STAY FOCUSED & MOVE AHEAD
About This Report

This is the fifth sustainability report published by POSCO INTERNATIONAL to illustrate its performance in fulfilling economic, social and environmental responsibility. POSCO INTERNATIONAL transparently discloses its sustainability management activities for the year 2020 in an effort to reach out to varying stakeholders.

Reporting Principles
Global Reporting Initiative Standards(Core Option)

Reporting Period
Jan. 1, 2020 ~ Dec. 31, 2020
(2018 ~ H1 of 2021 for a portion of the performance data)

Reporting Boundary
Economy: On a consolidated basis in accordance with the K-IFRS
Society & Environment: POSCO INTERNATIONAL Headquarters including POSCO SPS1 and overseas worksites and corporations (in Myanmar, Indonesia, Uzbekistan, and Ukraine)

Reporting Cycle
Annually (most recent report: 2020)

Assurance
Financial data: Ernst & Young
Non-financial data: DNV

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1) This refers to the STS Division, the TMC Division and the Plate Fabrication Division that were split off as subsidiaries in April 2020

WE MAKE SUSTAINABILITY

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Dear Respected Stakeholders,

As always, let me begin by extending my sincere gratitude for your unwavering interest in and encouragement for POSCO INTERNATIONAL. Today, we have ahead of us a host of crises and challenges that will require a great deal of strength to overcome. The global spread of COVID-19 and the impact of climate change pose imminent threats to economic development and social stability the world over, and businesses are not exempt from such ensuing difficulties amid the increasingly mounting uncertainty and variability. To successfully weather this highly unpredictable “new normal” within the business landscape, we at POSCO INTERNATIONAL remain steadfast and diligent in our commitment to carry out our given management tasks and fulfill our social responsibility to build back stronger and stretch higher. To evolve into a sustainable centennial company as a proud member of POSCO Group, we proactively advance ESG management to brace ourselves for the upcoming post COVID-19 era.

To this end, we vow to secure both the growth and profitability of our core business while laying the groundwork for future promising businesses. Building on the integrated steel export channel of POSCO Group, we will strengthen our sales base both in Korea and abroad to deliver fresh new growth momentum. We will also secure new energy assets and engage in additional new exploration while establishing infrastructure assets to further stabilize LNG operations to enhance the competitiveness of our energy business. Leveraging the trade volume at our Ukrainian grain terminal, we will strengthen our strategic collaboration with large-scale partners and explore opportunities to advance into the inland storage logistics business, expanding and positioning our agricultural business to act as a reliable, high-profit-yielding source of revenue even amidst the challenges.

Furthermore, we aim to ensure that future promising businesses are placed on the right track forward. In alignment with POSCO Group’s strategy, we will identify new growth drivers to generate tangible outcomes in the areas of green mobility, green & bio chemicals, and hydrogen business. In tandem with this, we will harness our global network and marketing capabilities to join forces with small yet competent companies to respond to the needs of local buyers and to fully assist them in their efforts to tap into the wider overseas market. In so doing, we will undoubtedly contribute to the virtuous cycle of mutually beneficial growth within the business ecosystem.

Thus, we will emerge as a company that disseminates the ‘Corporate Citizenship’ management philosophy to the world through our sustainable growth, and a company that instills a sense of pride among each and every one of our employees. POSCO INTERNATIONAL is fully committed to satisfying international norms of the global community on the basis of its Code of Ethics and to facilitating wholesome communication with a wide array of stakeholders. As a member of the UN Global Compact, we endorse and abide by its 10 Principles in the four areas of human rights, labor, the environment and anti-corruption that were stipulated for the fulfillment of corporate social responsibility. We also ensure that our major business operations contribute to the resolution of pressing social challenges, which as a result, will lead to the attainment of the UN Sustainable Development Goals. As evidenced in the UNSG Network Korea’s recognition of POSCO INTERNATIONAL for its outstanding anti-corruption performance in 2021, we embed compliance management within our day-to-day business routines and endeavor to promote both economic growth and social inclusiveness through our cooperation and partnership in more than 50 countries where we operate. We declared our commitment to the Modern Slavery Act to protect human rights within the Company and along the entire supply chain and we will establish a responsible mineral management system to comply with international standards on ethical mineral mining and its use and to fulfill our social responsibility in this regard.

Dear Beloved Stakeholders,

In our evolution from a general trader leading the Korean export industry into an Integrated Global Corporation totaling KRW 20 trillion in annual sales, we have had our fair share of challenges and hardships and yet successfully rose to the moment, which unambiguously eows much to the seemingly unlimited support you have bestowed on us and to the tireless enthusiasm of our dedicated team of employees. As we encounter yet another unknown in the unchartered territory of the post COVID-19 era, it is time that we take a step forward and push ahead with confidence and courage.

Stay Focused and Move Ahead!

Even among the looming backdrop of present-day uncertainties, POSCO INTERNATIONAL will stay true to its core as a Globally Integrated Corporation, and will continue to soar ahead to the higher places where its future lies. We vow to emerge as a company that creates a future with its stakeholders, a company that globally disseminates the ‘Corporate Citizenship’ management philosophy through sustainable growth, and a company that its employees are truly proud to be an integral part of. In spite of the difficulties we all faced in 2020 due to the COVID-19 pandemic, POSCO INTERNATIONAL remains firm in its commitment towards sustainability and your lasting interest and heartfelt encouragement is always appreciated.

We wish you and your loved ones much health and happiness in the year ahead.

Thank you,

Si-Boo Joo
President, POSCO INTERNATIONAL
We create high-quality jobs while enhancing our business, and comply with fair trade practices to contribute to sustainable economic development.

We explore future growth business opportunities in the areas of mobility, green & bio chemicals, and hydrogen to generate profits and contribute to environmental protection the world over.

We respect the human rights and competencies of our employees, and provide them with a safe work environment to help them improve their individual work expertise.

We enable our suppliers to trade products with diverse companies across our extensive network of more than 100 locations in 45 countries. We help Korean small/mid-sized venture businesses to tap into new markets and customers through marketing collaboration and joint business development.

We connect value-adding production and consumption, and move beyond the pursuit of business growth to help build a sustainable future.
Corporate Citizenship and 2020 Highlights

To gain greater trust from all stakeholders, POSCO Group declared a new vision of ‘With POSCO’ and established a new management philosophy ‘Corporate Citizenship: Building a Better Future Together’ in 2018. A ‘corporate citizen’ refers to a company that has its own rights and duties as a member of society and voluntarily fulfills its responsibility to serve the interest of society at large.

In October 2020, we acquired A++ in overall rating in the ESG assessments made by the Korea Corporate Governance Services (KCGS), the second consecutive year, and were also honored with the Grand Prize as one of the Best ESG Companies for the second year running. This officially recognized our efforts and achievements to internalize the Corporate Citizenship management philosophy at the company-wide level and to preemptively advance eco-friendly management by developing detailed implementation plans to mitigate environmental impact in the work sites and respond to climate change. Furthermore, we ranked first in the trading industry category on the Korea Sustainability Index (KSI) and received the Sustainability Management CEO Award at the Korea Sustainability Awards 2020 hosted by the Korean Standards Association, which owes much to our endeavors to solve social issues by aligning our major achievements with the UN SDG indicators and to identify and implement detailed sustainability management tasks by setting 2030 targets and matching them to our Corporate Citizenship activity areas. Our commitment to meeting the needs of stakeholders by preemptively disclosing sustainability data in accordance with the SASB standards was also highly appreciated. We will continue to move toward sustainable growth and transparently disclose our ESG activities and achievements as required by the global community.

Pursuing shared growth with small/mid-sized venture firms and supporting their global market entry

We leverage our global capabilities accumulated as a Globally Integrated Corporation to form strategic partnerships with small/mid-sized venture firms to support their advancement into overseas markets and create a virtuous cycle of shared growth. In April 2020, we signed an MOU with the Korea SMEs and Startups Agency to this end and established a ‘push-pull’ global market entry support partnership model. The Global Marketing Portal launched in July 2019 also helped us identify more than 100 small/mid-sized venture businesses and pursue win-win partnerships with them to act on the Corporate Citizenship management philosophy in reflection of our unique business characteristics.

Chosen as the best practice by the UNGC Network Korea to be included in its ‘COVID-19 and Corporate Sustainability’ casebook

In May 2020, we were included in the ‘COVID-19 and Corporate Sustainability’ casebook published by the UN Global Compact Network Korea compiling best practices demonstrated by Korean companies of developing agile COVID-19 strategies and helping social issues. This recognized our excellence in proactively responding to the global pandemic by leveraging our extensive global network based on the Corporate Citizenship management philosophy, as evidenced in our global support activities to swiftly deliver diagnostic kits developed by a competent Korean small/mid-sized venture firm to Myanmar, donate face masks by way of bilateral reciprocity between Korea and China, provide face masks to Italian customers through our overseas network, and supply antigen rapid diagnostic kits to the Papua New Guinea Ministry of Health as well as our engagement in donating COVID-19 prevention supplies to the less privileged in Korea and abroad and implementing contactless CSR programs.

Receiving the Grand Prize as one of the Best ESG Companies for 2 consecutive years and ranking first in the trading business category on the Korea Sustainability Index

In October 2020, we acquired A++ in overall rating in the ESG assessments made by the Korea Corporate Governance Services (KCGS) for two consecutive years, and were also honored with the Grand Prize as one of the Best ESG Companies for the second year running. This officially recognized our efforts and achievements to internalize the Corporate Citizenship management philosophy at the company-wide level and to preemptively advance eco-friendly management by developing detailed implementation plans to mitigate environmental impact in the work sites and respond to climate change. Furthermore, we ranked first in the trading industry category on the Korea Sustainability Index (KSI) and received the Sustainability Management CEO Award at the Korea Sustainability Awards 2020 hosted by the Korean Standards Association, which owes much to our endeavors to solve social issues by aligning our major achievements with the UN SDG indicators and to identify and implement detailed sustainability management tasks by setting 2030 targets and matching them to our Corporate Citizenship activity areas. Our commitment to meeting the needs of stakeholders by preemptively disclosing sustainability data in accordance with the SASB standards was also highly appreciated. We will continue to move toward sustainable growth and transparently disclose our ESG activities and achievements as required by the global community.

Receiving the Minister of Agriculture, Food and Rural Affairs Citation for our contribution to international commerce cooperation

We expand the scope of our core agrobusiness to assist POSCO Group in contributing to the nation’s food security. In recognition of our contribution to building a stable national procurement system through the development of overseas agricultural resources and the operation of our own export terminal, we were honored with the Minister of Agriculture Food and Rural Affairs Citation in the international commerce cooperation category at the 2020 Workshop of the Agricultural Product Industry’s Global Advancement hosted by the Korea Overseas Agro-Resources-Development Association in November 2020. In addition to our palm oil plantation in Indonesia and the Rice Processing Complex in Myanmar, we have completed a grain export terminal in Ukraine in 2019 to establish an integrated agrobusiness value chain from local procurement to processing. We aim to emerge as Asia’s top-tier grain trader through sustained investment expansion.

Receiving the Minister of Trade, Industry and Energy Citation for outstanding CSR performance in Myanmar in 2020

In December 2020, we were awarded with the Minister of Trade, Industry and Energy Citation at the Myanmar CSR Awards 2020 hosted by the Korean embassy in Myanmar in recognition of our efforts for mangrove forestation to protect the environment and promote the economic participation of local people and for proactive COVID-19 support in addition to our sustained commitment to CSR activities since 2016. We will continue to sympathize with community-level social issues in the countries where we operate and implement practical CSR activities to join hands with local communities to address such issues.

Named a top performer at the Anti-Corruption Awards 2021 hosted by the UNGC Network Korea

In March 2021, we were named a top performer at the ‘Business Integrity Society(BIS) Summit Anti-Corruption Awards 2021’ hosted by the UN Global Compact Network Korea and the Korea Sustainability Investing Forum(KOSIF), Top-performing companies were chosen based on the analysis performed on nearly 250 UNGC members in Korea of their ESG achievements and corruption risks over the past five years as well as the assessments made on their internalization of compliance management. We were recognized for our achievements in advancing human rights management while promoting economic growth through cooperation and partnership in more than 50 countries where we operate as well as in Korea.
Shipping feed wheat
Ukrainian grain terminal

and building a stable grain supply system

POSCO SPS’s plant in Pohang (producing traction motor cores)

POSCO INTERNATIONAL CORPORATION SUSTAINABILITY REPORT 2020 WE MAKE SUSTAINABILITY

Commitment to SDGs

[8.3] Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formulation and growth of micro, small- and medium-sized enterprises, including through access to financial services

Global Issue

At the world starts to recover from the COVID-19 pandemic through vaccination, international trade is also turning around. In response, businesses need to develop new business strategies to cope with changing conditions while pursuing shared growth with small- and medium-sized companies who face difficulties in tapping into overseas markets due to the lack of their own global network.

Key Business Themes

Grow by upskilling the workforce (Availability of a Skilled Workforce) Promote shared growth through capacity building of SMEs (Capacity Building) Pursue economic inclusion across the overall ecosystem (Economic Inclusion)

Our Solution as a Corporate Citizen

We have established trading capabilities as a Globally Integrated Corporation and manufacturing infrastructure by way of our subsidiaries. We will strengthen our manufacturing base and advance our technology to respond to demand without disruption while leveraging our global network to help SMEs tap into overseas markets.

- Develop new business strategies through infrastructure development
- Pursue collaboration with SMEs

Our Solution as a Corporate Citizen

We are establishing an integrated end-to-end agribusiness management system from production to logistics, including our grain terminal in Ukraine. This will drive our efforts to resolve food security issues at the local community and national levels and build a reliable grain supply system.

- Invest in sustainable agricultural technology and strengthen cooperation with stakeholders
- Maintain responsible sourcing practices and strengthen the traceability of products to improve transparency along the agricultural supply chain
Pursuing shared growth with competitive SMEs through the talent donation tailor-made to respective beneficiaries

SDGs 4.

Sharing the performance of the talent donation consulting program of Pro Bono Volunteers
In August 2020, we signed an MOU with the Rural Development Administration (RDA) to enhance the value chain of Myanmar’s rice industry. This enabled us to access high-quality rice through RDA’s rice production and management technology customized for local conditions in Myanmar. We plan to process and distribute such rice to increase our sales while assisting Myanmar in developing its rice industry. We also provide local farmers with training to support cultivation technology and post-harvest management technology, and develop and implement post-assessments and improvement measures. These endeavors are expected to assist local farmers to develop a self-reliant production system and improve their own competitive edge.

Building an integrated public-private management system for community development
SDGs 9.

Forming a public-private partnership with the RDA for K-Agriculture to enhance the Myanmar rice industry
In August 2020, we signed an MOU with the Rural Development Administration (RDA) to enhance the value chain of our rice business in Myanmar. This enabled us to access high-quality rice through RDA’s rice production and management technology customized for local conditions in Myanmar. We plan to process and distribute such rice to increase our sales while assisting Myanmar in developing its rice industry. We also provide local farmers with training to support cultivation technology and post-harvest management technology, and develop and implement post-assessments and improvement measures. These endeavors are expected to assist local farmers to develop a self-reliant production system and improve their own competitive edge.

Providing continued support for less-popular sports
Honored with the Citation of the Korean Sport and Olympic Committee at the Korea Sports Mecenat Awards
In December 2020, we were honored with the Citation of the Korean Sport and Olympic Committee at the 1st Korea Sports Mecenat Awards for our sponsorship to the Korea Bobsleigh Skeleton Federation. We have been sponsoring the national bobsleigh and skeleton team for the past decade since 2011 when these sports were barely known in Korea. We have provided an environment where athletes can fully focus on game performances by purchasing sleighs, since equipment tends to be highly influential to performances in these specific sports, as well as supporting overseas competitions and off-season training. We are building strong and sustained trust-based partnerships with the Federation and the national team, rather than merely serving as a sponsor.

Commitment to SDGs

[4.4] By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Global Issue
SMEs form the cornerstone of our economy, and their strong competitiveness is essential in creating a wholesome industrial ecosystem. In reality, however, SMEs face challenges in finance, infrastructure and networking. Global businesses need to harness their capabilities to support these SMEs and help them resolve their pending issues.

Key Business Themes

<table>
<thead>
<tr>
<th>Support infrastructure investment in developing nations (Infrastructure Investment)</th>
<th>Support shared growth through capacity building of SMEs (Capacity Building)</th>
<th>Increase indirect economic impact through job creation (Indirect Impact on Job Creation)</th>
</tr>
</thead>
</table>

Our Solution as a Corporate Citizen
We are operating a Pro Bono volunteer group to draw on the job expertise of our employees to support SMEs in a way to meet their needs. Not only will we expand the operation of the Pro Bono volunteer group, but also continue to operate our Global Marketing Portal and increase training for business partners to contribute to the professional capacity-building of SMEs.

• Expand training programs for business partners
• Implement capacity-building activities for SMEs by leveraging our own network

[9.1] Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all

Global Issue
Developing countries experience difficulties in achieving competitive industrialization due to their social infrastructure lagging behind that of advanced nations. This inevitably results in a wealth and technology divide between developing and developed nations. Businesses need to build cross-border social infrastructure to support vulnerable regions with their industrialization and pursue balanced development.

Key Business Themes

<table>
<thead>
<tr>
<th>Support infrastructure investment in developing nations (Infrastructure Investment)</th>
<th>Contribute to industrialization in developing nations through R&amp;D support (Research and Development)</th>
<th>Bridge the technology divide in developing nations (Technological Legacies)</th>
</tr>
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</table>

Our Solution as a Corporate Citizen
We construct and operate social infrastructure that benefits the countries where we conduct business, and contribute to the sustainable industrialization of developing nations in so doing. We consider these countries not as a mere business location but as a partner to pursue shared growth with and provide them with varying technology and infrastructure to seek mutually-beneficial partnerships.

• Support the growth of developing nations through public-private partnerships
• Provide infrastructure and technology for the wholesome industrialization of countries where we operate
Creating a safe workplace to put employees’ health before all else

SDGs 3.

Establishing corporate competitiveness through professional capacity-building of employees

SDGs 4.

Providing 24/7 global healthcare and security services

We provide global healthcare and security services to help our expatriates and global staff lead a healthy and safe life overseas. In the event of unexpected health issues or security threats, our expatriates are able to access phone-based counseling services 24/7 in Korea provided by emergency medicine professors, nurses, interpreters, and security experts. We also support them with Korean doctors and remote healthcare services in main departments such as family medicine, internal medicine and dermatology. In case an emergency occurs, expatriates are transferred to either a nearby healthcare facility in the country where they are based or a hospital in a neighboring country where appropriate care is provided. If their conditions are serious, an air ambulance is arranged to support their prompt transport back to Korea. Such services demonstrate our commitment to ensure the health and well-being of our expatriates and provide a contented workplace.

Producing grain trading experts

As we are clearly aware that competent employees are the direct source of our corporate competitiveness, we are operating wide-ranging talent development programs. Specifically, our GAFTA (Grain and Feed Trade Association) courses aim to nurture experts in agribusiness, one of our key business areas.

