Total iron ore production	Not applicable
<b>EM-IS-000.C</b>	Total coking coal production	
<b>RT-IG-000.A</b>	Number of units produced by product category	
<b>RT-IG-000.B</b>	Number of employees	p.109
<b>EM-EP-000.A</b>	Production of natural gas	p.37, 107

## Accounting Metric (Oil & Gas-Exploration & Production Industry)

We report on the Shwe Project operated by our Energy Business Group at the Headquarters in accordance with the Oil & Gas Standards. The reporting period for such data spans from January 1 to December 31 of 2021.

### Greenhouse Gas Emissions

Code	Metric	Reference
<b>EM-EP-110a.1</b>	(1) Gross global Scope1 emissions	(1) 188,760.75 tCO <sub>2</sub> e
	(2) Percentage methane	(2) 1.39%
	(3) Percentage covered under emissions-limiting regulations	(3) Not applicable
<b>EM-EP-110a.2</b>	Amount of gross global Scope 1 emissions from:	
	(1) Flared hydrocarbons	(1) 227.93 tCO <sub>2</sub> e
	(2) Other combustion	(2) 122,808.27 tCO <sub>2</sub> e
	(3) Process emissions	(3) Not applicable
	(4) Other vented emissions	(4) 168.98 tCO <sub>2</sub> e
	(5) Fugitive emissions	(5) 64,113.64 tCO <sub>2</sub> e
<b>EM-EP-110a.3</b>	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	p.43, 121-122

### Air Quality

Code	Metric	Reference
<b>EM-EP-120a.1</b>	Air emissions of the following pollutants:	
	(1) NOx	(1) 268.34 ton
	(2) SOx	(2) 0.25 ton
	(3) VOCs	(3) -
	(4) Particulate Matter(PM10)	(4) 5.99 ton

### Water Management

Code	Metric	Reference
<b>EM-EP-140a.1</b>	(1) Total fresh water withdrawn	(1) 33.89(Unit: 1,000m <sup>3</sup> )
	(2) Total fresh water consumed	(2) 34.08(Unit: 1,000m <sup>3</sup> )
	(3) Percentage of each in regions with High or Extremely High Baseline Water Stress	(3) Not applicable
<b>EM-EP-140a.2</b>	Volume of produced water and flowback generated	
	(1) Discharged	(1) 25,821(Unit: 1,000m <sup>3</sup> )
	(2) Injected	(2) Not applicable
	(3) Percentage recycled	(3) Not applicable
	(4) Hydrocarbon content in discharged water	(4) Not reported

### Workforce Health & Safety

Code	Metric	Reference
<b>EM-EP-320a.1</b>	(1) Total recordable incident rate(TRIR)	(1) We monitor our LTIR data, and the LTIR for our Shwe Project is zero.
	(2) Fatality rate	(2) p.111
	(3) Near miss frequency rate(NMFR)	(3) 6.58
	(4) Average hours of health, safety, and emergency response training	(4) We conducted an average of 106 hours of emergency response drills, including permanent employees and contractors working at the Shwe Project.
<b>EM-EP-320a.2</b>	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	p.58

**Biodiversity Impacts**

Code	Metric
<b>EM-EP-160a.1</b>	Description of environmental management policies and practices for active sites

**Reference**

Our Shwe Project remains committed to systemic environmental management, evidenced in its efforts to establish an environmental management system in compliance with the ISO 14001 international environmental management standard. Since achieving ISO 14001(2015) in 2019, the Shwe Project has received independent internal audits and the surveillance audits conducted by third-party professional organizations each year for sustained environmental management.

Environmental impact assessments are also made to develop its Environmental Management Plan(EMP) in consideration of environmental impacts and risks. The EMP elaborates on the measures to mitigate environmental impacts as well as reporting and monitoring requirements to abide by Myanmar’s environmental laws, and ensured the objectivity and credibility of environmental management through third-party audits. Environmental impact monitoring and reports are conducted under the supervision of third-party auditors on a semi-annual basis. The environmental impact monitoring performed in 2021 revealed no significant environmental impact attributable to business operations, and verified that all impacts were appropriately mitigated to sufficiently low levels and managed as such.

In addition, the Shwe Project provides environmental awareness training to all its employees including those from business partners. Any and all hazardous and non-hazardous waste generated from the workplace is treated by waste treatment companies licensed by Myanmar authorities. POSCO International attained its one-on-one(production : disposal) goal in 2021, which means that all waste generated was completely disposed of.

Code	Metric	Reference
<b>EM-EP-160a.2</b>	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI(Environmental Sensitivity Index) rankings 8-10, and volume recovered	Do not report on this metric as the Company does not conduct business in Arctic locations or shoreline locations ranked high in the ESI
<b>EM-EP-160a.3</b>	Percentage of proved and probable reserves in or near sites with protected conservation status or endangered species habitat	Not applicable

**Security, Human Rights & Rights of Indigenous Peoples**

Code	Metric	Reference
<b>EM-EP-210a.1</b>	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Not applicable
<b>EM-EP-210a.2</b>	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Not applicable
<b>EM-EP-210a.3</b>	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	p.72-73

**Community Relations**

Code	Metric	Reference
<b>EM-EP-210b.1</b>	Discussion of process to manage risks and opportunities associated with community rights and interests	p.72-73
<b>EM-EP-210b.2</b>	Number and duration of non-technical delays	Not applicable