In July 2020, one of our employees became a GAFTA Certified Arbitrator* to add to our achievement in producing all of the three GAFTA Certified Arbitrators in Korea. We will diversify our internal training programs and systems and ensure their qualitative operation to achievement in producing all of the three GAFTA Certified Arbitrators in Korea. We will diversify our internal training programs and systems and ensure their qualitative operation to fully support our employees to become globally competent talent.

* This internationally-recognized qualification is granted to those with proven capabilities to serve as an arbitrator in the grain trading area, and GAFTA Certified Arbitrators are responsible for making arbitration decisions on disputes that occur in relation to global grain trading.

We provide optimized, wide-ranging training programs by job category and career level for employees’ competency development. We will help employees efficiently strengthen their competency through personalized training programs, and develop globally-competent talent through training programs that contribute to building expertise of employees.

[3.8] Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all

Global Issue

The value of health comes before all else under any circumstance. As such, businesses should guarantee universal access to high-quality healthcare services for all employees. This in turn will help us create a safe workplace and protect the health of employees to eventually enable us to unleash our production capacity to the fullest extent possible.

Key Business Themes

Manage occupational health and safety (Occupational Health and Safety)

Guarantee access to healthcare (Access to Medicines)

Improve access to high-quality essential healthcare services (Access to Quality Essential Health Care Services)

Our Solution as a Corporate Citizen

- Promote the health of expatriates and their families based on collaboration with healthcare institutions
- Achieve universal healthcare for all employees

[4.4] By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

Global Issue

Employees are the source and the foundation of capabilities that we come to build as a company. Competent individuals drive a company’s innovation and contribute to new business development. This implies that businesses need to provide quality training to upskill their employees and ensure the competitiveness of their employees in order to broaden their sphere of influence across the global market.

Key Business Themes

Pursue growth through increased employee expertise (Availability of a Skilled Workforce)

Support individuals’ competency development (Competency Development)

Increase indirect economic impact through job creation (Indirect Impact on Job Creation)

Our Solution as a Corporate Citizen

- Provide personalized training programs for efficient growth
- Support job training for professional workforce
Company Overview

Since its founding in 1967, POSCO INTERNATIONAL has spearheaded Korea’s export industry as a general trading company. We are primarily engaged in trading, along with resources development, manufacturing & processing, and infrastructure development & operation, and are expanding investments in close alignment with trading operations. Leveraging our overseas network that consists of more than 100 locations, we directly conduct business in the entire process of our varying industries including steel, energy and agrobusiness. In so doing, we aim to emerge as a ‘Globally Integrated Corporation’ to create a sustainable business model.

Company Profile

Name of Company: POSCO INTERNATIONAL Corporation
Date of Establishment: March 22, 1967
CEO: Si-Bo Joo
Major Business: Trade, resources development, manufacturing & processing, infrastructure development & operation

POSCO INTERNATIONAL’s vision embodies its determination to move beyond the conventional trading business to evolve into a diverse group of companies that are engaged in trading, along with resources development, manufacturing & processing, and infrastructure development & operation, and are expanding investments in close alignment with trading operations. Leveraging our overseas network that consists of more than 100 locations, we directly conduct business in the entire process of our varying industries including steel, energy and agrobusiness. In so doing, we aim to emerge as a ‘Globally Integrated Corporation’ to create a sustainable business model.

Vision

POSCO INTERNATIONAL’s vision embodies its determination to move beyond the conventional trading business to evolve into a Globally Integrated Corporation directly involved in the entire process of major business operations.

Organizational Chart

POSCO INTERNATIONAL operates the Corporate Audit Division, the Corporate Citizenship Bureau, and Strategic Business under the direct leadership of the CEO, and two management groups and four business groups.

Key Milestones

2021
- Jan.: Signed a phase 3 EPC contract for the Shwe Project in Myanmar
- Mar.: Issued ESG bonds as the first trading company in Korea
- Apr.: Recognized for excellence in the anti-corruption area by the UN Global Compact
- May.: Recognized for the 2021 Best Labor Management Culture by the Ministry of Employment and Labor
- Jun.: Issued ESG bonds as the first trading company in Korea

2020
- Nov.: Signed a phase 2 EPC contract for the Mukhyamanirata gas development project in India
- Oct.: Initiated the first joint venture with a state-owned company in Myanmar

2019
- Nov.: Signed a contract to construct a 3,200MW combined cycle power plant in Algeria
- Aug.: Signed a contract to build a 1,200MW combined cycle power plant in Algeria
- Jul.: Signed a contract to supply 30MW photovoltaic modules in the US

2018
- Jul.: Signed a contract to build a power plant in Papua New Guinea
- May.: Launched the steel group’s first EPC contract for the Shwe project in Myanmar

2017
- Nov.: Launched POSCO DAEWOO as a consolidated company
- Jun.: Initiated the commercial operation of a 348MW power plant in Lee, Papua New Guinea
- Sep.: Launched POSCO DAEWOO as a consolidated company
- Aug.: Signed a contract to build a 1,200MW combined cycle power plant in Algeria

2016
- Jan.: Launched palm oil plantation business in Indonesia
- Aug.: Signed a contract to build a 3,200MW combined cycle power plant in Algeria

2015
- Jan.: Incorporated into POSCO Group
- Dec.: Surpassed KRW 15 trillion in sales (on a consolidated basis)
We engage in the export, cross trade, import and domestic sales of steel products from POSCO, a globally-renowned steel maker, as well as other leading steel producers in Korea and abroad in cooperation with partners across the globe. We deliver innovative solutions through the integrated value chain that spans the entire steel business from raw materials to their processing and distribution, leading the steel business in Korea and abroad.

**Trading**

From semi-finished and long steel, hot-rolled steel, steel plates, cold-rolled steel and galvanized steel, energy pipe steel, automotive steel, stainless steel and steel raw materials, we deliver fit-for-purpose products to cater to diversified and segmented market needs. We are also broadening our business presence across the entire industrial applications including construction and automobile, plants, machinery, shipbuilding and energy-related projects. In addition to trading and distribution, we are expanding our inventory storage services to facilitate timely delivery as well as toll processing services to elevate our position as a total steel solutions provider with the integrated value chain spanning Korea and the rest of the world.

**Semi-finished and Long Steel** — Semi-finished steel refers to slabs and billets used as raw materials for a range of finished steel products, and long steel includes D-bars and sections used for civil and structural construction.

- Main Items: Slabs, billets, D-bars, sections

**Wire Rods** — The application of wire rods spans a broad array of areas, from basic materials for everyday use such as nails and wire mesh to industrial equipment and automobiles.

- Main Items: Cold heading quality(CHQ) wire rods, bearing steel, spring steel, low carbon steel wire rods, etc.

**Steel Plates** — Steel plates refer to relatively thick plates that are hot-rolled in four-high reversing mills, with minimum thickness of 6mm in general. They are mainly consumed to fabricate large-sized structures including ships, buildings, bridges, pressure vessels, industrial machinery structures, and line pipes.

- Main Items: Steel, NO steel

**Cold-rolled Steel** — Cold-rolled steel is known for its exceptional malleability and aesthetically-pleasing surface finish, and is used for a range of applications, from home appliances such as washing machines and refrigerators to automobiles, industrial machinery and diverse construction materials.

- Main Items: Cold-rolled(CR) coils, black plates(BP), etc.

**Galvanized Steel** — Galvanized steel is a type of cold-rolled steel whose surface has been coated with molten zinc, aluminum or silicon.

- Main Items: Hot-dip zinc-coated steel, hot-dip aluminum-coated steel, electrolytic zinc-coated steel

**Energy Steel** — Energy steel is used in the handling of such energy resources as oil and gas.

- Main Items: API steel plates, line pipes/steel pipes for offshore structures, steel for energy power projects

**Hot-rolled Steel** — Main customers of hot-rolled steel include pipe manufacturers and gas cylinder companies and distributors, and we fully cater to the diverse needs of the construction, machinery and automobile industries in Korea and abroad.

- Main Items: Hot-rolled(HR) coil, Pickled-rolled(PDO) steel sheets, checker plate

**Electric Steel** — Electrical steel is categorized into grain-oriented(GO) and non-grain-oriented(NO) steel according to its rolling direction, and is primarily used as steel core in manufacturing electronic and electrical products.

- Main Items: Go steel, NO steel

**Automotive Steel** — Automotive steel refers to specialized cold-rolled and galvanized steel used for automotive exterior applications.

- Main Items: Cold-rolled/Hot-rolled steel and galvanized steel for automobiles

**Stainless Steel** — Stainless steel is highly valued-added steel recognized for its exceptional corrosion resistance, and is used in a wide array of industries including automobiles, home appliances and construction.

- Main Items: Hot-rolled/cold-rolled stainless steel, stainless steel plates, pipes

**Steel Raw Materials** — Steel raw materials are used by steel mills and steel makers to manufacture steel products, and coal is also used as energy feedstock at the power plant to generate electricity.

- Main Items: Iron ores, coal, steel scraps
Palm Oil Business in Indonesia

Taking note of the potential of palm oil widely recognized for its versatile applications in the global agro and bio market, we started to build a large-scale palm plantation and make equipment investment in Papua, Indonesia, in 2011 and have established a mass production system in the country over the years. Palm oil business involves the extraction and processing of oil from fresh fruit bunches harvested at the plantation and the production and sales of oil and fat products. We produce crude palm oil (CPO) and supply CPO to the domestic Indonesian market and Southeast and Southwest Asian countries.

Main Items: Edible oils & fats

Green & Bio Chemicals

We are a stable supplier of synthetic rubber, natural rubber, carbon black, and other materials used for general industrial applications including tires, machinery, and components, and to shipping global companies. Building on our international trading knowledge accumulated over the years, we also engage in the import, export and triangle business of chemical fertilizers, solvents, and inorganic chemicals.

We supply synthetic fiber intermediates (Paraxylene, PTA, MEG, PCT, etc.) and synthetic resins used for automobiles and electronic products. We are focused on building a green plastic value chain and strengthening our business competency in this emerging market through phased-in investments and collaboration with competitive SMEs. Our aim is to push the boundary of our business beyond the trading of general-purpose 100,000 tons into green bio chemicals and future industrial materials such as recycled plastics and biodegradable resins.

Investment Business

We operate textile factories by drawing on the abundant raw cotton sourced in Uzbekistan, a major cotton producer in the world, and are developing green products made of recycled polyester. We operate a pharmaceutical corporation in Sudan as part of our bio business and are recently working to expand its plant capacity to manufacture next-generation antibiotics.

Main Items: Soybeans, wheat, corn, etc.

Eco-Solution & Chemical

We supply a wide array of products to petrochemicals to polymers and synthetic resins to the worldwide market, and are fully committed to stably supplying raw materials and securing competitive finished products by directly operating textile factories in addition to forming strategic partnerships with global manufacturers. In line with the emerging global trend of eco-friendliness, we are also working to advance into bio-recycled plastics and other green chemicals markets.

Main Items: Explosives & fats

Rice Processing Complex in Myanmar

Based on 20 years of our rice trading experience, we advanced into the Rice Processing Complex (RPC) market to position ourselves as a rice supplier in Myanmar, a highly competitive and established rice exporter, to fully launch distribution-focused agro business.

Factory 1 has been under operation since the end of 2017, and Factory 2, completed in May 2019 on a new site chosen for its advantages in raw materials procurement and export logistics, is also being operated to increase our annual processing capacity by 80,000 tons. We are working to diversify our export markets into China, the EU, Malaysia, and Africa.

Main Items: Rice

Grain Terminal in Ukraine

We are broadening our supply chain across procurement, logistics and export in the Black Sea region with a focus on Ukraine as a major grain producer. Work is underway to expand our value chain in connection with the grain export terminal in Ukraine that we have acquired, and this is expected to improve our competitiveness as a supplier and build a stable portfolio.

Main Items: Soybeans, wheat, corn, etc.
Global Network

POSCO INTERNATIONAL harnesses its worldwide network that consists of nearly 100 locations to engage in the trading of a variety of products – steel, agro resources, petrochemicals, synthetic resins, automotive components and non-ferrous metals – with top-tier customers in Korea and abroad. We are also conducting business in developing resources and undertaking overseas projects.

Sales Overseas Presence Overseas Corporations and Offices
21,465 billion 45 countries 100 locations

* This is based on net sales, and excludes KRW 7,673 million generated from property investments as leased income.

(as of Dec. 31, 2020, unit: KRW billion)

Sales Breakdown by Region in 2020*

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (KRW billion)</th>
<th>Ratio of Sales(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>2,920</td>
<td>13.6</td>
</tr>
<tr>
<td>Asia(excluding China)</td>
<td>9,839</td>
<td>45.8</td>
</tr>
<tr>
<td>China</td>
<td>3,163</td>
<td>14.7</td>
</tr>
<tr>
<td>North America</td>
<td>1,558</td>
<td>7.3</td>
</tr>
<tr>
<td>Europe</td>
<td>2,254</td>
<td>10.5</td>
</tr>
<tr>
<td>Others</td>
<td>1,731</td>
<td>8.1</td>
</tr>
<tr>
<td>Total</td>
<td>21,465</td>
<td>100</td>
</tr>
</tbody>
</table>

* This is based on net sales, and excludes KRW 7,673 million generated from property investments as leased income.

Global Network

(as of Jun. 2021)

Overseas Presence(countries) 45
Overseas Corporations and Offices(locations) 100
Trading Corporations and Affiliated Branches(locations) 15
Affiliated Corporation 1
Affiliated Branch 16
Affiliated Office 3
Trading Offices and Liaison Offices (locations) 27
Representative Office 27
Liaison Office 3
Investment Corporations 35

* Consolidated subsidiaries in 2020:
  * Please refer to page 3 of the 21st Period Annual Report
  * New, consolidated subsidiaries in 2020:
  * POSCO INTERNATIONAL (THAILAND) CO., LTD.,
  * PT POSCO INTERNATIONAL INDONESIA,
  * POSCO SPS Co., Ltd.

**Subsidiary not consolidated in 2020:** LA SRDC

* Consolidated subsidiaries in 2020:

**New consolidated subsidiaries in 2020:**

- POSCO INTERNATIONAL (THAILAND) CO., LTD.,
- PT POSCO INTERNATIONAL INDONESIA,
- POSCO SPS Co., Ltd.
Goverance

POSCO INTERNATIONAL establishes sound governance to abide by the principles of management transparency and accountability. Our Board of Directors (BOD) follows transparent procedures in its composition as the highest decision-making body, and all its decisions made to ensure efficient business operations are transparently disclosed to better serve the interest of the Company and shareholders and pursue sustainable growth.

Composition of the BOD

As of March 2021, our BOD consisted of seven directors in total, including two inside directors, one non-standing director, and four outside directors. All our directors fully meet the criteria set by Article 382 of Korea’s Commercial Law and our Articles of Incorporation to strengthen the independence of the BOD and the transparency of BOD operation. Outside directors are appointed for their expert knowledge in diverse industrial and management areas to improve the expertise of the BOD, and a support organization is under operation to assist them in fulfilling their duty more efficiently. At the regular General Shareholder Meeting held in 2020, a female outside director was appointed for the first time in our history to promote diversity at the BOD level and balanced decision-making as a result. Furthermore, an expert in the environmental management field was appointed in line with the increasing need to respond to climate change as a company to capitalize on his experience, and previous career in accordance with the qualifications stipulated in applicable laws and the Articles of Incorporation. The Outside Director Candidate Recommendation Committee is exclusively composed of outside directors to ensure its fairness and transparency.

BOD Committees

The Outside Director Candidate Recommendation Committee and the Audit Committee were established under the BOD and are operated in accordance with relevant regulations to support the BOD with its professional and efficient decision-making. These committees are delegated by the BOD to fulfill part of its functions as stipulated in applicable laws and the Articles of Incorporation. The Audit Committee is exclusively composed of outside directors to ensure its fairness and transparency.

Outside Director Appointment Process

The Outside Director Candidate Recommendation Committee nominates candidates based on their independence, industrial experience, and previous career in accordance with the qualifications set by the Commercial Law and other relevant regulations. Those candidates who have been sanctioned previously for regulatory violations that led to the degradation of corporate value or infringement on shareholder rights and interests are excluded. Furthermore, gender, race, nationality and other diversity factors are considered to prevent discrimination in the nomination process. The shareholders are given detailed information on candidates and sufficient time to review their credentials at least two weeks prior to the General Shareholder Meeting. Director appointment requires a majority of the committee attending and voting for or against, and directors who have special interest in such matters are prohibited from exercising their voting rights. The final appointment should be approved by the General Shareholder Meeting.

Shares and Dividends

As of the end of December 2020, the total number of issued common shares amounted to 123,374,148, and the number of outstanding shares was 123,374,148, excluding 256 treasury shares. The largest shareholders own 14.73% of the total, and other minority shareholders own 30.95% of the total.

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### BOD Meetings Held

BOD meetings are arranged on an annual basis. The meeting agenda is announced seven business days prior to the meeting, and should the timing of the meeting be changed for any reason, this is immediately communicated in accordance with BOD regulations. In 2020, the BOD met nine times in total to decide on 34 agenda items. Director attendance amounted to 95.2% on average in 2020.

### Composition of the BOD

- **Non-Standing Director**
  - **Joo Si-Bo**
    - **Position**: CEO
    - **Career**: Curr. President, POSCO INTERNATIONAL; Head of Energy Group, POSCO INTERNATIONAL; MS in Earth Resources and Environmental Engineering, Hanyang University
    - **Expertise**: General management of business administration
    - **Date of Initial Appointment**: Mar. 30, 2019
    - **Date of Termination of Mandate**: Mar. 30, 2022

- **Outside Director**
  - **Min-Joon Kim**
    - **Position**: Chair of the Outside Director Candidate Recommendation Committee
    - **Career**: Curr. Head of Corporate Strategy & Finance Group, POSCO; MBA, Korea University
    - **Expertise**: Internal accounting control management, general business administration
    - **Date of Initial Appointment**: Mar. 30, 2019
    - **Date of Termination of Mandate**: Mar. 30, 2022

- **Outside Director**
  - **Kwon Tak Jeong**
    - **Position**: Fmr. Dean of Business School, Korea University, Curr. Professor, Business School of Korea University, 33rd President of the Korean Accounting Association, PhD in Accounting, University of Washington
    - **Career**: Curr. Head of Marketing Division, POSCO; Fmr. Head of Field Business Division, POSCO; MBA in Arabic, Hankook University of Foreign Studies
    - **Expertise**: General business administration
    - **Date of Initial Appointment**: Mar. 13, 2017
    - **Date of Termination of Mandate**: Mar. 18, 2020

- **Outside Director**
  - **Hong Joo Soo**
    - **Position**: Fmr. Standing advisor to Kim & Chang (law firm); Fmr. Head of Dry Blending C&I in Shanghai CEO of SMI-CG(I) Home Shopping; MBA, KAIST(Korea Advanced Institute of Science and Technology)
    - **Career**: Curr. Prof. Graduate School of Environmental Studies, Seoul National University; Fmr. Director of the Institute for Sustainable Development, Seoul National University; Head of the Korea Environmental Economics Association; PhD in Applied Economics, Cornell University
    - **Expertise**: General business administration
    - **Date of Initial Appointment**: Mar. 30, 2019
    - **Date of Termination of Mandate**: Mar. 30, 2022

- **Outside Director**
  - **Jung Ho Hong**
    - **Position**: Fmr. Director of the Institute for Sustainable Development, Seoul National University; Head of the Korea Environmental Economics Association; PhD in Applied Economics, Cornell University
    - **Career**: Curr. Prof. Law School, Chung-Ang University; Fmr. Member of the Sanction Review Committee, Financial Supervisory Service; Member of the Special Commercial Law Committee, Ministry of Justice; LL.M, Howard Law School
    - **Expertise**: Legal expert, general business administration
    - **Date of Initial Appointment**: Mar. 30, 2020
    - **Date of Termination of Mandate**: Mar. 30, 2022

- **Outside Director**
  - **Shim In-Sook**
    - **Position**: Fmr. Member of the Special Commercial Law Committee, Financial Supervisory Service; Member of the Special Commercial Law Committee, Ministry of Justice; LL.M, Howard Law School
    - **Career**: Fmr. Director, POSCO (with 34 years of service); Fmr. Member of the Sanction Review Committee, Financial Supervisory Service
    - **Expertise**: Legal expert, general business administration
    - **Date of Initial Appointment**: Mar. 30, 2020
    - **Date of Termination of Mandate**: Mar. 30, 2022

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### BOD Committees

Committee Major Role

- **Audit Committee**
  - Manage audit operations in conformity with Article 542-11 of the Commercial Law, the Articles of Incorporation, and other relevant regulations

- **Outside Director Candidate Recommendation Committee**
  - Review the qualifications of outside director candidates and deliberate on their nomination in accordance with Clauses 4 & 5 of Article 542-8 of the Commercial Law

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### Shares and Dividend

- **POSCO**
  - 710,016,018
  - 62.91

- **National Pension Service**
  - 6,061,676
  - 4.91

- **VANGARD**
  - 15,272,471
  - 1.23

- **Others**
  - 38,175,021
  - 3.09

Dividends Paid

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>KRW million</td>
<td>119,118</td>
<td>204,604</td>
<td>238,557</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>KRW</td>
<td>1,256</td>
<td>1,697</td>
<td>1,934</td>
</tr>
<tr>
<td>Total cash dividends</td>
<td>KRW million</td>
<td>74,025</td>
<td>86,362</td>
<td>88,622</td>
</tr>
<tr>
<td>Dividend payout ratio</td>
<td>%</td>
<td>47.7</td>
<td>41.2</td>
<td>36.2</td>
</tr>
<tr>
<td>Dividends per share</td>
<td>KRW</td>
<td>600</td>
<td>700</td>
<td>700</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Shares with No. of shares, %</th>
<th>(as of Dec. 2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>POSCO</td>
<td>710,016,018</td>
</tr>
<tr>
<td>National Pension Service</td>
<td>6,061,676</td>
</tr>
<tr>
<td>VANGARD</td>
<td>15,272,471</td>
</tr>
<tr>
<td>Others</td>
<td>38,175,021</td>
</tr>
</tbody>
</table>

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Note: Numbers are subject to change. 
Risk Management

POSCO INTERNATIONAL faces wide-ranging domestic and international risks given the inherent characteristics of global trading business. This prompted us to establish a company-wide preemptive risk management system to respond to risks. In particular, an integrated management system is up and running to systematically manage risks that may arise in trading transactions.

Risk Management System

The Enterprise Risk Management (ERM) Department, a dedicated risk management organization under the Head of Corporate Strategy & Finance Group, and the Investment Committee preemptively respond to diverse risks that may arise in business operations. In particular, we developed an integrated management system for potential trading-related risks, and such risks are segmented by transaction type to ensure intensive management by relevant departments and to minimize losses through strengthened internal capabilities.

Dedicated Risk Management Organization

The ERM Department reviews general factors regarding credit transactions and project proposals on the prevention of non-performing loans and the efficient collection of debts. To minimize risks from sales transactions, credit assessments are made on business partners prior to lending an order or signing a contract. Risk factors are segmented for multi-faceted assessments, and risks are minimized through insurance and/or security. Credit review and approval is subject to the arbitrary decisions made by the Head of Corporate Strategy & Finance or the CEO according to applicable guidelines and regulations. The term of credit is up to one year, and approved loans receive re-assessments at least once a year. The new credit management system introduced in 2020 has further strengthened our credit assessment criteria to include secured/unsecured transactions and reduction of the payment period to 150 days. Specifically, nonsecured/noninsured sales loans are separately managed to ensure their stringent operation, and the offering of loans declined dramatically in 2020 compared to the previous year. Credit is extended only to those affiliates and strategic and top-performing business partners prior to landing an order or signing a contract.

Investment Review Process

Creating a Pre-Investment Consultation Group

POSCO INTERNATIONAL created the Pre-Investment Consultation Group in January 2020 to perform joint verifications with business departments on investment projects from their identification phase to ensure that such investments are systematically reviewed. A department proposing an investment project conducts self-assessments in accordance with the six criteria of ‘Strategic Suitability’, ‘Sales Alignment’, ‘Comprehensive Advantage’; ‘Risk Management’, ‘Synergy with POSCO Group’, and the ‘Corporate Citizenship’ philosophy, prepares a ONE Page card based on assessment outcomes, and submits the card to the Investment Strategy Division. The submitted card is presented to the consult group for review to finalize a pool of candidate projects. This is followed by the company-wide sharing of projects that were not approved as well as candidate ones through the Pre-Investment Consultation Group DB to identify and build company-wide consensus on corporate investment business strategies.

Composition of the Pre-Investment Consultation Group

- Head of Division
- Head of Department
- Head of Strategy Department

Operational Process of the Pre-Investment Consultation Group

- Project Proposal
  - A business department prepares and submits the ONE Page card
- Screening
  - The Investment Strategy Division collects ONE Page cards submitted to the Pre-Investment Consultation Group screens candidate projects
- Confirmation of Candidate Projects
  - Finalize a pool of candidate projects through screenings
  - Report results to senior management each month
- Database Management
  - Share screening results across the board
  - Build consensus on business investment strategies

New Credit Management System

Our new credit management system grants different credit ratings on credit transaction partners in comprehensive consideration of such information as their national data, credit ratings assigned by external credit rating agencies, and their track records in doing business with the Company. This enables us to minimize and respond better to risks that may occur in the course of making credit transactions.

Early Warning System

We operate an early warning system to minimize risks from business transactions. This system, aligned with the new credit management system, preemptively identifies domestic/international business partners’ appropriate credit limits and signs in order to manage risk factors. Our business partners are graded for their signs of insolvency according to the possibility of going bankrupt, and when if the system detects a downgrade, relevant departments are immediately alerted to take proper actions.

Strategic Item Management

Strategic items refer to goods and technologies used to develop and produce weapons. We fully cooperate with the Korean government’s strategic item export management policy and were rated AAA, the highest grade granted under the Compliance Program. We have assigned members of strategic item management council to thoroughly verify any non-compliance with applicable regulations governing the illegal export of strategic items and other issues. In 2020, not a single incident occurred in relation to strategic items.

Check the existence of business partners and their credit ratings:
- Check the existence of business partners at the time of their registration
- Check credit ratings and operations
- Set out credit inquiries in red/yellow grade prediction

Issue an early warning against non-performing partners:
- Share real-time information on business partners with credit rating agencies
- Use domestic business partners’ default information available at financial institutions and issue an early warning in the event of a downgrade in insolvency prediction

Authorized Economic Operator Certification

POSCO INTERNATIONAL has been certified as an Authorized Economic Operator (AEO) through the evaluations performed by the Korea Customs Service for its compliance with import/export regulations and for safety management performance. To remain a certified AEO, company-wide internal assessments are made annually in accordance with certification standards, and quarterly analyses are performed on risks made in making import/ export declarations to minimize relevant risks. In particular, our (investment) business department, logistics business department, IT planning department, trade & investment account department, and other relevant organizations designate employees with import/export work experience of three years or longer as the import/export manager while building a cross-functional cooperation system to perform AEO work. The AEO certification enables us to enjoy various administrative benefits such as prompt customs clearance and the exemption of tariff mortgage in making import declarations and to strictly manage import/export risks.

Strategic Item Management

- Place automatic controls on business partners graded ‘risky’ and below in credit rating
- Insolvency grade: Normal → Observation → Warning → Risk → Near-Insolvency
- Block the system for business partners claiming for insurance payments following their default with financial institutions
Sustainability Management System

POSCO INTERNATIONAL clearly recognizes its corporate social responsibility and is committed to fulfilling such responsibility. Under the management philosophy of ‘Corporate Citizenship: Building a Better Future Together’, we operate the Corporate Citizenship Bureau and the ESG Council to respond to relevant issues and encourage all employees to take the lead in the betterment of our society at large.

Corporate Citizenship Bureau

Managing the Performance of Corporate Citizenship Projects

In January 2020, we launched the Corporate Citizenship Bureau to take exclusive responsibility for Corporate Citizenship operations to practice the management philosophy ‘Corporate Citizenship: Building a Better Future Together’. The Bureau plays a pivotal role in institutionalizing this management philosophy at all levels, pursuing the value of co-existence across the entire business conduct, and generating meaningful outcomes from the viewpoint of Subsistence, Execution and Practical. In particular, Corporate Citizenship project performance appraisal has been included in our executive/operational performance appraisal indicators since 2020 to facilitate employees’ continued engagement, and this served to embed the Corporate Citizenship philosophy into our corporate strategic framework. For executives in division head and higher positions, Corporate Citizenship projects account for 10% of their KPIs to encourage them to produce substantial performance in the areas of Business, Society and People. In addition, employees who participated in CSR and other Corporate Citizenship projects were awarded additional points in the ESG Council.

Corporate Citizenship Project Assessment Process

| Project Identification & Selection | \( \cdot \) Select projects that could change organizational culture and work practices |
| Interim Review (Aug.) | \( \cdot \) Check progress against the set plan, difficulties and stakeholder feedback |
| Project Assessment Oct. | \( \cdot \) Confirm the attainment of the set goal |
| \( \cdot \) Survey beneficiaries of major projects |
| \( \cdot \) Assess social impact |

Creativity

Building and innovation of the projects identified Original and innovative projects that have not been tried yet

Value of Consistence

Performance in contributing to the Company and stakeholders through project undertaking Projects that continue to generate financial/nonfinancial stakeholders through project undertaking

Social Impact

Impact and scalability of projects on the industrial ecosystem Projects that have far-reaching impact across the industrial ecosystem

Promote the Performance of Corporate Citizenship Projects

In February 2020, executives in division head and higher positions submitted Corporate Citizenship project proposals, which were supplemented by reflecting feedback from the POSCO Corporate Citizenship in consultation with the appropriate. In 2020, interim reviews were made at the company-level to grade on-going projects into good, insufficient, and poor and reorganize them accordingly. Another round of interim reviews is set for August and project assessments for October by the POSCO Corporate Citizenship Bureau, and all executives are committed to bring these projects to completion.

Programs in Corporate Citizenship Projects

In February 2020, executives in division head and higher positions submitted Corporate Citizenship project proposals, which were supplemented by reflecting feedback from the POSCO Corporate Citizenship Bureau in consultation with the appropriate. In 2020, interim reviews were made at the company-level to grade on-going projects into good, insufficient, and poor and reorganize them accordingly. Another round of interim reviews is set for August and project assessments for October by the POSCO Corporate Citizenship Bureau, and all executives are committed to bring these projects to completion.

Creation of the ESG Council

Work is underway to create the ESG Council in 2021 as a deliberative body on major ESG issues concerning the environment, climate change and society in line with our company-wide ESG management strategy. The Head of the Corporate Citizenship Bureau will serve as the chair and the bureau as the assistant administrator. Outcomes of discussions made on major agenda items through the ESG Council will be reported to the Management Committee. In particular, the Council will enable us to identify the actual and potential financial impact brought by climate change on the Company and to establish governance in response to the long-term perspective to address climate-related issues in a more systemic manner.

Organizational Chart of the ESG Council

Corporate Planning Human Resources Strategy Departments of each Sales Group Overseas Worksites Investment Corporation

Corporate Citizenship (Chair)

We advance our business model and build new growth drivers to evolve into a Globally Integrated Corporation

Reinforcing Ethics Management

We consider compliance with ethics as an essential prerequisite for corporate growth and fully abide by basics and principles in business conduct.

Promoting Talent Development

We recognize that the source of value creation lies in the creativity and competence of employees, and recruit exceptional talent and assist them in growing into top-tier experts.

Respecting Employees

We respect the importance of work & life balance based on respect for human dignity to help our employees lead a better life, and create a healthy workplace.

Communicating with Stakeholders

We transparently communicate and serve public interest as a corporate citizen who sets an example in fulfilling corporate social responsibility and obligation.

Advancing Eco-friendly Management

We minimize environmental impact generated from business operations, and respond to the global challenge of climate change and contribute to preserving the ecosystem.
## Contribution to the 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 SDGs’ 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 contribute to reaching the UN SDGs through capacity-building of our global staff.

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

**SDGs Mapping by Stakeholder Group**

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>2030 goal and our progress rate</th>
<th>2020 performance (cumulative)</th>
<th>2030 goal and our progress rate</th>
<th>2020 performance (annual)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investors</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Shareholders/ Stakeholders</strong></td>
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</tr>
<tr>
<td><strong>Customers</strong></td>
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<tr>
<td><strong>Suppliers</strong></td>
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<tr>
<td><strong>Employees</strong></td>
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<tr>
<td><strong>Local Communities/ NGOs</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Governments/ International Organizations</strong></td>
<td></td>
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</tr>
</tbody>
</table>

### 2020 Activity and Achievement for the SDGs

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>SDGs</th>
<th>2020 Activity and Achievement</th>
<th>Reporting Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enhancing Business</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Stakeholders</strong></td>
<td></td>
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<tr>
<td><strong>Corporate Citizenship</strong></td>
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<tr>
<td><strong>We Make Sustainability</strong></td>
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<tr>
<td><strong>Talent Development</strong></td>
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<tr>
<td><strong>Respecting Employees</strong></td>
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<tr>
<td><strong>Improving Efficiency</strong></td>
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<tr>
<td><strong>Economic Growth</strong></td>
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<tr>
<td><strong>Improving Efficiency</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Economic Growth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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*Electricity generated by using by-products from the CPO manufacturing process.*
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 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 2020.

Impact Measurement Framework

Impact refers to either positive or negative change brought to a company or society as a result of performance outcomes, corporate social change activities, or outcomes of a single program or project. 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.

Impact Measurement Outcomes

In 2020, the COVID-19 pandemic made it impossible to continue our overseas medical CSR programs. We temporarily suspended in-person medical volunteer activities to prevent the spread of infections at the community level, and instead switched to the donation of medical equipment and supplies to meet the needs of local hospitals and healthcare professionals. This resulted in a significant drop in social impact generated in the healthcare sector. Furthermore, decreases in income taxes including corporate taxes and VAT refunds that we received also led to reduction in the monetary value of social impact from the previous year.

Social and Environmental Impact of the Cook Stove Project in Myanmar

POSCO INTERNATIONAL is undertaking the cook stove donation project on Manaung Island in Rakhine state, Myanmar. This project intends to distribute cook stoves that deliver higher thermal efficiency in developing nations, and we, as the project lead, are able to secure domestic allowances in proportion to our contributions to helping local communities reduce their GHG emissions. Manaung Island, our project site, had been heavily dependent on the traditional cooking method of using firewood. The introduction of highly efficient cook stoves contributed to reducing fuel consumption and cooking time to eventually mitigate the emission of such indoor air pollutants as particulate matter and black carbon as well as GHG emissions. This also reduced the time that local people spent on preparing firewood by more than 50% than ever before so that they could invest the time saved in engaging more productive activities and enjoy an improved quality of life.

GHG emissions reduced on Manaung Island

<table>
<thead>
<tr>
<th>IMPACT GENERATED</th>
<th>IMPACT GENERATED</th>
<th>IMPACT GENERATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECT IMPACT</td>
<td>INDIRECT IMPACT</td>
<td>INDIRECT IMPACT</td>
</tr>
<tr>
<td>Impact generated from the business conduct of POSCO INTERNATIONAL</td>
<td>Impact generated from the business conduct of business partners</td>
<td>Impact generated from the daily lives of employees at the Company and business partners</td>
</tr>
</tbody>
</table>

Positive Impact

Direct Impact

Economy

- Rising income of employees
- Rising income of partner employees
- Increasing tax income (paid by the Company)

Society

- Capacity building of employees
- Work-life balance
- Improved quality of life for community members
- Employee health and safety

Environment

- GHG emissions reduction in local communities
- Air pollutant emissions
- GHG emissions
- Waste discharge

 INDIRECT IMPACT

- Increasing consumption of employee family members
- Increasing tax income (paid by employees)

Induced Impact

- Increasing CSR investments
- Increasing welfare & benefits

Social and Environmental Impact of the Cook Stove Project in Myanmar

<table>
<thead>
<tr>
<th>Impact generated from the daily lives of employees at the Company and business partners</th>
<th>Impact generated from the business conduct of business partners</th>
<th>Impact generated from the business conduct of POSCO INTERNATIONAL</th>
</tr>
</thead>
</table>

GHG emissions from employee households

GHG emissions reduction through green products

Social Impact

Indirect Impact

- Improved quality of life for employees
- Improved quality of life for community members
- Increased tax income paid by employees

Environmental Impact

-GHG emissions (products)
- GHG emissions (others)
- Atmospheric emissions

Economic Impact

- Wages
- Profits
- Investments
- Intangible assets
- Income taxes
- Property taxes
- Employee taxes

* Details on the measurement are marked with corresponding icons on the relevant pages.
Materiality Analysis Results for 2020

POSCO INTERNATIONAL performs materiality analyses each year to review sustainability management issues relevant to the Company and select material issues to report. This analysis process engages wide-ranging stakeholders, and those issues that invoke high stakeholder interest and exert great impact on corporate growth are selected as material issues.

Materiality Analysis Process

Building on the pool of issues identified in 2019, we reflected sustainability management trends, key requirements of international guidelines and POSCO INTERNATIONAL’s business conditions to create a pool of issues for 2020. 19 issues were identified.

Materiality Analysis Matrix

As a result of the materiality analysis performed in 2020, seven issues were identified as material. 'Expanding and changing the business structure' ranked first just as last year to reaffirm its status as the issue of the utmost importance to the Company. Creating a great work environment and Reinforcing employee health and safety are newly added issues that fall into the focus area of Responding to climate change.