**Business Ethics & Transparency**

Code	Metric	Reference
<b>EM-EP-510a.1</b>	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International’s Corruption Perception Index	Not applicable
<b>EM-EP-510a.2</b>	Description of the management system for prevention of corruption and bribery throughout the value chain	p.69-71

**Management of the Legal & Regulatory Environment**

Code	Metric	Reference
EM-EP-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Environmental and Social Impact Assessment (ESIA) Report for Shwe Project <a href="#">🔗</a>

**Critical Incident Risk Management**

Code	Metric	Reference
EM-EP-540a.1	Process Safety Event(PSE) rates for Loss of Primary Containment(LOPC) <sup>1)</sup> of greater consequence(Tier 1) <sup>2)</sup>	Not applicable
EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	p.58

1) LOPC(Loss of Primary Containment): An unplanned or uncontrolled release of materials from primary containment, including non-toxic and non-flammable materials(e.g., steam, hot condensate, nitrogen, compressed CO<sub>2</sub> or compressed air)

2) Tier 1: LTI(Lost Time Injuries) caused by process leak events, fire/explosion damages of USD 100,000 or more, flammable/toxic materials leaked above the Tier-1 threshold

# TCFD Framework

POSCO International is keenly aware that climate change is a pressing global challenge. As such, we disclose the actual and potential financial impacts induced by climate change while complying with climate change response regulations and setting our own reduction targets. We also plan to establish governance and address climate change issues from the long-term perspective. Looking ahead, we will proactively join efforts to respond to climate change, and develop a management system that conforms to the TCFD recommendations and make available relevant information step-by-step.

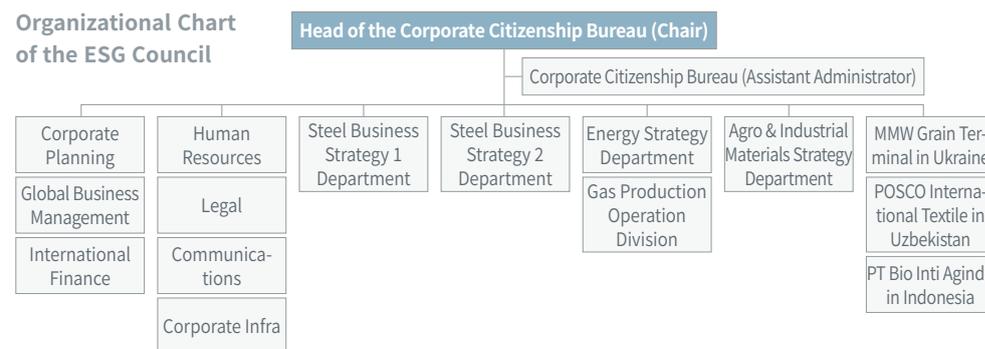
TCFD Recommendations	1	<b>Governance</b>	The organization's governance around climate-related risks and opportunities	2	<b>Strategy</b>	Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning
	3	<b>Risk Management</b>	How the organization identifies, assesses, and manages climate-related risks	4	<b>Metrics and Targets</b>	Metrics and targets used to assess and manage relevant climate-related risks and opportunities

**Governance**

**A** Describe the board's oversight of climate-related risks and opportunities  
**B** Describe management's role in assessing and managing climate-related risks and opportunities

POSCO International created the ESG Council to engage in integrated company-wide discussions to systematically respond to climate-related risks over the mid/long term. The council serves as a deliberative body to address issues in relation to our major ESG activities. Its mandate is to review and analyze our ESG management strategy and major issues, including climate change, to enable our sustainable growth in the long term and to report discussion outcomes on major agenda items, including climate change, to the Management Committee and the BOD.

**Plan** We will strengthen the role of the BOD to manage and oversee overall ESG issues including response to climate change at the BOD.



**Strategy**

**A** Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term  
**B** Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning  
**C** Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

We have identified the risks and opportunities of our core business and future growth businesses being impacted by climate change in developing our strategic risk management system. We have then moved on to predict how identified factors may bring impact from the aspects of sales, expenses, assets & liabilities, and financing.

**Plan** We will quantify financial impacts in line with future climate change scenarios to develop our organizational strategies and financial plans.

**Analysis of Risks and Opportunities for Their Financial Impact**

Area	Risk	Opportunity
<b>Steel</b>	<p><b>Transition risk</b></p> <ul style="list-style-type: none"> <li>Increasing purchase prices in line with rising manufacturing costs for steel makers that stem from tightening carbon regulations on the steel industry</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening sales competitiveness through the reliable procurement of GIGA Steel and other lightweight, high-performance steel from POSCO</li> <li>Growing demand for steel equipment in response to the expanding global wind/PV business,</li> <li>Growing demand for steel material used in green ships and mobility</li> <li>Increasing sourcing and sales of steel scraps</li> <li>Increasing demand for rechargeable battery materials</li> </ul>
<b>Energy</b>	<p><b>Transition risk</b></p> <ul style="list-style-type: none"> <li>Declining demand for natural gas in response to growing demand for renewable energy from the long-term perspective(2050)</li> <li>Increasing cost of carbon emission reduction technology for gas fields operation/production</li> </ul>	<ul style="list-style-type: none"> <li>Expanding natural gas/hydrogen business on the basis of the government's 9th electricity/hydrogen roadmap policy</li> <li>Expanding natural gas business for its relatively smaller environmental impact compared to other fossil fuels</li> <li>Decreasing carbon emissions from hydrogen/CCS business</li> </ul>
<b>Agro</b>	<p><b>Transition risk</b></p> <ul style="list-style-type: none"> <li>Increasing expenses in complying with the NDPE policy for palm oil business, RSPO, ISPO and other applicable regulations</li> <li>Increasing regulatory risk of countries taking protective measures against growing market fluctuations and decreasing production</li> </ul> <p><b>Physical risk</b></p> <ul style="list-style-type: none"> <li>Change in food production in line with abnormal weather events and global warming</li> </ul>	<ul style="list-style-type: none"> <li>Growing demand for traders that have established highly efficient storage and transport processes which contribute to the reduction of land and water consumption for producers</li> <li>Reducing by-product treatment expenses and energy costs through by-product-based biomass energy production</li> <li>Securing carbon emission credits through the introduction of by-product-based biomass energy sources</li> <li>Attracting government incentives based on performance in using by-products and used oil</li> </ul>
<b>Green Mobility</b>	<p><b>Transition risk</b></p> <ul style="list-style-type: none"> <li>Weakening market competitiveness in line with failure to promptly develop technology amid intensifying technology competition</li> <li>Increasing technology business expenses in line with growing demand for new technology in the automobile industry</li> </ul>	<ul style="list-style-type: none"> <li>Increasing development of and investment in green automotive components for their sustainable growth potential, and business opportunities for parts, products, and services that meet the needs of the shift in the mobility industry</li> <li>Increasing demand for green mobility and parts</li> <li>Increasing business opportunities in recycling of end-of-life EV batteries</li> <li>Possibility to secure country-level subsidies for hydrogen/electric vehicles</li> </ul>

Legend: Sales (orange), Expenses (blue), Assets & liabilities (green), Financing (purple)

### Risk Management

- A** Describe the organization’s processes for identifying and assessing climate-related risks
- B** Describe the organization’s processes for managing climate-related risks
- C** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

Respective business groups identify climate-related risks each year and set priorities for risks to discuss countermeasures. In addition, we are building a process to identify and manage climate change risks. Those business plans and strategies that are highly relevant to climate change will be reported to the Management Committee through the ESG Council.

#### Risk and Opportunity Identification Process

<b>STEP 1</b> ↓	<b>Establish a pool of climate-related risks and opportunities</b>	Create a pool of risks and opportunities in consideration of global trends, international Standards ,stakeholder expectations and internal management strategies in relation to climate change
<b>STEP 2</b> ↓	<b>Prioritize risks and opportunities</b>	Prioritize identified risks and opportunities in consideration of the level of stakeholder concerns and business impacts
<b>STEP 3</b> ↓	<b>Define risks and opportunities</b>	Define high-ranking risks and opportunities identified as a result or priority-setting by classifying them into ‘Transition’ and ‘Physical’ risks as suggested by the TCFD
<b>STEP 4</b>	<b>Perform regular reviews</b>	Regularly review and update risks and opportunities through working-level departments responsible for climate change issues and the ESG Council as the decision-making body

**Plan** We will align the climate-related risks and opportunities identified through the above process with our company-wide strategy and reflect them in our short/mid-term business plans, strategies and investment reviews

#### Implementation Plan

<b>Business planning (1 year)</b>	<b>Mid-term strategy (3-5 years)</b>	<b>Investment review (long-term)</b>
Reflect climate-related risks and opportunities in developing business plans at respective business groups	Reflect climate-related risks and opportunities in developing company-wide, Group-level mid-term strategies	Reflect climate-related risks and opportunities in reviewing investment decisions including business feasibility assessments

### Metrics and Targets

- A** Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process
- B** Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks
- C** Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

To manage climate-related risks and opportunities, we are monitoring the GHG emissions and energy consumption of POSCO Mobility Solution as well as the Headquarters. Our total GHG emissions and total energy consumption amounted to 62,342tCO<sub>2</sub>e, and 1,283TJ respectively in 2021.

#### GHG Emissions

Category	Unit	2019	2020	2021
<b>Scope 1</b>		13,631	12,835	15,616
<b>Scope 2</b>	tCO <sub>2</sub> e	48,979	47,611	46,726
<b>Total<sup>1)</sup></b>		62,604	60,446	62,342

#### Energy Consumption

Category	Unit	2019	2020	2021
<b>Direct energy(fuel)</b>		236	240	297
<b>Indirect energy (electricity, steam)</b>	TJ	1,013	996	987
<b>Total<sup>1)</sup></b>		1,243	1,236	1,283

\* Based on the Headquarters(domestic operations) and POSCO Mobility Solution  
 \*\* The 2021 data represent the first certification outcomes from the Ministry of Environment, and may vary from final certification outcomes.  
 1) The sum of emissions and consumption each shows discrepancies due to trimming at the last digits.

**Plan** We will develop a mid/long-term carbon neutrality roadmap to elaborate on our phased-in reduction goals and measures. We will also gradually expand the scope of measuring and managing GHG emissions and energy consumption to overseas operations.