Material Issues and The Reporting Boundary

<table>
<thead>
<tr>
<th>6 Focus Areas</th>
<th>Material Issue</th>
<th>Stakeholder</th>
<th>GRI</th>
<th>SASB</th>
<th>TCFD Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Expanding and changing the business structure</strong></td>
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<td></td>
<td><strong>Respecting human rights and prohibiting discrimination</strong></td>
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<td></td>
<td><strong>Creating a great work environment</strong></td>
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<td></td>
<td><strong>Securing and managing sustainable suppliers</strong></td>
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<td></td>
<td><strong>Reinforcing employee health and safety</strong></td>
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<td></td>
<td><strong>Facilitating active stakeholder communication</strong></td>
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<tr>
<td></td>
<td><strong>Responding to climate change</strong></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Material Issues in 2020

- Expanding and changing the business structure
- Respecting human rights and prohibiting discrimination
- Creating a great work environment
- Securing and managing sustainable suppliers
- Reinforcing employee health and safety
- Facilitating active stakeholder communication
- Responding to climate change

General Issues

- Strengthening social contribution for local communities
- Developing an integrated risk management system
- Developing global talent (including global staff)
- Complying with the Code of Ethics and Practice Guidelines
- Complying with international norms and country-specific regulations
- Ensuring the diversity of employees
- Enhancing environmental initiatives
- Ensuring fair performance evaluation and reasonable compensation
- Improving the soundness of corporate governance
- Reducing environmental impact at workplaces
- Promoting biodiversity and environmental protection
- Improving customer satisfaction

Materiality Analysis Process

STEP 1. Pooling Issues

We analyzed internal/external conditions surrounding the Company to perform the material analysis and select material issues.

STEP 2. Assessing Material Issues

We analyzed internal/external conditions surrounding the Company to perform the material analysis and select material issues.

STEP 3. Selecting Material Issues

We identified as material. 'Expanding and changing the business structure' ranked first just as last year to reaffirm its status as the issue of the utmost importance to the Company. Creating a great work environment and Reinforcing employee health and safety are newly added issues that fall into the focus area of Responding to climate change.

STEP 4. Conducting Validity Reviews

Selected material issues were reported to senior management to review their validity and gain approval.

7 material issues were selected.

Material Issues in 2020

- Expanding and changing the business structure
- Respecting human rights and prohibiting discrimination
- Creating a great work environment
- Securing and managing sustainable suppliers
- Reinforcing employee health and safety
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- Improving customer satisfaction
POSCO INTERNATIONAL is clearly aware of its obligation and responsibility as a corporate citizen, generates economic value and fulfills its social and environmental responsibility in the six areas of sustainability management, and pursues win-win partnerships with stakeholders. We create a wholesome industrial ecosystem to grow hand-in-hand with business partners, support our employees to push the boundary and grow, and come forward in resolving community issues, thereby making our society a better place.

SUSTAINABILITY MANAGEMENT STRATEGY

- Enhancing Business 38
- Reinforcing Ethics Management 62
- Promoting Talent Development / Respecting Employees 72
- Communicating with Stakeholders 92
- Advancing Eco-friendly Management 104
BUSINESS ENHANCEMENT
Enhancing Business

The international trade landscape is shifting rapidly in line with the outbreak of COVID-19 and the spread of multilateral trade agreements. In response, businesses need to analyze the situation objectively and develop business strategies to generate the best-possible outcomes. Specifically, investment in relevant areas and the development of new business opportunities are required to build business competitiveness to respond to the global economic recovery driven by COVID-19 vaccinations and the elimination of tariffs through the conclusion of multilateral trade agreements.

OUR APPROACH
We reinforce the competitiveness of our strategic business while tapping into new markets and businesses to emerge as a Globally Integrated Corporation. Leveraging our know-how and global network established through trading, we broaden our business territory and establish value chains in our core operations of steel, energy, and agrobusiness.

BUSINESS WITH
We strengthen the competitive power of our strategic business and consistently improve our business model as a Globally Integrated Corporation to drive profitability and growth.

SOCIETY WITH
We understand the environmental and social impact of our business on society and fully engage in resolving social issues through our business model.

PEOPLE WITH
We directly/indirectly contribute to creating jobs as we broaden our business presence, and expand quality jobs while constantly developing competency.

POSOCO INTERNATIONAL CORPORATION SUSTAINABILITY REPORT 2020
SUSTAINABILITY MANAGEMENT STRATEGY

RISKS & OPPORTUNITIES

RISKS
- Degrading trade and commercial environments amid the spread of COVID-19
- Fluctuations in international economic indicators (FX, commodity prices)
- Shifting trends in international trade (CPTPP\(^1\), RCEP\(^2\))
- Aggravating commercial environments in line with sluggish demand in the US and European automobile industry and the US-China trade conflict

OPPORTUNITIES
- Global economic recovery underway following the spread of COVID-19
- Increasing importance of agrobusiness in line with growing climate-related fluctuations
- Increasing opportunities to expand distribution business in response to the elimination of steel tariffs through mega-size FTAs
- Shifting industrial paradigms towards green mobility and the hydrogen economy under the green new deal policy initiative
- Growing demand in response to the green energy transition and the expansion of natural gas power generation in Korea and abroad

POSOCO INTERNATIONAL’s TOPIC

<table>
<thead>
<tr>
<th>Issue</th>
<th>GRI Topic</th>
<th>Relevance to Financial Performance</th>
<th>Relevance to Non-financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>201: Economic Performance</td>
<td>• Improve on the low growth/profitability inherent in our structure as a Globally Integrated Corporation</td>
<td>• Increase business longevity by rapidly responding to changing business conditions</td>
<td></td>
</tr>
<tr>
<td>102: Strategy</td>
<td>• Avoid monetary losses by preventing risks concerning trade and investment business</td>
<td>• Improve corporate credibility by increasing non-financial risk management capacity</td>
<td></td>
</tr>
<tr>
<td>201: Economic Performance</td>
<td>• Increase sales by reinforcing the global network and sales base</td>
<td>• Strengthen trust-based relationships with customers</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Comprehensive and Progressive Agreement for Trans-Pacific Partnership
\(^2\) Regional Comprehensive Economic Partnership

* The issue number indicates its ranking identified through the materiality analysis.
OUR COMMITMENTS

Focus Area 2020 Plan 2020 Achievement Evaluation 2021 Plan Mid/Long-term Target

Energy

Steel Business Group 1

Focus Area 2020 Plan 2020 Achievement Evaluation 2021 Plan Mid/Long-term Target

Steel Business Group 2

Future Growth Business

FOCUS ON MARKET EXPANSION

Steel Business Group 1

Future Growth Business

FOCUS ON NEW OPPORTUNITIES

Future Growth Business

Future Growth Business

FOCUS ON NEW BUSINESS

Future Growth Business

FOCUS ON NEW OPPORTUNITIES

Future Growth Business

Future Growth Business

FOCUS ON NEW OPPORTUNITIES

Future Growth Business

Future Growth Business
Mid-term Strategic Direction

Focus on 3 key business areas and launch future growth businesses to lead in the creation of Group-wide growth drivers

Reach KRW 29 trillion in sales and KRW 637.7 billion in operating profit by 2023

Generate tangible outcomes by developing growth momentum in 3 key business areas

Contribute to the Group-level expansion of rechargeable battery and hydrogen business and commercialize future growth business opportunities

Reinforce sustainability through global CSR activities that reflect our business characteristics and innovative work practices

POSCO INTERNATIONAL’s Core Competencies

Steel
- Overseas
  - Generate synergy through the integration of Group-wide export channels to expand global markets
- Domestic
  - Strengthen leadership in the domestic distribution market and expand e-commerce to respond to emerging markets

Future Growth Business
- Rechargeable Battery
  - Support Group affiliates in expanding the rechargeable battery value chain
- Hydrogen
  - Establish an overseas hydrogen supply chain and advance into the overseas distribution sector

Global Corporate Citizenship
- Recruit and nurture global top talent to become a first mover in seizing future growth business opportunities
- Innovate work methods and improve productivity in response to the post-COVID-19 era
- Advance the global HR infrastructure to generate overseas business outcomes

Group’s New Growth Business
- Rechargeable Battery
  - Support Group affiliates in expanding the rechargeable battery value chain
- Hydrogen
  - Establish an overseas hydrogen supply chain and advance into the overseas distribution sector

Global HR
- Strengthen preemptive responses to ESG issues to expand global business
- Strengthen global CSR activities mainly in strategic countries

Energy
- E&P
  - Lay the basis for sustainable growth by promptly securing additional reserves
- LNG
  - Develop the Group’s core business by expanding the LNG value chain

Global Sustainability Management Strategy

First, we will secure growth momentum for our three key business areas (steel, energy, and agro) and generate tangible outcomes.

- Expand domestic and global markets in the forefront of the Group’s steel business and generate Group-wide synergy
- Efficiently leverage regional processing centers and logistics services through the integrated overseas network to expand global markets
- Support competitive Korean SMEs with processing export business to pursue shared growth
- Gradually expand the online platform business to flexibly respond to future market trends

Second, we will build stronger capabilities in conducting eco-friendly future growth business with a focus on new mobility business.

- Focus capabilities on traction motor core as a key EV component to build new competitiveness
- Increase supply to domestic/international car OEMs and parts makers through the subsidiary POSCO SPS, and expand the global manufacturing base through the overseas network to prepare for the rapid growth of and increasing demand for future mobility business
- Develop key parts business with a focus on fuel cell metal separators, a key component for hydrogen-powered EVs, to advance into the market

Third, we will be further committed to practising the Corporate Citizenship management philosophy to create social value through sustainable win-win partnerships.

- Aside by the POSCO Group’s management philosophy ‘Corporate Citizenship: Building a Better Future Together’ across the entire business operations, and fully engage in building a culture of business that pursues co-prosperity with society
- Generate win-win values in identifying new business opportunities by expanding global marketing collaboration with Korean SMEs and venture firms and assist competitive SMEs in tapping into overseas markets
- Focus on the recruitment and development of global top talent, become a first mover in seizing future business opportunities, and stabilize growth businesses
- Improve productivity through innovative work methods that are in line with the post COVID-19 era and build a corporate culture that values efficiency and consideration

POSCO INTERNATIONAL CORPORATION SUSTAINABILITY REPORT 2020
### Status of Business Operations by Strategic Country

#### US
- Increase the sales of POSCO products to strategic customers and develop high-added-value steel products.
- Build a processing business system for major PV tracker companies.
- Promote liquefaction plant investment business in North America.
- Assemble EV drive parts at local plants and sell them to OEMs in the southeastern region.
- Source US-produced grains (corn, soybeans, wheat).

#### Mexico
- Increase the market share of auto steel sheets produced by POSCO Group affiliates among major OEMs and parts makers.
- Supply compounding materials for home appliances.

#### Brazil
- Source major grains (soybeans, corn, etc.).

#### EU
- Establish a stable supply system for key customers (large-size distributors, steel pipe companies).
- Expand the number of processing-export items and their volume for PV structural materials and parts.
- Export STS products to global companies in the home appliance, steel pipe and steel processing industry.
- Expand the EV parts supply (business/reaction motor cores for green vehicles).
- Sell biodegradable plastics (PBAT, PLA) and green & bio chemicals (PSF, PET).

#### Turkey
- Make equity investments (19%) in a Turkish STS cold rolling mill and engage in related transactions such as materials supply and product export.
- Supply synthetic fiber intermediates to synthetic fiber companies.
- Supply rolling equipment to ERDEMIR/ISDEMIR.

#### Ukraine
- Source and trade in corn, wheat and other major grains through the grain terminal.

#### Europe
- Source China-produced STS steel products and sell them in tariff-free markets.
- Purchase and sell major grains (soybeans, corn, rice).
- Purchase biodegradable plastics (PBAT, PLA) and synthetic fiber intermediates and sell synthetic resins and cotton yarn.
- Promote EV distribution business through cooperation with major EV DMs.
- Lay the basis for the combination toll processing of copper scraps and sell them to Chinese rechargeable battery companies.

#### India
- Expand the supply of steel materials to the energy infrastructure industry.
- Sell STS steel products to kitchen, auto and other consuming industries with actual demand.
- Sell synthetic fiber intermediates and purchase synthetic resins.

#### China
- Source China-produced STS steel products and sell them in tariff-free markets.
- Purchase and sell major grains (soybeans, corn, rice).
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#### Japan
- Sell STS steel products to customers with actual demand.
- Expand the building steel business for major construction companies.
- Source EV parts to major car DMEs (Suzuki, Honda) and parts makers.

#### Egypt
- Sell grains and palm oil to Egypt, one of the largest food importers.
- Sign a contract to supply engines for floating power plants with the state-run shipbuilder PT. PAL.
- Promote EV charging equipment supply business for local operators.
- Produce and sell crude palm oil through the operation of PT. BIA.

#### Indonesia
- Land orders for police projects (armored vehicles, policy dogs/horses management, road patrols) within the year.
- Sign a contract to supply engines for floating power plants with the state-run shipbuilder PT. PAL.
- Promote EV charging equipment supply business for local operators.
- Produce and sell crude palm oil through the operation of PT. BIA.

#### Bangladesh
- Complete the signing of a contract to supply 150 passenger coaches to Bangladesh Railways.

#### Vietnam
- Lay the basis to enter the upstream wind power generation market through new plant equity investments for offshore wind power generation.
- Sell oil products.
- Expand the supply of auto motor parts produced by Dongjin Vietnam to global tier-1 parts suppliers.
- Sell feed grains (corn, soybean meals).

#### Myanmar
- Purchase and sell major grains (soybeans, corn, rice).
- Purchase biodegradable plastics (PBAT, PLA) and synthetic fiber intermediates and sell synthetic resins and cotton yarn.
- Expand the supply of heavy equipment parts to SANY.
- Promote EV distribution business through cooperation with major EV DMs.
- Lay the basis for the combination toll processing of copper scraps and sell them to Chinese rechargeable battery companies.

#### Malaysia
- Invest in the establishment of an intermediary product (IV for cathode substrate copper foil processing).

#### Thailand
- Construct three power plants.
- Integrate the construction of a 1,300MW power plant in Saraburi.

#### Tunisia
- Complete the signing of a contract to supply 150 passenger coaches to Bangladesh Railways.

#### South Korea
- Source POSCO products to strategic customers.
- Develop high-added-value steel products.
- Build a processing business system for major PV tracker companies.
- Promote liquefaction plant investment business in North America.
- Assemble EV drive parts at local plants and sell them to OEMs in the southeastern region.
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2020 Business Performance

The accelerating globalization of the world economy and the blurring boundaries of different industries through the convergence of businesses is providing general traders with new growth opportunities over and beyond diversification opportunities. As such, we remain agile in responding to the shifting landscape and transform ourselves from a general trader focused on product export and cross trade into a Globally Integrated Company, capable of pioneering new markets and businesses and creating added value. Utilizing our know-how and overseas network accumulated over the years while engaging in traditional trading, we are now broadening our business presence into diverse areas by expanding the value chain of trading-linked business and agro/energy business and nurturing future business growth drivers.

Our steel business secured alternative markets in such emerging strategic markets as Southwestern Asia, Latin America and Africa to promote stable profit by expanding the overseas sales of POSCO’s steel products and the handling volume of steel raw materials. We also increased the sales of steel products for future mobility and of steel materials for the green energy industry including wind power generation to proactively respond to the 2050 carbon neutral world while building an online trading platform to expand the domestic e-commerce customer base to thereby respond to internal/external market changes. Our energy business proceeded to attain the target of securing 2.5Tcf in gas reserves by fully following up on our growth roadmap and attaining future business growth to take the lead in POSCO Group’s efforts to secure future growth engines. Non-performing assets will be sold to finance the investments made for the growth of the Company, and working capital expenses will be reduced to pursue non- 

First, we have created a growth roadmaps for key business areas to lay the basis for the creation of a balanced profit structure.

Second, we have improved our profitability through reinforced risk management and financial securities even amid global uncertainties.

Third, we are a global corporate citizen, have continued to fulfill our social responsibility and advance sustainability management.

We will proactively respond to the shifting market landscape including the emerging green energy trends and will place emphasis on business for a sustainable future of the steel industry.

POSCO INTERNATIONAL CORPORATION SUSTAINABILITY REPORT 2020 SUSTAINABILITY MANAGEMENT STRATEGY

Statement from the Heads of Groups

We will identify ESG risks in implementing our business strategies, address such issues and strengthen regulatory and non-regulatory governance. Non-performing assets will be sold to finance the investments made for the growth of the Company, and working capital expenses will be reduced to pursue non-debt financing. The sound financial structure of POSCO in turn will contribute to the sustainable growth of the Company. The funds that we will invest into issuing EPS bonds will also be used for the day-to-day trading in the industry to go wildlife renewable, future mobility assets, and other green businesses. We also contribute to win-win cooperation that intends to support SMEs and utilize the green growth to promote our management philosophy. Furthermore, we will consolidate and proactively prepare for ESG risks that may arise in implementing our diverse strategies so that all our employees are fully prepared to improve the sustainability of the Company.

We will reinforce our green business model so that we grow into an energy company leading the 2050 carbon neutrality initiative.

We will secure sustainable growth drivers by establishing a robust agro business value chain and expanding our green mobility business to pave the way for future growth.

Kyeung-Ryoung Koo
CEO, Cog. & Industrial Materials Group

We will move preemptively in implementing our strategies for resource-generating markets and solidify the platform to expand into emerging strategic businesses. This will enable our sustained quantitative growth in grain trading and our goal is to reach nine million tons in grain sales in 2021. We will also award more technology to address new sources of raw materials, including re-scrapable raw materials in rechargeable battery materials to broaden our business footprint and become a pioneer in the circular economy.

Key-In Lee
CEO, Corporate Management Group
Our Competitive Advantage
In line with the strategic goal set at the POSCO Group level, we have focused on building stronger dominance in overseas markets on the basis of integrated marketing capabilities and cooperation with Group affiliates. This enables us to expand our business territories into construction, materials, IT, and plants and to identify new business opportunities in wind power, PV, and other future growth areas, generating diverse synergy along the way.

Our Sustainability from the ESG Viewpoint
As a preemptive move to contribute to attaining the 2050 carbon neutrality goal of POSCO Group, we are increasing the sales of steel products for future mobility applications and of steel materials for wind and PV power generation and other green energy applications in accordance with our growth strategy to flexibly respond to changing internal/external market conditions. We also join hands with competitive Korean SMEs for equity participation and advancement of steel value chains to gain certification for POSCO materials and establish a supply base.

Our Sustainability Management Strategy
We create a task force to develop strategies in response to the future green mobility industry to pave the way to advance into the industry. The task force enabled us to increase the supply of lightweight parts in alignment with POSCO’s green mobility marketing strategy, and to post 20,000 tons in sales in 2020. Reaching 120,000 tons in sales linked with competitive Korean SMEs through collaboration
We strengthened our sales in connection with such competitive Korean SMEs as Hanwon MSC, Hwan-young Steel IND, and dhSteel through collaboration, and this resulted in 120,000 tons in such sales in 2020. We will continue with sales activities in alignment with these small yet strong companies to pursue shared growth and fully live by our Corporate Citizenship philosophy.
Our Competitive Advantage
Not only did we secure a stable supply of products in steel business, but also expanded our business territories into construction, materials, IT and plants based on Group-wide collaboration. We increased the sales of specialty products through strengthened field sales and processing capabilities, and solidified our leadership in the domestic market. Steel e-commerce helps as a preemptively respond to changing market conditions. We have also focused on expanding the sales of Group-wide strategic products and reinforcing our global partnerships to tap into new overseas sales channels.