# UN Global Compact CoP

In November 2019, POSCO International joined the UN Global Compact(UNGC), a voluntary initiative launched on the fulfillment of corporate social responsibility. As a member of the UNGC, we fully endorse the UNGC 10 Principles in the four areas of human rights, labor, environment and anti-corruption while outlining our activities and achievements made in complying with these principles throughout our sustainability reports.

Since 2021, we have disclosed our implementation activities and achievements in accordance with the Communication on Progress(CoP) mechanism designed to demonstrate a company’s progress made on attaining the UNGP 10 Principles and the UN Sustainable Development Goals. In 2022, we enrolled in the CoP Early Adopter Programme, a digital platform launched to streamline the CoP process for participant companies and create added value to these annual disclosure requirements, to outline our sustainability activity data. In line with the improved CoP mechanism, we showcase our sustainability and our efforts and contributions to the Ten Principles and the SDGs along with our CEO’s declaration specifying our continued endorsement for the UNGC with an aim to build trust and brand value.

Area	Principle	Reporting Topic	Page
 <b>Human Rights</b>	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2: make sure that they are not complicit in human rights abuses	Respect for human rights	50-52, 81-82, 100
 <b>Labor</b>	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labor; Principle 5: the effective abolition of child labor; and Principle 6: the elimination of discrimination in respect of employment and occupation	Respect for human rights	50-53, 81-82, 100
 <b>Environment</b>	Principle 7: Businesses should support a precautionary approach to environmental challenges Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies	Response to the climate crisis, environmental impact mitigation	41-44, 79-83, 85, 99
 <b>Anti-Corruption</b>	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Anti-corruption	69-71

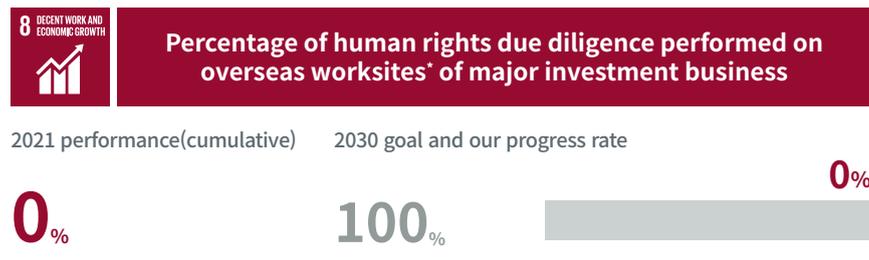
# UN SDGs

The United Nation’s Sustainable Development Goals(UN SDGs) embody the 17 universal goals whose attainment will materialize sustainable development for all. POSCO International fully concurs with the UN SDG’s slogan ‘Leave No One Behind’, and is fulfilling its role as a global corporate citizen in partnership with varying stakeholders. As we conduct business in accordance with our management philosophy ‘Corporate Citizenship: Building a Better Future Together’, not only do we help resolve social issues but also bring positive impact on our business performance. We aim to protect the environment, respect the human rights of our employees and local community members, and to contribute to reaching the UN SDGs through capacity-building of our global staff.

## Our Goals and Achievements in Attaining the UN SDGs 2030



\* Electricity generated by using by-products from the CPO manufacturing process as fuel



\* Not conducted in 2021 amid the COVID-19 pandemic, conducted on two worksites in the first half of 2022 (please refer to pages 51 and 52)

## SDGs Mapping by Stakeholder Group

Stakeholder	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Shareholders · Investors						●	●	●				●	●	●	●		
Customers							●					●	●				
Suppliers						●		●				●	●				
Employees				●	●	●		●		●			●			●	
Local Communities · NGOs	●	●	●	●	●	●	●		●		●	●	●	●	●		●
Governments · International Organizations	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●



- 1 No Poverty
- 2 Zero Hunger
- 3 Good Health and Well-Being
- 4 Quality Education
- 5 Gender Equality
- 6 Clean Water and Sanitation
- 7 Affordable and Clean Energy
- 8 Decent Work and Economic Growth
- 9 Industry, Innovation and Infrastructure
- 10 Reduced Inequalities
- 11 Sustainable Cities and Communities
- 12 Responsible Consumption and Production
- 13 Climate Action
- 14 Life Below Water
- 15 Life on Land
- 16 Peace, Justice and Strong Institutions
- 17 Partnerships for the Goals

# Financial Statement

## Consolidated Statement of Financial Position

FY 2021 : as of Dec. 31, 2021

FY 2020 : as of Dec. 31, 2020

FY 2019 : as of Dec. 31, 2019

(Unit : KRW 1,000)

Category	FY 2021	FY 2020	FY 2019
<b>Assets</b>			
<b>Current assets</b>	<b>7,155,183,542</b>	<b>4,764,575,099</b>	<b>5,032,320,679</b>
Cash and cash equivalents	521,159,587	679,304,336	236,088,955
Trade and other receivables	4,358,489,049	2,894,352,121	3,437,125,452
Other current financial assets	80,977,785	18,708,121	22,892,162
Current derivative assets	61,539,209	113,410,566	42,073,964
Other current assets	228,838,961	129,394,050	182,281,463
Inventories	1,904,178,951	929,405,905	1,111,858,683
<b>Non-current assets</b>	<b>3,615,550,605</b>	<b>3,563,463,637</b>	<b>3,927,094,409</b>
Long-term trade receivables and other non-current receivables	144,645,619	230,798,203	441,664,877
Other non-current financial assets	64,483,565	29,538,903	33,505,850
Investments accounted for using equity method	359,633,958	342,795,420	367,793,878
Property, plant and equipment	1,353,149,166	1,325,419,228	1,380,434,600
Right-of-use assets	91,180,173	91,592,421	75,273,352
Intangible assets	1,189,368,831	1,129,384,946	1,249,794,886
Investment properties	142,991,276	147,593,929	152,168,301
Net defined benefit assets	9,052,353		9,100
Other non-current assets	1,459,342	65,331	183,462
Deferred tax assets	254,864,747	264,796,301	221,083,487
Current tax assets	4,721,575	1,478,955	5,182,616
<b>Total assets</b>	<b>10,770,734,147</b>	<b>8,328,038,736</b>	<b>8,959,415,088</b>
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>5,669,339,170</b>	<b>3,397,363,219</b>	<b>3,561,239,530</b>
Trade and other payables	2,913,929,277	1,774,106,704	2,091,526,195
Short-term borrowings	1,894,385,381	796,037,935	1,024,700,968
Current portion of bonds	408,876,623	417,041,988	130,042,420
Current derivative liabilities	76,303,460	90,254,613	33,202,602
Current provisions	24,342,911	13,082,742	19,704,862
Other current liabilities	261,808,955	213,755,045	253,449,639
Current tax liabilities	89,692,563	93,084,192	8,612,844
<b>Non-current liabilities</b>	<b>1,589,255,049</b>	<b>1,769,801,784</b>	<b>2,350,114,722</b>
Long-term trade payables and other non-current liabilities	105,154,517	176,540,718	223,349,138
Long-term borrowings	246,111,217	379,347,256	734,572,710
Bonds	1,143,577,708	1,107,419,955	1,243,688,371
Other non-current liabilities	1,537,757	703,693	32,555,975
Net defined benefit liabilities	5,410,822	11,254,205	9,342,466
Non-current provisions	64,032,944	72,307,753	84,462,885
Deferred tax liabilities	23,430,084	22,228,204	22,143,177
<b>Total liabilities</b>	<b>7,258,594,219</b>	<b>5,167,165,003</b>	<b>5,911,354,252</b>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>	<b>3,486,401,390</b>	<b>3,158,096,077</b>	<b>3,047,729,156</b>
Issued capital	616,875,745	616,875,745	616,875,745
Capital surplus	558,241,696	558,027,142	557,760,234
Other components of equity	-7,762	-7,762	-7,762
Accumulated other comprehensive income	18,775,100	-25,032,286	15,595,147
Retained earnings	2,292,516,611	2,008,233,238	1,857,505,792
<b>Non-controlling interests</b>	<b>25,738,538</b>	<b>2,777,656</b>	<b>331,680</b>
<b>Total equity</b>	<b>3,512,139,928</b>	<b>3,160,873,733</b>	<b>3,048,060,836</b>
<b>Total liabilities and equity</b>	<b>10,770,734,147</b>	<b>8,328,038,736</b>	<b>8,959,415,088</b>

## Consolidated Statement of Comprehensive Income

FY 2021 : From January 1 to December 31 of 2021

FY 2020 : From January 1 to December 31 of 2020

FY 2019 : From January 1 to December 31 of 2019

(Unit : KRW 1,000)

	FY 2021	FY 2020	FY 2019
Sales	33,948,864,785	21,472,386,358	24,422,574,846
Cost of sales	32,814,145,555	20,547,321,165	23,297,980,546
<b>Gross profit</b>	<b>1,134,719,230</b>	<b>925,065,193</b>	<b>1,124,594,300</b>
Selling and administrative expenses	549,333,423	450,586,904	519,276,554
Operating profit(loss)	585,385,807	474,478,289	605,317,746
Share of profit in associates	69,361,497	58,989,188	84,132,543
Share of loss in associates	9,263,819	40,191,213	29,030,351
Financial income	1,243,727,111	1,176,348,953	797,316,170
Financial costs	1,319,081,694	1,260,551,660	922,521,959
Other non-operating income	86,047,547	17,592,608	48,094,422
Other non-operating expenses	167,476,083	99,496,937	253,330,465
Profit(loss) for the year before tax	488,700,366	327,169,228	329,978,106
Income tax expenses	132,212,404	97,645,019	127,580,055
Profit(loss)	356,487,962	229,524,209	202,398,051
<b>Other comprehensive income</b>	<b>51,965,768</b>	<b>-40,668,808</b>	<b>21,804,823</b>
Other comprehensive income to be reclassified to profit or loss in subsequent periods	51,555,289	-32,189,151	26,776,075
Net loss on valuation of available-for-sale financial assets	13,628,538	-7,798,608	9,370,793
Capital variation of equity method	2,869,208	-1,534,133	-947,176
Negative capital variation of equity method	34,944,955	-22,771,969	18,352,458
Exchange differences on translation of foreign operations	112,588	-84,441	
Other comprehensive income, net of tax, to be not reclassified to profit or loss in subsequent periods	410,479	-8,479,657	-4,971,252
Gain(loss) on disposal of FVOCI financial assets	27,716	-6,041,661	-398,478
Capital variation of equity method	-8,511,682	-3,224,674	2,202,166
Re-measurement gain(loss) on defined benefit liabilities (other comprehensive income, net of tax))	8,913,085	-551,064	-7,267,686
Exchange differences on translation of foreign operations	-18,640	1,337,742	492,746
<b>Total Comprehensive Income</b>	<b>408,453,730</b>	<b>188,855,401</b>	<b>224,202,874</b>
<b>Profit(loss) for the year attributable to</b>			
Owners of the parent	360,789,119	238,556,764	209,403,680
Non-controlling interests	-4,301,157	-9,032,555	-7,005,629
<b>Total comprehensive income(loss) attributable to</b>			
Owners of the parent	412,758,252	196,462,436	230,715,757
Non-controlling interests	-4,304,522	-7,607,035	-6,512,883
<b>Earnings per share</b>			
Basic earnings(loss) per share(unit: KRW)	2,924	1,934	1,697
Basic earnings(loss) per share for income from continuing operation(unit: KRW)	2,924	1,934	1,697
Diluted earnings(loss) per share(unit: KRW)	2,924	1,934	1,697
Diluted earnings(loss) per share for income from continuing operation(unit: KRW)	2,924	1,934	1,697