Our Sustainability from the ESG Viewpoint
We increase the supply of steel scrap to help conserve resources and reduce CO2 emissions, as a way to contribute to POSCO Group’s 2050 carbon neutrality initiative. Our steel e-commerce facilitates trade among small-sized businesses, and our collaboration with SMEs helps expand processing export business. In so doing, we assist SMEs that often lack opportunities and building independent capabilities.

2021 - 2023 Implementation Plan

2021 Action Plan

2020 Achievement

Adding eco-friendly PosMAC as traffic light support materials used by Seoul City
We have succeeded in adding PosMAC, the eco-friendly steel material produced by POSCO, as traffic signal support materials used by Seoul City in partnership with JeWi Industrial, a Korean traffic signal system and structure manufacturer. We will build on this achievement to significantly increase the adoption of PosMAC, for traffic light supports, steel light supports and other urban facilities nationwide. Furthermore, we will leverage the expanded application of PosMAC in creating new value by exporting traffic light systems and structures based on our global network. We will continue to identify such business cases of win-win partnerships to create a virtuous cycle in securing new growth drivers.

SUSTAINABILITY MANAGEMENT STRATEGY

POSCO INTERNATIONAL CORPORATION SUSTAINABILITY REPORT 2020
STEEL BUSINESS GROUP 2

Strengthen the sales base

Expand the construction steel value chain

Identify new growth drivers

Increase the cross trade of steel raw materials for business expansion

2020 Action Plan

2020 Achievement

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### Our Competitive Advantage

We made Mahr gas discovery in Block A-3 to secure additional reserves in addition to Phase 2 development currently underway to add eight production wells. To identify LNG infrastructure business opportunities by aligning our overseas project development and professional trading capabilities with the Group's gas business strategy, we are taking the initiative in promoting LNG value chain business development from A to Z including Group's joint development of receiving terminals, liquefaction plants, pipeline business and gas-to-power operations.

### Our Sustainability from the ESG Viewpoint

We contribute to mitigating climate change by supplying LNG that produces less pollutants and poses reduced risk of explosion during combustion. Environmental impact assessments are made prior to initiating work such as gas field exploration and development, and feedback is collected from local residents and presentations are provided to share outcomes. We also distributed cook stoves with high thermal efficiency in Balinese state to lower CO2 emissions and help improve the quality of life for community members, pursuing win-win partnerships with local communities.

### UPSTREAM (Existing)

#### Shwe Project in Myanmar

- **Exploration (Production/Operation)**: Generate successful assessment of Mahr gas discovery, Spud in drilling on 8 production wells in Phase 2 and initiate offshore EPIC work, Sign an EPIC contract for Phase 3 development and initiative work, Maximize gas sales through the stable operation of the Shwe Project in Myanmar.

- **Development**: Complete Phase 2 development and proceed to Phase 3 as planned(93% be completed in 2024).

- **Production/Operation**: Continue to generate profits through the stable operation of the Shwe Project in Myanmar.

#### Exploration, Development/Production

- **Development**: Secure 1.5TcF in reserves by 2023 through equity participation in reliable development assets with proven reserves.

#### Exploration, Development/Production

- **Development**: Secure exploration rights and equity ownership in Southeast Asia and Australia to reach 1.5TcF in reserves by 2030.

#### Exploration, Development/Production

- **Development**: Expand business in key areas based on strategic partnerships.

### 2021-2023 Implementation Plan

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### 2021 Achievement

- **Stable operation of Shwe Project in Myanmar and Success in Mahr gas discovery**
  - In the face of the COVID-19 pandemic, we doubled our efforts to prevent infections and protect the safety of our employees, which enabled us to reliably operate the Shwe Project without major safety incidents.
  - We exceeded the initial target to post 200Bcf in sales. Harnessing our deep sea exploration capabilities accumulated through years of conducting E&P business, we have identified new gas reservoirs in Block A-3 offshore Myanmar. The drill stem test performed in the Mahr exploration well showed that the productivity is expected to yield near 38 million cubic feet of gas per day, opening up new possibilities of operating a new project in connection with the existing Shwe Project. Two years of detailed evaluation/appraisal will be performed before the development of Mahr discovery, which will surely accelerate the completion of POSCO Group's energy value chain.

### Energy

- **External Environment**
  - Increasing opportunities from low oil prices and growing gas demand mainly among emerging countries

- **Internal Issue**
  - Need to secure new profit sources in line with profit decreases in gas field operations on the horizon

### Key Figures

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<tbody>
<tr>
<td>LNG Trading Volume (billion tons)</td>
<td>2.8</td>
<td>1.0</td>
<td>1.3</td>
</tr>
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<td>2.8</td>
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### SUSTAINABILITY MANAGEMENT STRATEGY

- **Lay the basis for sustained growth through the timely acquisition of additional reserves and expand the LNG value chain to develop the Group’s key business.

- **Unifying POSCO’s gas business strategy with the Group’s gas business strategy, we are taking the initiative in promoting LNG value chain business development from A to Z including Group’s joint development of receiving terminals, liquefaction plants, pipeline business and gas-to-power operations.

- **Our Sustainability from the ESG Viewpoint**
  - We contribute to mitigating climate change by supplying LNG that produces less pollutants and poses reduced risk of explosion during combustion. Environmental impact assessments are made prior to initiating work such as gas field exploration and development, and feedback is collected from local residents and presentations are provided to share outcomes. We also distributed cook stoves with high thermal efficiency in Balinese state to lower CO2 emissions and help improve the quality of life for community members, pursuing win-win partnerships with local communities.

- **Our Competitive Advantage**
  - We made Mahr gas discovery in Block A-3 to secure additional reserves in addition to Phase 2 development currently underway to add eight production wells. To identify LNG infrastructure business opportunities by aligning our overseas project development and professional trading capabilities with the Group’s gas business strategy, we are taking the initiative in promoting LNG value chain business development from A to Z including Group’s joint development of receiving terminals, liquefaction plants, pipeline business and gas-to-power operations.

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### ENERGY

- **External Environment**
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### Securing new exploration and development assets

- **We evaluated prospective area in Southeast Asia and Australia**
  - We evaluated prospective area in Southeast Asia and Australia to secure new exploration and development/production gas field assets. We participated in an international exploratory bid round hosted by Malaysia in 2020 with an aim to sign a mining Production Sharing Contract in 2021. In addition, we teamed up with Pertamina to jointly study the Bunga region of Indonesia, and will conduct joint study following government approval expected in the first half of 2021. We are in discussion with Operators to secure new exploration and development assets in Southeast Asia and Australia known for favorable market and infrastructure conditions.

### Integrating LNG supply to POSCO Group affiliates

- **To integrate LNG supply to Group affiliates, we are building our procurement competitiveness and expanding our operations to handle overseas cross trading volume in addition to Group-level captive volume. In 2020, our total annual trading volume amounted to 2.8 million tons - 900,000 tons supplied to Group affiliates and 1.9 million tons handled through cross trade sales- to solidify our status as a trader in the LNG market. Going forward, we will expand mid/long-term trading contracts and invest in associated assets(liquefaction, IPP) to further strengthen our competitiveness in LNG procurement and our market dominance.**
Our Competitive Advantage

We are diversifying our markets mainly in Korea, China, Southeast Asia and MENA countries to expand our agro business trading volume. We have established our palm oil plantation development and manufacturing production system and are increasing sales in Indonesia, and our Rice Processing Complex (RPC) in Myanmar has initiated the operation of Factory 2 in fully launch distribution-focused agro business. Our Ukraine grain terminal stably delivered the first supply of feed wheat into Korea to strengthen the basis for grain procurement.

Our Sustainability from the ESG Viewpoint

We will operate our agro terminal for the increase of food demand in line with population growth and climate-related instability in grain production while contributing to our national food security. In conducting palm oil business in Indonesia, we are following the set procedures to achieve RSPO certification* and are sharing the status of implementation following the adoption of the NDPE policy to transparently communicate with stakeholders as a way to pursue sustainable palm oil business.

Our Advantage

AGRO

Improving competitiveness in grain procurement and expanding the palm oil value chain to strengthen agro business

VALUE CHAIN

Farming

• Complete the value chain in Ukraine
  - Establish an inland procurement value chain in alignment with the grain terminal in the Black Sea region
  - Initiate an overseas farming experiment on edible soybeans for the Korean market

• Diversify the business model in grain-producing countries
  - Introduce diverse contract farming models for the stable supply/demand of raw grains

• Examine the possibility of cooperation between Korean and local farming companies and build a rice farming business model
  - Preemptively develop a farmer-supporting procurement system in collaboration with development assistance projects
  - Implement an input-linked contract farming model

• Fully implement the NDPE policy and work to achieve RSPO certification

Oil & Oliseeds

• Build a grain procurement system in the Americas and other grain producers
  - Introduce the Ukraine procurement chain model in sourcing grains from other exporters

• Develop sales and production facilities for soybean oil, sunflower seed oil and other substitute oils

• Advance into palm oil refining business in Indonesia
  - Make joint investments with major customers in the food and biofuel sectors to expand the value chain and secure sales accounts

• Sell Indonesian CPO and refine oil to Korean edible/industrial oil & fat companies

Inland Logistics/Export Processing

• Build a grain procurement system in the Americas and other grain producers

• Continue with quantitative growth by upward adjusting the target volume for 2021
  - Develop new accounts including terms, market and transaction methods
  - Strengthen strategic partnerships with top-performing business partners
  - Strengthen cooperation between the Korean government and private sector corporate customers to contribute to national food security

• Secure rice procurement assets in Southeast Asia utilizing expertise acquired from operating the RPC in Myanmar
  - Bring self-production volume into Korea and sell such volume to new markets (the Philippines, Africa, Mena)

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  - Bring self-production volume into Korea and sell such volume to new markets (the Philippines, Africa, Mena)

• Create a brand for Myanmar domestic market products and operate warehouses to expand the basis to procure Myanmar-grown rice

Refining/BD

• Develop sales and production facilities for soybean oil, sunflower seed oil and other substitute oils

• Advance into palm oil refining business in Indonesia
  - Make joint investments with major customers in the food and biofuel sectors to expand the value chain and secure sales accounts

• Sell Indonesian CPO and refine oil to Korean edible/industrial oil & fat companies

Import Processing

• Stabilize sales accounts through strategic partnerships with domestic/overseas customers

• Lay the basis to advance into importer distribution and processing business over the long haul

• Invest in processing and distribution in the Mena and Asian region in alignment with grains from the Black Sea region

2020 Achievement

Bringing the first shipment of feed wheat into Korea through the Ukraine grain terminal

In October 2020, we imported a total of 68,000 tons of feed wheat from Ukraine into Korea with the largest Korean feed grain importer. Some 42,000 tons of this delivery were transported through the Ukraine grain terminal that we invested in, which represents our success in reliably supplying high-quality feed grains to the Korean market by way of the first-ever overseas grain export terminal acquired by a Korean company through investments. Going forward, we will build procurement infrastructure in food exporting countries so that we not only grow our business but also serve to import feed into Korea in the event of global food crisis, thereby growing our agro business into a significant contributor to national food security.

PT. BIA announcing and implementing the NDPE policy

In March 2020, we became the first Korean company to announce the NDPE policy that sets the highest possible standards in the palm oil industry. This policy consists of environmental preservation and management, protection of and respect for human rights, and stakeholder communication, and we, as a Globally Integrated Corporation, aim to conduct our palm oil business in a sustainable way. In relation to the announcement and implementation of the NDPE policy, we are fully reaching out to domestic/international investors, ESG evaluator and other varying stakeholders. We will generate profits in line with the full-fledged production of our palm oil business and share such profits with the resident cooperative to establish a virtuous cycle of economic and social values.

RSPo granting approval on our Remediation and Compensation Plan(RaCP)

In July 2021, PT. BIA’s Remediation and Compensation Plan (RaCP), which outlines its environmental conservation activity plans to implement the NDPE policy and achieve RSPO certification, gained approval from RSPO. The RaCP consists of the Remediation Plan to manage areas surrounding streams inside the premises as well as the Compensation Plan* that includes diverse programs for environmental preservation and management in surrounding areas outside the premises. The RaCP is a 25-year long-term plan based on the four principles of Additionality, Long-Lasting, Equitable, and Knowledge-Based, and will be implemented through communication and collaboration with indigenous peoples and other major stakeholders.

* Assurance from a third party by implementing environmental conservation programs that affect the forest losses identified through the Land Use Change Analysis (LUCA)
### Future Growth Business

**Future Mobility, Green & Bio Chemicals, Hydrogen**

**External Environment**
- Shifting industrial paradigms towards new materials and other future businesses

**Internal Issue**
- Shallow growth in traditional trading (sales, profit)

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### Sustainability Management Strategy

**Objective**

- **Stabilizing national energy supply** over the long haul.
- **Boosting the green economy** through the green energy transition and in reducing environmental pollution. In addition, we will expand our materials and other green & bio chemicals to help reduce energy consumption and emissions, and contribute to the expansion of Group-wide rechargeable battery and hydrogen business and commercialize future growth businesses.

**Our Competitive Advantage**

- We are increasing our supply to domestic/international car OEMs and parts makers on the strength of our domestic manufacturing base of traction motor cores, a key EV component, and our competitive production technology. We operate our own research center to continuously build our competitive advantages, and expand our global production base on the basis of our overseas network to cope with the rapid growth and demand increases in the green mobility sector. With a goal of tapping into new markets for novel eco-friendly materials including fuel cell separators that are a core component for Fuel Cell EVs as well as Biopolis and IPIE, we are advancing into the new growth businesses by way of alliances, partnerships and equity participation.

**Our Sustainability from the ESG Viewpoint**

- We provide key parts for eco-friendly vehicles capable of replacing conventional ones powered by internal combustion engines that mainly run on fossil fuels, and contribute to reducing GHG emissions in Korea and abroad in so doing. We also supply biodegradable plastics, recycled materials and other green & bio chemicals to help reduce environmental pollution. In addition, we will expand our hydrogen energy business to aid in achieving the low carbon economy through the green energy transition and in stabilizing national energy supply over the long haul.

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<td>5.0</td>
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**Future Mobility**

**2021 Action Plan**

- **Automotive Components**
  - Increase orders awarded for future mobility businesses
  - Supply drive and electronic components to emerging OEMs
  - Secure production bases of competitive SME suppliers by cooperating with overseas investment
  - Establish business bases to recycle process scraps and end-of-life battery materials in Europe and the Americas
  - Build supply bases to Korean tier 1/2 future mobility lightweight component makers
  - Launch initial-phase promotions on copper rectangular wires for OEMs and tier 1 component makers in Europe and the Americas

**2020 Achievement**

- Our Mobility Business Division has won large-scale future mobility parts supply contracts worth more than KRW 220 billion in 2020. We specifically cooperated with competitive SME suppliers in order to develop overseas customers channels, and in so doing, consistently increase orders awarded for key components such as EV magnets and traction motor cores to pursue shared growth. We are also expanding our EV parts line-up including half-shafts and reducers for major car OEMs and emerging EV producers in North America, Europe and Vietnam. We have also expanded our tier 2-equipment supplier network for traction motor cores, motor separators, fuel cells, etc.

**Expanding future mobility parts business**

- Our Mobility Business Division has won long-term future mobility parts supply contracts worth more than KRW 220 billion in 2020. We specifically cooperated with competitive SME suppliers in order to develop overseas customers channels, and in so doing, consistently increase orders awarded for key components such as EV magnets and traction motor cores to pursue shared growth. We are also expanding our EV parts line-up including half-shafts and reducers for major car OEMs and emerging EV producers in North America, Europe and Vietnam. We have also expanded our tier 2-equipment supplier network for traction motor cores, motor separators, fuel cells, etc.

**Green & Bio Chemicals**

**2021 Action Plan**

- **Non-Ferrous Metals**
  - Advance into rechargeable battery recycling processes and material business (black powder for cathode precursors)
  - Increase the supply of aluminum lightweight component materials
  - Launch business for copper rectangular wires used for traction motors in the future mobility sector
  - Establish a JV to manufacture raw materials for copper

**2020 Achievement**

- Components such as EV magnets and traction motor cores to pursue shared growth. We are also expanding our EV parts line-up including half-shafts and reducers for major car OEMs and emerging EV producers in North America, Europe and Vietnam. We have also expanded our tier 2-equipment supplier network for traction motor cores, motor separators, fuel cells, etc.

**Expanding hydrogen business**

- Our Energy Business Division has signed an MOU with Origin Energy of Australia to jointly develop green hydrogen business, and our current company in Malaysia, to cooperate on blue hydrogen business on multiple fronts. We are expanding such partnerships into Russia, the Middle East, and Latin America.

**Green Hydrogen**

- We provide key parts for eco-friendly vehicles capable of replacing conventional ones powered by internal combustion engines that mainly run on fossil fuels, and contribute to reducing GHG emissions in Korea and abroad in so doing. We also supply biodegradable plastics, recycled materials, in line with the emerging green trend.

**Future Mobility**

- **Expand the fertilizer business and strengthen green product trading competency**
  - Secure a stable pool of customers and increase sales in Southeast Asia
  - Secure manufacturing bases for biodegradable plastics
  - Establish and strengthen recycled raw materials for biodegradable plastics
  - Value chain: key locations in North America, Japan and Europe
  - Develop and expand Group-wide business
  - Businesses aligned with sugarcane, cotton, lightweight automotive components, ammonia, graphene, etc.

**Green & Bio Chemicals**

- **Increase orders awarded for future mobility businesses**
  - Secure production bases of competitive SME suppliers by cooperating with overseas investment
  - Establish business bases to recycle process scraps and end-of-life battery materials in Europe and the Americas
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Support for SMEs and Venture Businesses

The US-China trade conflict, the global economic downturn, the spread of neo-protectionism and other wide-ranging commercial issues are spurring structural shifts in global trade. In particular, COVID-19 and its resulting global pandemic served to add greater downward pressure on export. This implies that responding to global issues and developing new business strategies have come to form an integral part of any company’s survival strategy. As we have a worldwide business network and business partners, we are operating a global marketing collaboration platform to assist outstanding SMEs and venture businesses in resolving their difficulties in going global. In addition to advancing into overseas markets, we also join hands with them in developing business so that this in turn helps us develop new business to pursue mutual-beneficial growth through continued support.

Global Marketing Portal for SMEs and Venture Businesses

On the strength of our global network and infrastructure that we have established as a Globally Integrated Corporation, our aim was to create a system and a well-organized collaboration process to facilitate the export operations of SMEs and venture firms and seek win-win partnerships with them. This prompted us to launch and operate the Global Marketing Portal to ensure the integrated company-wide management of collaboration with SMEs and venture businesses and generate mutual synergy through stable export performance.

Collaborator Selection Process

Evaluate the value of extra-ont partnerships from the corporate citizenship perspective

1st evaluation

2nd evaluation

3rd evaluation

Support Provided and Operational Performance

We have opened the Global Marketing Portal as a collaboration platform to support outstanding SMEs and venture firms based on our track records in creating business opportunities with more than 3,800 overseas business partners across our 45 worldwide locations. Not only do we facilitate the export operations of SMEs and venture firms, we also help them improve competitiveness in the international trade community and engage in joint business development to pursue shared growth and co-prosperity.