## Statement of Financial Position

FY 2021 : as of Dec. 31, 2021

FY 2020 : as of Dec. 31, 2020

FY 2019 : as of Dec. 31, 2019

(Unit : KRW 1,000)

	FY 2021	FY 2020	FY 2019
<b>Assets</b>			
<b>Current assets</b>	<b>5,938,546,200</b>	<b>3,925,547,955</b>	<b>4,354,171,096</b>
Cash and cash equivalents	286,335,171	495,509,424	85,092,442
Trade and other receivables	4,605,186,508	2,800,559,212	3,473,836,072
Other current financial assets	32,611,691		310,679
Current derivative assets	61,491,510	113,384,542	42,073,964
Other current assets	146,819,220	97,201,111	153,497,495
Inventories	806,102,100	418,893,666	599,360,444
<b>Non-current assets</b>	<b>3,205,968,394</b>	<b>3,280,402,945</b>	<b>3,366,940,287</b>
Long-term trade receivables and other non-current receivables	155,415,858	262,956,981	489,008,764
Other non-current financial assets	58,063,668	24,663,274	28,725,489
Investments accounted for using equity method	1,109,110,438	1,184,986,310	633,804,332
Property, plant and equipment	266,412,095	272,111,459	629,892,062
Right-of-use assets	31,117,785	40,279,695	20,823,986
Intangible assets	1,119,606,278	1,040,537,093	1,146,773,717
Investment properties	142,991,276	147,593,929	152,168,301
Net defined benefit assets	7,678,232		9,100
Other non-current assets	310,851,189	305,795,249	260,551,920
Deferred tax assets	4,721,575	1,478,955	5,182,616
Total assets	9,144,514,594	7,205,950,900	7,721,111,383
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>4,585,521,958</b>	<b>2,646,442,369</b>	<b>3,024,828,514</b>
Trade and other payables	2,553,885,475	1,545,377,674	1,938,246,378
Short-term borrowings	1,300,579,557	347,566,270	697,346,429
Current portion of bonds	408,876,623	417,041,988	130,042,420
Current derivative liabilities	75,724,743	90,144,661	33,117,042
Current provisions	21,595,709	10,649,615	18,309,305
Other current liabilities	179,741,355	153,992,120	207,766,940
Current tax liabilities	45,118,496	81,670,041	
<b>Non-current liabilities</b>	<b>1,416,241,048</b>	<b>1,537,795,079</b>	<b>1,787,163,682</b>
Long-term trade payables and other non-current liabilities	64,182,834	138,148,709	187,944,158
Long-term borrowings	145,721,117	218,847,713	232,882,813
Bonds	1,143,577,708	1,107,419,955	1,243,688,371
Other non-current liabilities	1,537,757	703,694	32,555,975
Net defined benefit liabilities		2,735,075	4,619,008
Non-current provisions	61,221,632	69,939,933	85,473,357
Total liabilities	6,001,763,006	4,184,237,448	4,811,992,196
<b>Equity</b>			
Issued capital	616,875,745	616,875,745	616,875,745
Other capital surplus	544,002,741	544,002,741	544,002,741
Other components of equity	-6,115	-6,115	-6,115
Accumulated other comprehensive income	-8,380,422	-7,110,068	-1,896,460
Retained earnings	1,990,259,639	1,867,951,149	1,750,143,276
Total liabilities and equity	3,142,751,588	3,021,713,452	2,909,119,187
<b>Accumulated other comprehensive income</b>	<b>9,144,514,594</b>	<b>7,205,950,900</b>	<b>7,721,111,383</b>

## Statement of Comprehensive Income

FY 2021 : From January 1 to December 31 of 2021

FY 2020 : From January 1 to December 31 of 2020

FY 2019 : From January 1 to December 31 of 2019

(Unit : KRW 1,000)

	FY 2021	FY 2020	FY 2019
Sales	30,527,682,713	19,224,845,261	22,743,722,129
Cost of sales	29,748,120,055	18,457,485,547	21,771,949,516
Gross profit	779,562,658	767,359,714	971,772,613
Selling and administrative expenses	413,999,007	342,806,208	403,606,458
Operating profit(loss)	365,563,651	424,553,506	568,166,155
Financial income	1,227,565,013	1,182,984,339	804,991,753
Financial costs	1,231,574,460	1,158,167,974	843,204,969
Other non-operating income	83,230,212	10,661,057	45,026,513
Other non-operating expenses	169,147,026	175,061,834	282,605,878
Profit(loss) for the year before tax	275,637,390	284,969,094	292,373,574
Income tax expenses	74,406,889	80,993,703	100,669,425
Profit(loss)	201,230,501	203,975,391	191,704,149
Other comprehensive income	6,170,059	-5,018,703	-7,706,021
Other comprehensive income, net of tax, to be not reclassified to profit or loss in subsequent periods	6,170,059	-5,018,703	-7,706,021
Gain(loss) on disposal of FVOCI financial assets	-1,227,878	-6,041,660	-529,069
Re-measurement gain(loss) on defined benefit liabilities (other comprehensive income, net of tax)	7,397,937	1,022,957	-7,176,952
<b>Total Comprehensive Income</b>	<b>207,400,560</b>	<b>198,956,688</b>	<b>183,998,128</b>
<b>Earnings per share</b>			
Basic earnings(loss) per share(unit: KRW)	1,631	1,653	1,554
Basic earnings(loss) per share for income from continuing operation(unit: KRW)	1,631	1,653	1,554
Diluted earnings(loss) per share(unit: KRW)	1,631	1,653	1,554
Diluted earnings(loss) per share for income from continuing operation(unit: KRW)	1,631	1,653	1,554

# Total Impact Measurement and Management(TIMM)

As a corporate citizen, POSCO International endeavors to recognize its positive or negative social and environmental impact in addition to attaining its business goals, and to consider such impact in its business conduct and decision-making process. We adopted PwC’s Total Impact Measurement and Management(TIMM) methodology to evaluate the impact generated from our financial and non-financial performance during the year 2021.

## Impact Measurement Framework

‘Impact’ refers to either positive or negative change brought to a company or society as a result of performance(outcomes, corporate or social change concerning activities). Impact assessments are conducted either on business outcomes from the company-wide perspective or outcomes of a single program in the case of such specific areas as CSR. To perform such impact assessments, we used the disclosures published by the Company based on applicable laws and regulations, statistics from governmental/international organizations, and domestic/overseas research findings. Relevant evidence was separately presented in detail to ensure the credibility and objectivity of the assessment process and its results. POSCO International will strive to evaluate its social impact in a more refined manner to consider such impact in its entire business conduct and decision-making process.

	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT
<div style="display: flex; justify-content: space-between;"> <div style="width: 20%;"> <p><span style="color: green;">■</span> Positive Impact</p> <p><span style="color: red;">■</span> Negative Impact</p> </div> <div style="width: 80%;"> <p>Impact generated from the business conduct of POSCO International</p> <p>Impact generated from the business conduct of business partners</p> <p>Impact generated from the daily lives of employees at the Company and business partners</p> </div> </div>			
<b>Economy</b> Current or future impact on GDP	Rising income of employees	Rising income of partner employees	Increasing consumption of employee family members
	Increasing tax income (paid by the Company)		Increasing tax income (paid by employees)
<b>Society</b> Impact on the betterment of life for members of society	Contribution to improving healthcare <sup>1)</sup>		Increasing CSR investments <sup>3)</sup>
	Capacity building of employees		Increasing welfare & benefits <sup>3)</sup>
	Work-life balance		
	Improved quality of life for community members <sup>2)</sup>		
	Employee health and safety		
<b>Environment</b> Impact on the natural environment and the value of human life	GHG emissions reduction in local communities	GHG emissions reduction through green products <sup>7)</sup>	GHG emissions from employee households <sup>8)</sup>
	Air pollutant emissions <sup>4)</sup>		
	GHG emissions <sup>5)</sup>		
	Waste discharge <sup>6)</sup>		

1) W. Kip Viscusi and Clayton J. Masterman, 2017, “Income Elasticities and Global Values of a Statistical Life”, 『J. Benefit Cost Anal.』, 8(2):226-250 / IHME(Institute for Health Metrics and Evaluation), GBD(Global Burden Disease) 2019 / World Bank, DataBank(2020)

2) Myanmar Stoves Campaign VPA 002 Monitoring Report, February 2018

3) Inter-industry Relations Table, Bank of Korea(2019)

4) W. Kip Viscusi and Clayton J. Masterman, 2017, “Income Elasticities and Global Values of a Statistical Life”, 『J. Benefit Cost Anal.』, 8(2):226-250 / PwC methodology document, Valuing corporate environmental impacts(2015) / National Air Emission Inventory and Research Center, Ministry of Environment(2019) / OECD Environmental Performance Reviews: Korea 2017

5) PwC methodology document, Valuing Corporate Environmental Impacts(2015) / ETS Market Information Platform, KRX

6) W. Kip Viscusi and Clayton J. Masterman, 2017, “Income Elasticities and Global Values of a Statistical Life”, 『J. Benefit Cost Anal.』, 8(2):226-250 / PwC methodology document, Valuing Corporate Environmental Impacts(2015)