FINANCIAL PERFORMANCE

In 2020, our consolidated operating profit declined by KRW 130.8 billion to KRW 474.5 billion from the previous year as the Shwe Project in Myanmar experienced decreases in sales price and volume. While our cash flow from operations fell by KRW 490.4 billion on a year-on-year basis, the number still amounted to KRW 1,186 billion thanks to our continued efforts to reduce our working capital. In line with decreasing borrowings, our debt-to-equity ratio fell by 30.43% from the previous year. In addition, growth in net income led to year-on-year increases in such profitability indicators as ROE and ROA.
Analysis of Risks and Opportunities for Their Financial Impact

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Organizational Chart of the ESG Council

The council will serve 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.

We will strengthen the role of the BOD to manage and oversee ESG issues including BOD-level response to climate change.

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.

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Analysis of Risks and Opportunities for Their Financial Impact

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STRONGER ETHICS MANAGEMENT

Reinforcing Ethics Management

Applicable laws and regulations on ethics management are tightening consistently in Korea and abroad, along with increasing needs for ethics management created by customers and other varying stakeholders. While businesses that fail to comply with ethical norms face greater risks, those who preemptively respond and resolve such risks could gain trust from customers, expand investment opportunities and receive other positive benefits. As such, businesses need to establish and internalize a culture of ethics management in the areas of integrity, anti-corruption, and fair trade among others.

OUR APPROACH

POSCO INTERNATIONAL will fulfill its role as a corporate citizen in line with integrity, fairness and honesty that are the three core values of ethics management. We provide training to employees to ensure that they conduct business in accordance with Code of Ethics while maintaining trust-based relationships with business partners and other varying stakeholders.

BUSINESS WITH

We establish sound trade practices through fair and clear decision-making in doing business with partners.

SOCIETY WITH

We fully comply with the Code of Ethics as well as laws and regulations in the countries where we operate to set an example for the global community.

PEOPLE WITH

We assist each and every employee in developing a set of ethical values to follow, and set the condition for them to lead an ethical life as a member of society.

OUR COMMITMENTS

Focus Area | 2020 Plan | 2020 Achievement
--- | --- | ---
Anti-corruption | • Launch campaigns to eliminate four unethical practices (bribery, embezzlement, information manipulation, and violation of sexual ethics) | • Proceeded campaigns to eliminate four major unethical practices
• Improved the process to register and manage private-sector stakeholders
• Expanded ethics assessments and surveys on corporate culture that respects human dignity
• Expanded training to eliminate four major unethical practices for expatriates and global staff

Fair Trade | • Review the acquisition of ISO 37001 | • Performed pre-audits on private contracts(309 contracts in total)
• Performed sub-contract audits to prevent the risk of regulatory violations

Information Security | • Work to achieve SMS certification | • Achieved ISO27001 certification
• Assisted overseas corporations and offices in elevating the level of their data protection management
• Engaged in security enhancement activities for the virtual remote work environment

POSCO INTERNATIONAL’S TOPIC

Issue | GRI Topic | Relevance to Financial Performance | Relevance to Non-financial Performance
--- | --- | --- | ---
414: Supplier Social Assessment | • Increasing competitiveness of suppliers having impact on the quality and sales of products and services | • Purify shared growth through improved sustainability of suppliers
| • Increase opportunities for under-winning and business expansion through responsible supply chain management | • Improve brand awareness through suppliers’ fulfillment of due diligence obligations

205: Anti-corruption | • Pay a fine in the event of regulatory violations | • Suffer degradation in corporate reputation and brand value when conducting business in an unethical way
• Suffer disruptions on business operations (e.g. suspension of operations) when the issue concerned is highly critical
• Expand investment opportunities through improved trust

Posco International’s sustainability report 2020
Anticorruption

POSCO INTERNATIONAL recognizes ethics management as a key pillar for corporate competitiveness and a company's sustainable growth. We work to embed ethics management into the mindset of our employees to disseminate a culture of ethics management, and build a corporate culture of transparency and integrity.

Ethics Management System

Code of Ethics
We believe that ethical values should be the top priority for all our employees. Essential ethical values were chosen at the company-wide level, and standards for ethical behavior were defined to underscore the importance of complying with these values and standards for all employees. Provisions on the prevention of conflict of interest were added to establish a culture of fair competition and to encourage all employees to follow. We will preemptively include new ethical norms in consideration of shifting conditions and reinforce our ethics management in doing so.

Practice Guidelines
Our Practice Guidelines set the course of action for our employees to properly comply with the Code of Ethics. They are fully disclosed through our website and work guides to all stakeholders including employees. Provisions on the prevention of sexual and workplace harassment and on the prevention of conflict of interest were added in 2018 and 2019, respectively, and we issue notices to promote their continued implementation and provide employees with e-learning on their details.

Operational Directions
Establish a Global Top-tier Corporate Culture of Compliance
• Check risks
• Perform pre-work consultations
• Survey on a corporate culture that respects human dignity
• Offer counseling on ethical dilemmas

Preemptive Response to Risks
• Offer training on ethics and fair trade
• Launch campaigns on ethics and fair trade
• Provide tailor-made training to high-risk organizations

Shift in Employee Awareness
• Establish a culture of compliance with ethics and fair trade

Cultural Dissemination
• Ensure consistency in ethical values

Dedicated Organization
The Corporate Audit Division, which is under the direct leadership of the CEO, is responsible for our company-wide ethics management operations. The Division consists of the Corporate Audit Department I and the Corporate Audit Department II that are tasked with business assessments, ethics management, and fair trade, and with work audits and internal controls respectively.

Organizational Chart of Corporate Audit Operations

Internal Control Policy
The Corporate Audit Department I constantly manages any non-compliance with applicable regulations and guidelines through the mechanisms to report unethical practices and power harassment while assisting the compliance manager to regularly conduct trainings and work assessments on ethics and fair trade across the board. The Corporate Audit Department II engages in internal control operations to establish internal control policies in relation to compliance required for business conduct, the presentation of financial statements, and the appropriateness of the internal accounting control system. Relevant operations are monitored, and outcomes of the audits performed as above and on other diverse issues are reported to the Audit Committee.

Competency Development for Ethics Management

Ethics Training
A wide array of ethics training is provided to raise employee’s ethics awareness and prevent relevant issues from ever occurring. In 2020, a total of 30 courses were conducted for employees at the Headquaters and overseas organizations by career level and department through online/offsite trainings and campaigns.

Ethics Management Training Provided in 2020
(No. of training courses and persons)
| HQ | Ethics training for new hires | 1 | 56 |
|    | Ethics training for experienced hires | 2 | 5 |
|    | Ethics awareness improvement training for high-risk organizations | 11 | 106 |
|    | Ethics training for prospective expatriates | 1 | 36 |
|    | Ethics training for expatriates returning to Korea | 2 | 38 |
|    | e-learning on business ethics | 1 | 1,05 |
|    | Ethics campaign | 7 | 1,698 |

Overseas Workites
• Ethics training for locally-hired employees | 137 |
• Ethics awareness improvement training for high-risk organizations | 19 |
• e-learning on business ethics | 137 |

Reinforced Communication on Ethics Management
Our ethics counseling center provides counseling on ethical dilemmas employees may face during business conduct to support their ethical practices while also fulfilling a monitoring role to eliminate unethical practices and establish a culture that respects human dignity. In 2020, the center offered counseling on 52 cases in total. We also extended the scope of annual ethics surveys performed on department heads to include overseas organizations.

Monitoring Performance of the Ethics Counseling Center
(No. of cases)
<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Code of Ethics</td>
<td>1</td>
<td>12</td>
<td>34</td>
</tr>
<tr>
<td>Fair trade</td>
<td>39</td>
<td>32</td>
<td>12</td>
</tr>
<tr>
<td>Anti-graft Act</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>FCPA*</td>
<td>9</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Other (Workplace bullying, etc.)</td>
<td>3</td>
<td>7</td>
<td>4</td>
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<tr>
<td>* Foreign Corrupt Practices Act</td>
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Prevention of Ethical Risks at Overseas Workites
In 2020, ethics training was provided to expatriates three times and to global staff once to share our ethics policies and programs and cases of non-compliance and to elevate their ethics awareness across the board. We also informed all organizations of the mechanism to report unethical practices to prevent such practices from ever occurring across the entire workites.

Unethical Behavior Reporting System
Our Clean POSCO INTERNATIONAL System documents and manages all recommendations made and favors asked in relation to employees to establish a corporate culture of integrity and fairness. When an employee registers the unreasonable requests by/she/received on the system, we guide them on the process to refuse such requests, follow the set step-wise procedures and verify the outcomes to closely monitor these requests made in relation to the Company. This system encourages employees to voluntarily report such occurrences of seeking favor as the primary mechanism of establishing a fair trade culture. To create a corporate culture of transparency and ethics, we are also strengthening our internal whistleblowing system. In accordance with provisions on the prevention of conflict of interest, data on former POSCO INTERNATIONAL employees is uploaded on the system, and in case we do business with entities hiring these employees, decision-makers are re-alerted to this prior to granting their approval to take a second look at relevant issues and build transparency into our business practices so in doing. Through such endeavors, the Company will surely become a corporate citizen trusted by stakeholders for its fair business conduct.

Protection of Whistleblowers

Identity Protection
If whistleblowers or those collaborating in investigation are believed to suffer any disadvantage on HR or other matters, they are eligible for change in positions or assignments.

Confidentiality
Even when whistleblowing is recognized in connection with one's business conduct or by accident, the identity of whistleblowers and those collaborating in investigation should remain strictly confidential.

Protection against Reprials
Any work-related retaliatory actions against whistleblowers and those collaborating in investigation are prohibited, and such actions are reprimanded in accordance with applicable regulations.

Preventive Procedures of the Clean POSCO INTERNATIONAL System

STEP 1
Register the person who made the complaint and upload the form to the system
STEP 2
Verify the alert details by the Corporate Audit Division
STEP 3
Notify the concerned department
STEP 4
Conduct detailed investigations and take proper measures by the Corporate Audit Division when deemed necessary
**Counselling and Reporting through the Grievance Mechanism**

We operate the grievance mechanism for both internal and external stakeholders to freely raise their grievances on unsatisfied business practices on the part of our employees, unreasonable requests taking advantage of one’s dominant position, discriminatory practices, and verbal or physical violence. Such grievances can be submitted both anonymously and under one’s real name through our website, and their details remain strictly confidential according to robust security procedures under the principle of confidentiality. In particular, the identity of those who raise grievances under their real name remains strictly anonymous to protect them from any disavantages that may occur. Once a grievance is submitted, the relevant department takes proper measures and provides feedback.

**Grievance Mechanism Procedures**

1. **STEP 1**
   - Receive grievances

2. **STEP 2**
   - Notify relevant departments of the grievances submitted

3. **STEP 3**
   - Investigate to verify facts

4. **STEP 4**
   - Notify the measures to be taken (Corporate Audit Division) and take the necessary measures (HR Division)

**Handling Procedures of the Workplace Harassment Report Center**

Workplace harassment that stems from imbalance in internal power dynamics often degrades employees’ morale and negatively impacts their work performance. As we are aware of such risks, we operate the Workplace Harassment Report Center for all stakeholders, including our own employees, to report any unreasonable requests following the notification of handling outcomes. Such grievances can be submitted both anonymously and under one’s real name through our website, and the whistleblower may receive its handling outcomes if he/she wishes to do so. While it typically takes one month to handle such cases, this is shortened to 14 days for special issues such as sexual harassment, and we ensure that the offender signs the confidentiality and non-retaliation agreements following the notification of handling outcomes.

**Grievances Submitted and Handled Under the Grievance Mechanism in 2020**

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<th>Grievance Handling Rate</th>
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<td>HQ (including overseas organizations)</td>
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<tr>
<td>STS Division</td>
<td>1 100</td>
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<tr>
<td>TMC Division</td>
<td>0</td>
</tr>
<tr>
<td>Plate Fabrication Division</td>
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**Supplier Code of Conduct**

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POSCO Group assists all its business partners in fulfilling their sustainability responsibility through its Supplier Code of Conduct. The code consists of 22 provisions in seven categories concerning basic norms on the environment and human rights as stipulated by the UN Global Compact as well as shared growth, fair trade and quality management. In 2021, POSCO INTERNATIONAL added compliance with the Modern Slavery Act and regulations on conflict mineral management to reinforce its code of conduct for all suppliers wishing to do business with the Company to abide by.

**Summary of the POSCO Group Supplier Code of Conduct**

- **Environment**
- **Health and Safety**
- **Protection of Trade Secrets and Intellectual Property**
- **Quality Management**
- **Shared Growth and Social Contribution**
- **Respect for Human Rights**
- **Ethics and Fair Trade**
- **Shared Growth and Social Contribution**

**Partner Selection and Assessment**

We perform annual assessments on all new partners and existing long-term partners. Such assessments are made on their compliance with environmental and safety rules and the occurrence of safety incidents as well as their work execution, on-time delivery and other qualities. Those who fail to meet the set criteria as a result of assessments may face restrictions in signing contracts. A separate process is arranged for partners to raise objections against assessment results and receive feedback to ensure the fairness of the assessment process. In addition, all partners doing business with us are required to abide by the special provisions on the practice of ethics in order to establish sound and fair trade practices.

**Responsible Mineral Sourcing**

Stakeholders demand that responsible mineral sourcing expand from the prohibition of conflict minerals (tantalum, tin, tungsten, gold) sourced from conflict-ridden areas in Africa to human rights, environmental protection and social responsibility. As a global corporate citizen, we recognize the importance of responsible mineral sourcing and cooperate on customers’ responsible mineral policy and support suppliers’ responsible mineral management to join in the global effort to promote responsible procurement practices.

We limit transactions with suppliers who bring negative impacts on society, and do not use minerals sourced from conflict areas. We participate in the Group-wide consultative body created for responsible mineral sourcing to take stock of our consumption of conflict minerals and to develop implementing countermeasures. In 2021, we established our own Responsible Mineral Management Guidelines1 based on the POSCO Group’s responsible mineral management guidelines by reflecting our identity as a Globally Integrated Corporation to operate our responsible mineral management system more effectively.

**Responsible Mineral Management Guidelines**

- Article 1. Purpose
- Article 2. Scope of Application
- Article 3. Definition of Terms
- Article 4. Organization, Responsibility and Mandate
- Article 5. Work Procedures
- Article 6. Documentation and Archiving

**Responsible Mineral Management Process**

We define the criteria for Conflict-affected and High Risk Areas (CAHRAs), and select CAHRAs through investigations into relevant countries and regions. CAHRAs refer to mining areas currently in a state of armed conflict or witnessing human rights and environmental issues in the mining process. Suppliers operating within the CAHRAs are subject to more stringent responsible mineral management procedures. To identify responsible mineral risks that may occur even from the supplier registration phase, we examine suppliers for their management data and responsible mineral policy. Smelters aligned with these suppliers are also reviewed for their CAHRAs status, and verified for their RMI2 conformance through third-party due diligence if they are evaluated as non-conformant. They could be deleted from our supplier registration system. For registered suppliers, we request their consent to use the minerals that raise human rights and environmental concerns and to comply with our responsible mineral policy. We also conduct assessments on our current suppliers: we investigate their responsible mineral data just as we do with new suppliers, and request them to fill out the CMI/R3 and verify conformance of their smelters. Assessment outcomes are used in classifying suppliers into ‘high-risk’, ‘management target’ and ‘general’. For high-risk suppliers, we engage independent third-parties in professional due diligence to review their risks and improve. We fully support them with improvement activities by providing training content when deemed necessary, and verify their completion within 120 days following the notice of due diligence results. In case these activities were not completed, the concerned supplier could be excluded from the regular pool.

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1. Responsible Mineral Initiative: a global consultation body formed to promote responsible mineral sourcing and supply chain management and to look into the usage of conflict minerals and perform monitoring and certification of products using such minerals.

2. CMI: Conflict Minerals Initiative (Global Report Template: Standardized Templates created by the RMIC to identify detailed information on responsible mineral sourcing).
Information Security System

In line with the increasing severity of data breaches, stakeholders’ demand for information security is also growing. POSCO INTERNATIONAL operates the Information Security Executive Office (CEO) and operates an organization under the CISO to be responsible for company-wide data protection operations. The Information Security Executive Committee convenes under the supervision of the CEO to make strategic decisions on important issues, and the Information Security Working Committee is operated to respond to unexpected issues.

Information Security Executive Committee
We operate the Information Security Executive Committee presided by senior management. The committee consists of the CED (Chair), heads of respective business groups (member) and the CISO (assistant administrator), and is mandated to make company-wide decisions on critical information and data privacy issues. The committee meets on a semi-annual basis, and held two meetings in 2020 to engage in in-depth discussions on plans to improve the data protection performance of overseas organizations, outcomes of achieving ISMS certification, and measures to boost data protection in relation to remote work.

Information Security Working Committee
The Information Security Working Committee was created to respond to a range of working-level information security issues and closely collaborate with multiple departments. The committee is comprised of information security and personal data protection personnel and department-level managers, and committee meetings, held under the supervision of the Information Security Department, are attended by working-level personnel from diverse areas, including Human Resources/Human Relations (personnel security), administrative support (physical security), and information systems (technology security). The committee convenes every quarter, and met four times in 2020 to share data protection improvement tasks as well as plans to achieve ISMS certification and measures to boost data protection in relation to remote work.

Prevention of Security Breaches and Response Process
We are establishing response procedures to prevent information security breaches and swiftly respond to such incidents once they occur. Work is underway to develop a response organization joined by internal/external experts, phased-in incident response manuals, and countermeasures by incident type and grade to formulate optimal response strategies for respective incident situations. We also attend the annual cyber crisis response drills conducted by POSCO Group under real-life scenarios to review our inter-organizational cooperation system and response procedures and make necessary improvements.

Information Risk Management and Review
Each year, internal information security audits are performed to facilitate the operation of our information security management system. Audit findings are reported to the Information Security Executive Committee and the Information Security Working Committee. The Working Committee develops improvement plans and taking necessary measures. In 2020, we achieved ISMS (Information Security Management System) certification supervised by the Korea Internet & Security Agency (KISA) to gain external recognition on the objectivity of our internal information security management system. We plan to receive annual surveillance audits to continuously verify the security of our customer data.

Internal Information Security Audit
Internal information security audits are performed each year under the leadership of the security audit team to review our information security system and activities. The team consists of external organizations with proven independence and expertise and internal information security personnel. Audits are conducted through document reviews, interviews and due diligence in accordance with fair procedures. Audit results as well as identified issues and improvement plans, are reported to the CISO for approval. The details of all audit activities are verified for their external validity through ISMS certification audits.