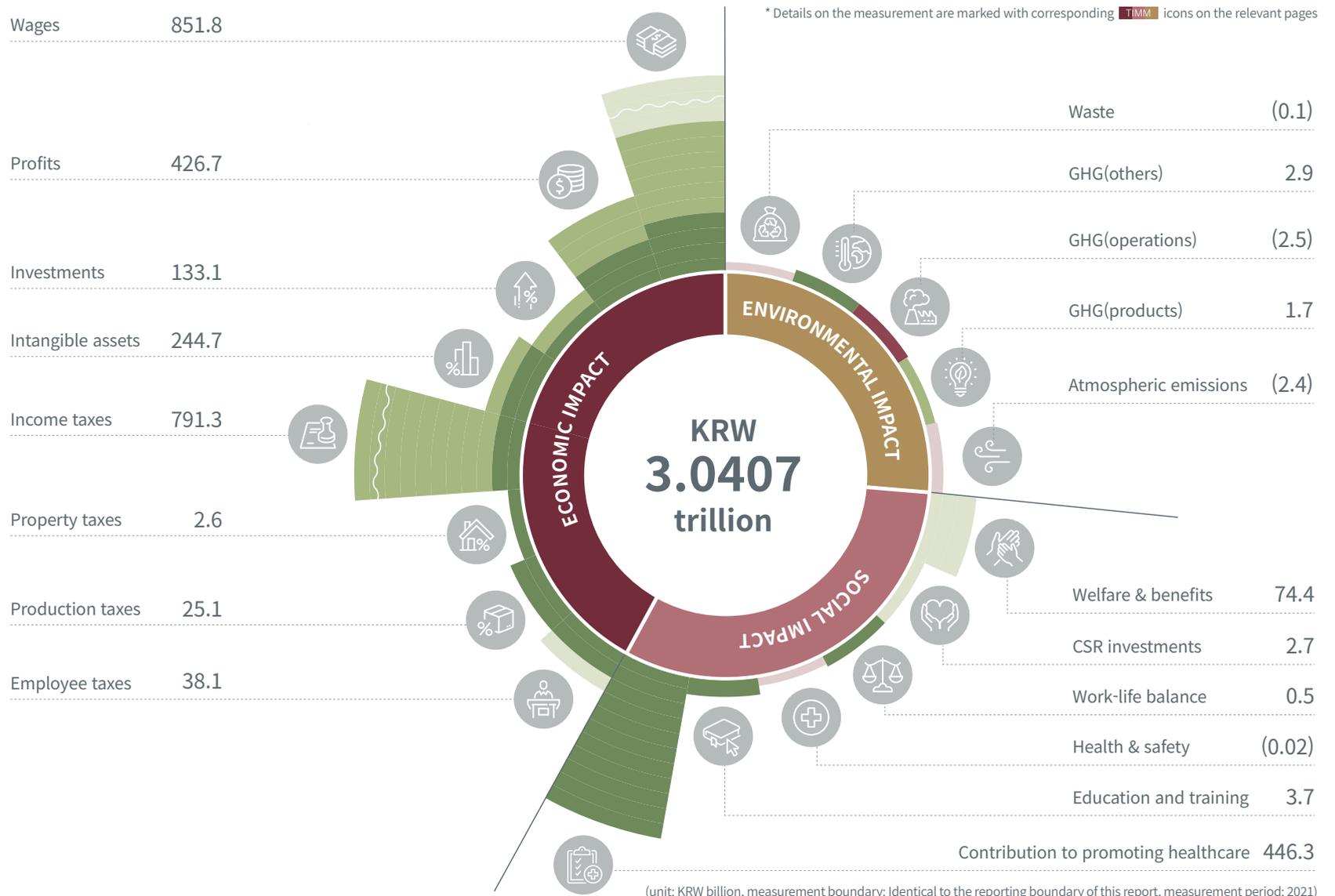
7) CO2 Emissions From cars, Korea Energy Agency / Automobile Registration Status Report, Ministry of Land, Infrastructure, and Transport(2020) / Automobile Mileage Statistics, Korea Transportation Safety Authority(2020)

8) Air Emissions in the Household Sector(GHG, 2015), Korean Statistical Information Service

## Impact Measurement Outcomes

In 2021, we partially resumed our overseas healthcare CSR activities which were completely suspended amid the COVID-19 pandemic in 2020. As the worldwide spread of this global pandemic subsides, we will fully implement in-person healthcare volunteering across even wider locations. The increased sales of traction motor cores, eco-friendly components mounted on EVs, also helped us significantly expand our contribution to reducing GHG emissions. A rise in corporate taxes and other income taxes and wage for our employees and business partner employees resulted in the increased value of economic impact compared to the previous year.

Meanwhile, our health and safety impacts declined as we extended the scope of calculating lost workdays to include overseas operations and contract employees in an effort to bolster our safety management. As a result of the partial revision of calculation formula intended to improve accuracy of impact measurement, the social impact value fell from 2020 in CSR investment, welfare & benefits, and improved quality of life for local communities.



(unit: KRW billion, measurement boundary: Identical to the reporting boundary of this report, measurement period: 2021)