ISMS Certification
We have initiated online steel sales and brokerage services through ‘Steeltrade’. As this gave rise to increasing demand for security and reliability in relation to customer data privacy, we achieved the public information security certification under the ISMS program and have remained certified as such. The ISMS certification program is intended to comprehensively evaluate companies for their development of an information security system and competencies and their continued operation and management. Companies wishing to obtain this certification need to satisfy nearly 80 certification criteria suggested by the KISA. POSCO INTERNATIONAL successfully met all these criteria, and will remain certified by reviewing renewal audits every three years nearing the expiration of the certification. Furthermore, we will perform annual surveillance audits even during the validity period to verify the risk management system and ensure necessary improvements, taking the lead in promoting information security.

Information Security Activity
Information Security Awareness Training for Employees
We provide information security training to raise information security awareness of our employees and partner employees and to prevent information security breaches. All our employees are obliged to complete annual online information security training, and offline training is also offered to new hires and returning employees. In consideration of the recent shift to the virtual work environment, we have independently produced and distributed VOD content on information security. Partner employees are trained on necessary precautions to take for information security each year, and secure coding courses as recommended by the KISA are provided as well. To share latest information security trends and concerns, we share relevant information security letters for employees and exaptatees. Mock drills against phishing e-mails are also conducted every quarter to prevent cyber security breaches that occur by way of e-mails. Separate offline training is arranged for those who failed to comply with applicable regulations, and follow-up measures are taken including information security penalties, to encourage behavioral change.

Virtual Remote Work Environment
COVID-19 has brought with it a dramatic change in the work environment. Work-from-home has become a new normal, and this has resulted in rapid growth in hacker attacks. This in turn underlines the importance of creating a secure remote work environment. We have introduced an additional layer of authentication (QR code) in the user authentication process for our remote employees and utilized by users to the essential minimum to tighten security. A procedure was also established to check if the personal computer is secure prior to use so that only secure ones are used for work.

Information Security Breach Reporting Procedure
Customer rights including all inquiries, complaints, remediation or access in relation to personal data, are specified in the personal information handling policy section of our website. Any information security breaches can be reported through the department or staff responsible for personal data operations, and immediate measures are taken for reported issues. In the event of information security breaches occurring in the company’s IT department makes instant responses in accordance with information security regulations,
Fair Trade

POSCO INTERNATIONAL strictly abides by fair trade regulations to prevent legal risks, and aims to establish a corporate culture of compliance through the Compliance Program (CP). Such efforts were recognized as we were named a Company with Compliance Program Excellence by the Fair Trade Commission in 2020.

Fair Trade Compliance Program System

Compliance Program
We endeavor to comply with the Fair Trade Commission’s fair trade regulations. Our independent fair trade compliance program has been developed and operated since 2011. We publish the Fair Trade Compliance Handbook and the Subcontractor Handbook on our website for our employees and other stakeholders to easily access, and reflect regulatory amendments in these handbooks each year. A mobile app version of the Fair Trade Compliance Handbook has been made available since 2020 to make it easier for our employees to refer to fair trade regulations in their course of work.

Fair Trade Compliance Council
We operate the Fair Trade Compliance Council that consists of diverse members, including the compliance manager (Head of the Corporate Audit Division), council members (senior department leaders at respective groups), practicing leaders, and assistants. The council is mandated to review the status of our fair trade compliance each year and make necessary improvements. In 2020, the council met four times in total to share fair trade policy trends and prevent regulatory non-compliance through fair trade counseling and continued self-reviews.

Core Elements of the Fair Trade Compliance Program

Government Recommendation
- Set and implement CP standards and procedures
- Announce CEO’s commitment to and support for the CP
- Appoint the compliance manager to be responsible for CP operations
- Publish and use the compliance handbook
- Provide continuous and systemic CP training
- Build an internal monitoring system
- Take disciplinary actions on employees who violate fair trade-related regulations
- Evaluate effectiveness and take improvement measures

Voluntary Operation
- Create a fair trade compliance council
- Assess operational performance

Fair Trade Internal Monitoring System

For employees who often encounter diverse ethical dilemmas in the course of their work, we engage in pre-work consultations with the Ethics Management and Fair Trade Section. The Fair Trade Consultation Office is also operated to assist employees in making decisions in real-life situations.

Fair Trade Self-review by Department
While we have established a company-wide self-review system, we also engage in department-level self-reviews. The fair trade checklist is distributed and used to identify any issues that may constitute non-compliance in advance. The checklist is organized by area and type of violation, and is distributed to practicing leaders of the Fair Trade Compliance Council who correspond to the concerned section. In case issues are identified for their risk of regulatory violation as a result of such reviews, necessary measures are taken following counseling provided by the Ethics Management and Fair Trade Section, the Legal Division, or other departments with relevant expertise.

Fair Trade Status Review and Audit
In addition to preventative activities, we also operate follow-up management programs. Follow-up monitoring is performed on vulnerable and high-risk areas identified through department-level fair trade self-reviews. In particular, we take stock of our regulatory compliance in line with the Fair Trade Commissions’ large enterprise policy, and perform audits on fair trade risks either through reports submitted or our own monitoring. Based on audit findings, those with excellent performance are rewarded while those found in violation of applicable regulations are subject to disciplinary measures. The checklist is organized by area and type of violation, and is distributed to practicing leaders of the Fair Trade Compliance Council who correspond to the concerned section. In case issues are identified for their risk of regulatory violation as a result of such reviews, necessary measures are taken following counseling provided by the Ethics Management and Fair Trade Section, the Legal Division, or other departments with relevant expertise.

Pre-audit on Private Contracts
We perform pre-audits on private contracts to establish fair trade practices. When a subcontractor is selected, pre-audits ensure that the private contracts are made through private contracts, such transactions are reviewed in advance by the Ethics Management and Fair Trade Section under the Corporate Audit Division for their adequacy and validity to promote contractual integrity. In 2020, 309 private contracts were reviewed as such. In signing private contracts, we will stipulate the ‘categorization of private contracts’ and ‘private contract guidelines’ as reference information for employees to continuously supplement the pre-audit system for its more efficient operation.

Preliminary Review of Agent Appointment
Agent-mediated trading serves as an effective tool in developing new business partners or undertaking new overseas projects. Such trading, however, may give rise to such negative risks as non-compliance with the Foreign Corrupt Practices Act of the US or country-specific anti-corruption laws. This prompted us to introduce a preliminary review process on the appointment of agents in 2020 to prevent corruptive transactions. When a department wishing to appoint an agent submits review requests, the Corporate Audit Division decides on the appointment of agents. This dualized review process demonstrates our efforts to ensure integrity and fairness in any and all transactions that we enter into, all while effectively leveraging qualified agents.

Competency Development for Fair Trade

Fair Trade Training for Employees
Employees’ advanced level of understanding on fair trade is an essential prerequisite in developing a company’s fair trade competency. As such, we operate a wide array of training programs. We also provide regular assistance to fair trade personnel to become Certified Compliance Professionals (CCPs) to elevate their expertise.

Fair Trade Consulting Support for Partners
We endeavor to establish fair trade practices with partners. As part of such efforts, we share our fair trade know-how with partners and support them in receiving fair trade consulting.

Rewards for High-performing Departments and Employees
To encourage substantial engagement on the part of employees and weave fair trade into the fabric of our corporate DNA, we are granting awards in relation to fair trade. In 2020, the Fair Trade Compliance Council rewarded a group and two practicing leaders for their outstanding fair trade performance.

Information Activity for Fair Trade

We engage in information activity to raise employees’ awareness on fair trade. Specifically, fair trade information is regularly shared through our internal system. ‘Learning Business Ethics and Fair Trade with Quiz’ is uploaded on our official employee communication channel ‘Dwitter’ to promote employee engagement. For high-risk departments, we manufactured and distributed ‘wireless chargers’ that specify key information on fair trade compliance to promote employees’ compliance with applicable regulations.

Presenting best practices as a company recognized for excellent fair trade practices

In May 2020, we were named a Company with Compliance Program Excellence, which is attributable to our efforts to develop a mobile version of the Fair Trade Compliance Handbook that serves to guide employees in their fair trade operations, and to upload this handbook on an app for business applications, thereby preventing fair trade risks from occurring. We attended a case presentation event held for Companies with Compliance Program Excellence to share our best practices to perform in-depth reviews on compliance with subcontract regulations based on the CP system and to add the compliance handbook to a mobile app. Going forward, we will disseminate a CP culture among employees through diverse means and operate a rigorous internal audit system to spread a culture of fair trade.
TALENT CULTIVATION / RESPECT FOR EMPLOYEES

Promoting Talent Development/Respecting Employees

It is increasingly important that we properly address the issues of employment and human rights for children, women, minority groups and other vulnerable members of society and build flexibility into our workplace environment.

To respond to these issues and gain corporate competitiveness, we need to establish human rights management principles and create a work environment where individual employees unleash their potential to the fullest possible extent. As such, a number of companies are improving their corporate culture and arranging employee training programs to improve their competency and pursue mutual growth with them.

OUR APPROACH

POSCO INTERNATIONAL recognizes employees as its greatest assets. Based on respect for and protection of human rights, we help employees strengthen their competency, provide a corporate culture and optimize our HR process to develop global talent who will contribute to our operation as a Globally Integrated Corporation. We will also ensure that we create a safe and healthy workplace.

BUSINESS WITH

We recognize employees’ strengthened business expertise as one of the most critical factors for business competitiveness, and will improve the sustainability of the entire business ecosystem with this in mind.

SOCIETY WITH

We respect human rights in business conduct in accordance with international standards, and build upon fair HR processes and stable labor relations to create a training environment that helps employees unleash their potential.

PEOPLE WITH

We ceaselessly endeavor to become a great work place in addition to creating a safe and pleasant work environment to promote the health and well-being of employees.

RISKS & OPPORTUNITIES

RISKS

- Tightening human rights-related regulations in new markets and countries where we operate
- Increasing labor relations and human rights risks in line with changing employment/labor regulations in Korea and abroad

OPPORTUNITIES

- Respecting human dignity through workplace human rights due diligence
- Improving positive corporate image through preemptive response to changing employment/labor regulations
- Recruiting and retaining global talent to secure corporate competitiveness

POSCO INTERNATIONAL’S TOPIC

<table>
<thead>
<tr>
<th>Issue</th>
<th>GRI Topic</th>
<th>Relevance to Financial Performance</th>
<th>Relevance to Non-financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>412: Human Rights Assessment</td>
<td>Retain employees through human rights protection</td>
<td>Achieve human dignity through respect for human rights</td>
</tr>
<tr>
<td>3</td>
<td>401: Employment</td>
<td>Increase work productivity by improving work conditions</td>
<td>Motivate employees and improve their work satisfaction</td>
</tr>
<tr>
<td>5</td>
<td>403: Occupational Health and Safety</td>
<td>Suffer the loss of human and physical resources and the suspension of business due to safety incidents</td>
<td>Improve employee satisfaction by creating a safe work environment</td>
</tr>
<tr>
<td>10</td>
<td>404: Training and Education 405: Diversity and Equal Opportunity</td>
<td>Improve corporate competitiveness by developing human resources</td>
<td>Improve individual employees’ work-related satisfaction through improved expertise</td>
</tr>
<tr>
<td>13</td>
<td>405: Diversity and Equal Opportunity</td>
<td>Improve corporate competitiveness by meeting the expectations of customers from diverse national, regional, and cultural backgrounds</td>
<td>Secure organizational flexibility to proactively adapt to rapidly-changing conditions</td>
</tr>
<tr>
<td>15</td>
<td>404: Training and Education</td>
<td>Improve employees’ work productivity</td>
<td>Motivate employees and improve their work satisfaction</td>
</tr>
</tbody>
</table>

* The issue number indicates its ranking identified through the materiality analysis.
## OUR COMMITMENTS

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>2020 Plan</th>
<th>2020 Achievements</th>
<th>Evaluation 2021 Plan</th>
<th>Mid/long-term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent Recruitment and Development</td>
<td>• Set plans to develop a regular job rotation program</td>
<td>• Created a job rotation program and internal transfers</td>
<td>• Establish a stable job rotation system</td>
<td>• Develop and recruit e-type talent* talent</td>
</tr>
<tr>
<td></td>
<td>• Increase employees’ acceptance by improving the appraisal system</td>
<td>• Improved the effectiveness and acceptance of the appraisal system</td>
<td>• Improve the appraisal system in line with changing work conditions(remote work)</td>
<td>• Strengthen self-initiated career development</td>
</tr>
<tr>
<td></td>
<td>• Introduce internships aligned with recruitment</td>
<td>• Conducted a pilot run of recruitment-aligned internships to strengthen the personality and competency verification process</td>
<td>• Expand recruitment-aligned internships and strengthen their verification</td>
<td>• Strengthen the development of global staff</td>
</tr>
<tr>
<td></td>
<td>• Promote self-initiated career development</td>
<td>• Strengthened employees’ expert knowledge and working-level competency/certified 10 job training courses and a comprehensive test, produced 17 online training videos on trading case studies and discussions, trade, F/X and others, developed global staff e-learning courses and 10 system training manuals</td>
<td>• Support methodologies to generate business outcomes and spread a conducive learning atmosphere</td>
<td>• Build an English-speaking global work environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Establish the Design Thinking courses (business, project organization), and self-initiated learning (job training, know-how sharing)</td>
<td>• Develop business talent who meet the needs of a Globally Integrated Corporation</td>
</tr>
<tr>
<td>Respect for Human Rights and Diversity</td>
<td>• Improve the compensation system for expatriates</td>
<td>• Improved the compensation system for expatriates</td>
<td>• Create a great work place through innovative work programs</td>
<td>• Operate a compensation system that contributes to performance generation</td>
</tr>
<tr>
<td></td>
<td>• Improve on allowances and rent support by considering local living conditions, strengthen support for employees assigned to remote areas</td>
<td>• Improved allowances and housing rental fees by considering local conditions</td>
<td>• Increase the employment of people with disabilities through direct recruitment</td>
<td>• Advance the global labor and compensation management system</td>
</tr>
<tr>
<td></td>
<td>• Increase the recruitment of people with disabilities (reach 3.1% by the end of 2020)</td>
<td>• Improved treatment and HR benefits for employees working in remote areas</td>
<td>• Stabilize the early settlement of the compensation system for expatriates</td>
<td>• Create a great work place</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Exceeded the set target of employing people with disabilities (3.2%)</td>
<td></td>
<td>• Reach 3.5% in employment of people with disabilities by 2025</td>
</tr>
<tr>
<td>Workplace Safety</td>
<td>• Improve on old equipment and safety equipment</td>
<td>• Reinforced the health and safety management system</td>
<td>• Achieve ISO 45001 at the Plate Fabrication Division</td>
<td>• Focus on the prevention of fatal injuries</td>
</tr>
<tr>
<td></td>
<td>• Improve employees’ amenities</td>
<td>• Created a workers’ council through the Plate Fabrication Division’s Occupational Health and Safety Committee</td>
<td>• Continue to identify potential risks</td>
<td>• Create an injury-free work environment through self-initiated safety activities</td>
</tr>
<tr>
<td></td>
<td>• Improve the access control system for tighter security</td>
<td>• Improved on old equipment and safety equipment</td>
<td>• Strengthen safety management for high-risk work</td>
<td>• Prevent injuries by reflecting the voice of employees in the field</td>
</tr>
<tr>
<td></td>
<td>• Reach the set QSS performance indicator targets aligned with worksite-specific KPIs</td>
<td>• Met QSS performance indicator targets aligned with worksite-specific KPIs</td>
<td>• STS Division: Introduce a pre-authorization system to gain Division Head’s approval prior to performing high-risk work</td>
<td>• Continue to improve on safe equipment operation and work methods</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• STS Division: Improved on 34 daily tasks, 23 high-risk manual work areas, and 3 improvement leader tasks</td>
<td>• TMC Division: Improve on major work-related risk factors (being caught or jammed, fall from a height, musculoskeletal disorders)</td>
<td>• Prevent risks affecting newly-deployed processes and equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• STS Division: Improved on 22 daily tasks and 122 safety vulnerability areas, and 3 improvement leader tasks</td>
<td>• STS Division: Introduce a pre-authorization system to gain Division Head’s approval prior to performing high-risk work</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Provided safety training to employees</td>
<td>• STS Division: Continue to provide special safety training by inviting outside instructors, and conduct one-on-one safety interviews with workers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Provided safety training 8 times by inviting external instructors at the STS Division</td>
<td>• Plate Fabrication Division: Produce and distribute UCC on safety topics</td>
<td></td>
</tr>
<tr>
<td>Corporate Culture Improvement</td>
<td>• Strengthens corporate management’s communication with employees</td>
<td>• Facilitated vertical communication among organizations</td>
<td>• Set and implement a masterplan to create a great work place</td>
<td>• Reach the standards of global leaders in corporate culture</td>
</tr>
<tr>
<td></td>
<td>• Assess leaders for their level of executing ‘work methods’ and make improvements</td>
<td>• Letter to the CEO</td>
<td>• Conduct in-depth employee interviews with a focus on Great Work Place</td>
<td>• Reach the higher end of the BD-point range in GWP score</td>
</tr>
<tr>
<td></td>
<td>• Create leadership competency improvement programs</td>
<td>• Discussions with the CEO</td>
<td>• Create a corporate culture of creativity and challenge with a focus on employee motivation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Set a mission to build a corporate culture of creativity and challenge</td>
<td>• Reverse mentoring</td>
<td>• Provide opportunity for communication and solidarity between senior management and employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Operated leadership assessment and competency development programs for leaders</td>
<td>• Held theme-based communication meetings with the CEO</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Assessed their work methods and provided individual feedback</td>
<td>• Expand reverse mentoring</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Operated leadership coaching (action learning methodology)</td>
<td>• Hold townhall meetings at the business group level</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Provided leadership card news</td>
<td></td>
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</tr>
</tbody>
</table>
Talent Recruitment and Development

Ensuring the diversity of employees and developing competent individuals eventually improve a company’s performance and pave the way for its sustainable long-term growth. With this awareness in mind, POSCO INTERNATIONAL identifies and nurtures talented individuals who are willing to push the boundary and bring their global competency to drive our evolution into a Globally Integrated Corporation. We also operate programs to recruit diverse talent and improve our organizational diversity in so doing.

Recruitment and Operation

Talent Recruitment

We recruit new hires through open competition in the first and second half each year, and experienced hires year-round. A recruitment-aligned internship program was launched since the first half of 2020 to strengthen the verification of applicants for their personality and competency. Those who passed the extensive screening process under these programs were hired as permanent employees.

New Recruitment Programs

The recruitment-aligned internship program initiated in the first half of 2020 enabled us to conduct in-depth verifications on applicants for their personality and job competence. This also helps interns as they were able to better understand the Company while engaging in work processes and to promptly adapt to their professional life when they became permanent employees. We are considering to extend this program to either replace or supplement our existing recruitment approach based on open competition. Furthermore, we introduced an internal recommendation program in recruiting experienced hires to identify outstanding talent with proven competencies. This will surely allow us to recruit talent who are the right fit for the Company as well as highly competent in their field.

Recruitment of the Less Privileged

To promote the diversity of our workforce, we operate programs to give precedence to socially underprivileged individuals in the recruitment process, and this benefits applicants from multicultural or low-income families and those who are intellectually/physically challenged.

HR Support for Overseas Organizations

It is essential that we recruit and retain competent local employees within overseas organizations to maximize their performance. To this end, we established a standardized company-wide HR operation system to support effective HR operations. Consultations are made with all overseas organizations across the entire HR operational system to support effective HR operations. We also operate development-driven appraisal programs to promote employee’s competency development: two prime examples include a promotional point program, that quantifies additional/deduction factors to motivate junior employees to reach a predetermined level of points and get promoted accordingly, and a comprehensive job competency test. Such programs that produce quantifiable numerical reality and fairness of the acceptance of evaluation outcomes and further motivate them to advance to higher positions and fully engage in their work.

Appraisal System and Awareness Improvement

We have mandated triannual appraisal interviews since 2020 to facilitate communication and feedback between appraisers and appraisees in each phase of the goal-setting - interim review - final assessment cycle. Training is provided to appraisers to help them better understand our HR appraisal system and improve the fairness and acceptance of the appraisal process. Our appraisal evaluation system was improved to ensure more substantial assessments by engaging the head of the local organization and the head of the relevant business group at the Headquarter. For the appraisal of overseas organizational heads, organizational assessment and individual assessment items were harmonized to reinforce performance-driven HR operations. This will be further advanced into an appraisal system that comprehensively evaluates individual competency and performance in addition to short-term organizational performance to motivate overseas organizational heads to proactively assume their role. Furthermore, we will give preference to expatriates working in remote substandard work conditions in the HR assessment process and provide additional promotion points in proportion to one’s employment period to reward their contribution and keep them motivated.

Compensation Process

We operate a performance-based annual salary system so that fair appraisal outcomes are directly translated into compensation. Employee wages consist of fixed pay (60%) and variable pay (40%), and variable pay is made differently by individual and organization according to HR assessments, organizational performance and the Company’s business outcomes under the compensation principle that “Compensation is Fully Aligned with Performance.” Last year we restructured our overseas compensation system to create stable work conditions for expatriates assigned to respective local locations. This enabled us to provide a safe living environment for expatriates across all regions and countries, and to upward adjust compensation standards for those working in remote areas under poor labor conditions. Also, the wage for new college graduates are about three times higher than the legal minimum wage, second to none at peer industry, and the pay structure is applied regardless of their gender.

Development of Domestic Talent

Talent Development Policy

We provide a wide array of training to nurture employees who fit our new definition of an ideal POSCO INTERNATIONAL employee - Undaunted Challenger, Creative Entrepreneur, and Empathetic Leader. This first begins with new hires, prospective and returning expatriates, newly-promoted employees, and new leaders to help them understand their new roles and responsibilities within the organization and fully unleash their potential as expected. We also provide training that meets the practical needs of helpful employees and thus is highly useful at any given time and space in the areas of job competency, language skills and leadership. In addition, we conduct professional courses in respective areas of digital literacy and AI among others to help employees with growth potential into specialists. In opening new courses, preliminary surveys and interviews are conducted on employees to reflect their requirements to the fullest extent possible. Training is also followed by another round of survey to identify necessary improvements and make such improvements for new programs. In 2020, a total of 1,134 courses (103 offline training and 1,031 e-learning courses) were provided.

Ideal POSCO INTERNATIONAL Employee

Undaunted Challenger

Stay fearless in the face of change, and tirelessly move forward through audacious experimentation and challenge.

Creative Entrepreneur

Identify and seize business opportunities through strategic thinking and planning, and attain the set target through execution.

Empathetic Leader

Demonstrate empathy to recognize individuals’ role as a social being, and set an example in contributing to social development.

Training and Operation

Recruitment Data

<table>
<thead>
<tr>
<th>Worksite</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ(Including overseas organizations)</td>
<td>136</td>
</tr>
<tr>
<td>SSS Division</td>
<td>4</td>
</tr>
<tr>
<td>TMC Division</td>
<td>46</td>
</tr>
<tr>
<td>Plate Fabrication Division</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>192</strong></td>
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Employee Data(HQ)

<table>
<thead>
<tr>
<th>Worksite</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Permanent Male</td>
<td>907</td>
</tr>
<tr>
<td>Female</td>
<td>336</td>
</tr>
<tr>
<td>Contract Male</td>
<td>15</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>1,271</strong></td>
</tr>
<tr>
<td>Overseas Worksite</td>
<td>8,529</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,600</strong></td>
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Voluntary Turnover(HQ)

<table>
<thead>
<tr>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.4%</strong></td>
</tr>
</tbody>
</table>

Training Hours per Employee(HQ)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>61.1</td>
<td>62.7</td>
<td>68.3</td>
</tr>
</tbody>
</table>

Training Expenses per Employee(KRW)

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>1.9</td>
<td>1.4</td>
</tr>
</tbody>
</table>

* As of Dec. 31, 2020

POSCO INTERNATIONAL CORPORATION SUSTAINABILITY REPORT 2020  SUSTAINABILITY MANAGEMENT STRATEGY
Job Rotation Program
Our job rotation program intends to help employees wishing to experience diverse work areas and meet their growth needs. Specifically, this is designed to strengthen their new business development competency through agile learning, leadership development, and convergence-driven thinking. In 2020, a total of 84 employees attended this program, and our plan for 2021 is to promote its stable establishment and operation. To this end, work is underway to give greater reference to employees experienced in multiple job areas and to conduct individual interviews with target employees to set career development plans and provide support in parallel for proactive communication. Our goal is to operate this rotation program all year round while minimizing potential work disruptions.

Leadership Training for Leaders
Leadership training is through leader group head and section leaders to promote substantial change in the ways these leaders perform work. Instead of lecture-based one-off training, the action learning approach is taken from preliminary assessments and lectures to workshops and follow-up management to facilitate real-life behavioral change on the part of learners. Prior to training, 360-degree feedback, communication, and 20-week camp training. As they return to their work, they engage in working-level projects to apply the knowledge they acquired and pursue growth both on their individual and organizational level.

Global Talent Development
We operate the regional expert program, the overseas study program and the overseas internal transfer to nurture globally competent talent. The programs are designed to send employees to16 countries including China, UK, and Vietnam. In tandem with this, we operate the overseas study program, and have assisted 10 employees.

Training for Expert Group
Training provided for newly-promoted employees, previously available for professional group only, was extended to expert group employees on a regular basis. This training intends to meet the pressing needs of newly-promoted employees in defining their individual role and growth views, and to help develop self-leadership for a positive and proactive professional life. These employees received celebratory programs from their group head with a handwritten congratulatory letter and attended a luncheon presided by executives to promote communication.

Training Support
To develop talent who will drive the transformation of the future business environment, we provide KRW 300,000 to 1 million in celebration to employees who obtain the qualifications predesignated by the Company. In addition, we offer KRW 500,000 to 1 million to employees who reach a pre-determined level for the first time in professional grades of China and/or other languages designated by the Company as a way to expand our business in strategic countries.

Other Training Programs
Our executives can take MBA courses at domestic and global prestigious universities to improve their leadership skills, build a social and economic network, and strengthen their global business competency. For leaders, we host seminar-type special lectures provided by domestic key opinion leaders in the areas of strategy, business management, new technology trends and liberal arts under the themes of Business/Ownership and responsibility). Socio consideration and respect, and Corporate and creatively, and have extended this to employees in general to assist them in their professional life. Special lectures were also provided to prospective attendees across the board on such topics as <Understanding and Communicating with the Millennials> and <Digital Platform Expansion for B2B Companies> to help them keep up with shifting trends.

Support for Retirees
POSCO Group supports employees in designing their retirement life. Training programs are operated to help retirees identify new careers, and employees are able to take paid leave for self-development or other options prior to their retirement. Our employees are also provided with reemployment support service to fully enforce the endorsement of the Korean government’s Employment Promotion for Retired Act. Trainers receive necessary support from experts through professional training institutions, and leverage the results of assessments made on their talent, aptitude, and career records to design their life, job and career path forward.

Job Global Others

Company-wide training POSECO Group-wide training

Mandatory e-learning e-learning leadership/job/global/liberal arts/culture(year-round)

Internal organization-specific special lecture/outsourcing(year-round)

Internal after-work language learning/phone or video-assisted language learning(quarterly)

VOD Streaming

Global Talent Development

Global Talent Development

Global Talent Development

Global Talent Development

Global Talent Development

Global Talent Development

Global Talent Development

Global Talent Development

Global Talent Development

Global Talent Development

Global Talent Development
Global Staff Development

Talent Development Programs
As we engage in global trading business, we recognize global staff as our core assets. To systematically manage our global staff, we select P-grade positions, operate the Global Mobility Program, and host the Global Staff Conference as our talent development programs. In 2020, the protracted COVID-19 pandemic urged us to reduce existent GHR training and facilitate the attendance of global staff to the HQ for training, we switched to real-time online training in 2020. Trainees attending across the globe were segmented by region and real-time training was provided by such, with 290 employees(80 new hires/210 eligible for global leadership training) completing two courses. To help global staff fully exercise their job competencies and leadership skills, we host lectures and training in order to assist global staff in improving their global leadership skills. Diverse learning methods are deployed in relation to e-learning programs to provide training content available at any time.

Training for New Hires
Newly-hired global staff receive training to become a competent member of POSCO INTERNATIONAL. In 2020, such training was provided in real-time remote online format to help them develop a stronger sense of community and expedite their on-boarding process.

HQ Offline Training
Our offline training aims to support global staff’s competency improvement and invoke a stronger sense of community. Newly-recruited global staff are invited to the HQ for this training, and training for newly-promoted managers was added in 2019. The exemplary staff training operated by the POSCO Group University, and host the Global Staff Conference as our talent development programs. In 2020, the protracted COVID-19 pandemic urged us to reduce existent GHR training and facilitate the attendance of global staff to the HQ for training, we switched to real-time online training in 2020. Trainees attending across the globe were segmented by region and real-time training was provided by such, with 290 employees(80 new hires/210 eligible for global leadership training) completing two courses. To help global staff fully exercise their job competencies and leadership skills, we host lectures and training in order to assist global staff in improving their global leadership skills. Diverse learning methods are deployed in relation to e-learning programs to provide training content available at any time.

Global Leadership Training
We opened online remote training courses to provide professional training in order to assist global staff in improving their global leadership skills. Diverse learning methods are deployed in relation to e-learning programs to provide training content available at any time.

Online Remote Training for Global Staff
As the prolonged pandemic made it virtually impossible to invite global staff to the HQ for training, we switched to real-time online remote training in 2020. Trainees attending across the globe were segmented by region and real-time training was provided by such, with 290 employees(80 new hires/210 eligible for global leadership training) completing two courses. To help global staff fully exercise their job competencies and leadership skills, we host lectures and training in order to assist global staff in improving their global leadership skills. Diverse learning methods are deployed in relation to e-learning programs to provide training content available at any time.

Global Staff Conference
Our Global Staff Conference serves to share the HQ’s mid/long-term management strategy with overseas organizations and to explore ways to develop new businesses and business partners. To facilitate the attendance of overseas staff at the HQ and overseas alternately each year, and was held in Singapore for global staff from the Asian region. While we were not able to hold the conference in 2020 amid COVID-19, this will resume when this pandemic is completely out of sight.

Building a Global English-Speaking Work Environment
Our Global Bulletin and HR Hot-Line intend to share with global employees, they often lack internal training infrastructure aside from corporate news, HR notices, upcoming trainings, and leadership materials all in English to provide global staff real-time access to important free-flowing communication between the HQ and overseas offices. We have arranged a wide array of programs to promote free-flowing communication between the HQ and overseas offices. In 2020, the existing HR system that had been utilized between the HQ and overseas organizations was integrated into one single system to further promote communication.

Expanding Job e-Learning Courses and Developing System Manual Content
As our overseas organizations consist of a small number of employees, they often lack internal training infrastructure aside from e-learning programs to provide training content available at any time. A total of 21 courses in eight categories are provided, and their completion is considered as mandatory in making promotion or appointment decisions in alignment with our global HR system. In 2020, five additional courses were developed in the areas of understanding the Company(Enterprise Citizenship, ethics management, trade business cases), sales items(resources development), and Global HR Policy to expand content resources. In addition to job e-learning, we also produced and distributed videos on system application to improve global staff’s working-level competency. Based on the questions most frequently asked by global staff in their use of SAP, five themes were organized in manual format(tutorial/expend business partners, TC generation, payment, cancellation, modification and deletion). Each video lasts around 10 minutes and focuses on key details to help even novice SAP users easily understand and follow.

Global Mobility Program
We provide exceptional global staff who will serve as key pillars in the future with an opportunity to work at the HQ. This allows global staff to broaden their social network and better understand our business. In 2019, a total of 13 global staff from 12 countries worked at the HQ for three to six months to complete Korean language and working-level business training. When they return to their original workplace following the completion of this program, they continue to collaborate with sales counterparts at the HQ to discover new business opportunities and partners, generating substantial outcomes in improving the performance of overseas organizations. In 2020, COVID-19 prohibited us from operating this program, and this will resume when the pandemic completely subsides.

Strengthened Communication between the HQ and Overseas Worksites
Communication between the HQ and global staff is extremely critical as we operate a diverse network of overseas corporations and offices. We have arranged a wide array of programs to promote free-flowing communication between the HQ and overseas worksites. In 2020, the existing HR system that had been utilized between the HQ and overseas organizations was integrated into one single system to further promote communication.

Interview

Manisha Katoch, global staff from POSCO INTERNATIONAL India

These have been quite helpful as I get to know what is going on in POSCO frontline, what is new in business area, and latest communication from the HQ HR department. The development of video or providing online applications has been a great initiative in reducing manual work and bring more transparency. I hope to see such a communicative and informative global platform make employees connect to each other worldwide.

What are the necessary improvements to be made by the Company to strengthen global staff’s competency?

In addition to employee development, support is needed for our professional and personal expansion through visits to the HQ, the Global Staff Conference, and learning about Korean culture. For instance, the Sales Boot Camp helped sales employees to receive product related trainings and updates in the market during their short trips. If the Company provides a cross-departmental opportunity for employees’ individual growth and professional development, this will encourage global staff to become happier, healthier and engaged.
Respect for Human Rights and Diversity

Since we specified protection of human rights in our Code of Ethics in 2003, we have strengthened human rights management to uphold human rights and pursue diversity for our employees. By stipulating the UN’s human rights management in our Code of Ethics in 2014, joining the UN Global Compact in 2016, and declaring the NPD policy in 2020 as the first Korean company to do so, we have sincerely committed ourselves to advancing human rights protection in accordance with international standards across all our worksites.

Respect for Human Rights

As a global company, we have business presence that spans all corners of the world and fully comply with country-specific labor regulations and international standards on human rights protection. Annual human rights surveys are conducted on employees to prevent any infringement of human rights, and proper actions are taken when such violations are identified. Our overseas worksites receive human rights due diligence to take stock of the occurrence or possibility of human rights infringements.

In 2020, the aggravating COVID-19 pandemic restricted business travels and safety issues were raised in the submission of the survey questionnaire, which prevented us from conducting human rights due diligence on overseas worksites. We rather took this as an opportunity to raise the bar on such due diligence by updating our human rights due diligence checklist through the inclusion of the UNGC’s guiding principles on business and human rights, the Modern Slavery Act and anti-human trafficking regulations. The checklist was supplemented to make it widely applicable across our overseas worksites, and will be used in our future due diligence engagements. As COVID-19 restrictions are eased, we will resume human rights due diligence across our overseas worksites.

Modern Slavery and Human Trafficking Statement 2020/21

In June 2021, POSCO INTERNATIONAL announced its Modern Slavery and Human Trafficking Statement 2020/21 pursuant to the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018. This statement sets out the steps that have been and to be taken by the Company to mitigate the risk of human rights violations with respect to modern slavery and human trafficking in the operations owned or controlled by the Company and across its supply chain.

<table>
<thead>
<tr>
<th>Modern Slavery and Human Trafficking Statement 2020/21</th>
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<tbody>
<tr>
<td>Relevant Risk</td>
</tr>
<tr>
<td>POSCO INTERNATIONAL mainly engages in international trade and the export and import of goods on a B2B basis. Besides, we operate several manufacturing facilities including natural gas fields in Myanmar, a palm oil plantation in Indonesia, and cotton yarn factories in Uzbekistan among others. Although all areas of our business may carry the potential risk of modern slavery and human trafficking, we are clearly aware that heightened interest and protection should be extended to our overseas manufacturing facilities for possible human rights violations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Relevant Policies and Commitments</th>
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<tbody>
<tr>
<td>Since we specified the protection of human rights in our Code of Ethics in 2003, we have advanced human rights management in accordance with such international standards as the Universal Declaration of the Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the OECD Guidelines for Multinational Enterprises. Furthermore, we added modern slavery policies in our Code of Ethics Practice Guidelines, and updated our Supplier Code of Conduct by including modern slavery guidelines. In conformity with our human resources regulations based on the ILO Core Conventions and the domestic Labor Law, we manage our work conditions by prioritizing statutory working hours, fair recruitment and compensation, and the protection of human rights and safety. We also stipulate in our domestic and international human resources regulations the prohibition of forced labor and recruitment by way of human trafficking in accordance with the Modern Slavery Act. We will establish health and safety management regulations to fundamentally prevent slavery and human trafficking, which threaten our business operations as well as health and safety across our supply chains, from ever occurring, and to provide a safe and thriving work environment. In 2021, we plan to develop and disseminate training programs to respond to relevant risks and raise employees’ awareness, and provide mandatory training to all employees.</td>
</tr>
</tbody>
</table>

Training to Prevent Human Rights Infringement

All our employees are required to attend a variety of human rights training to respect and protect human rights. The completion rate of training provided to prevent sexual harassment and improve perceptions on people with disabilities amounted to 100%, and such training served to share possible cases of human rights violations at the workplace in line with the enactment of the Workplace Bullying Prevention Act. Such training was attended by partner employees as well to improve human rights awareness along the supply chain.

Completion of Anti-sexual Harassment Training

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</table>

Respect for Employee Diversity

We provide equal opportunity to all employees and respect their diversity. We do not discriminate nor place limitations in the recruitment process on the grounds of race, gender, religion or physical conditions. We also endeavor to increase the employment of locally-hired managers at overseas worksites, and of female employees and managers at domestic worksites. We are offering greater employment opportunity for people with disabilities, and our employees with disabilities amounted to 3.2% of total as of 2020.

Reinforcement of Maternity Protection Programs

In consideration of maternity protection and COVID-19, we temporarily extended parental leave from one to two years in 2020 to help our employees meet their childcare needs and pursue a better work-life balance. Childbirth grants for the first child were also raised from KRW 2 million for the second child.

Employees who returned to work after parental leave and worked 1 year or longer (2020)

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Operating a Second Daycare Center

In March 2019, we opened a second daycare center at POSCO Tower, our office building in Songdo, to help our employees meet their childcare needs. This increased the facility capacity by 100 children to accommodate a total of 202 children of employees.
POSCO SPS Safety Activity Program

- Hold Health and Safety Council meetings (monthly)
- Conduct one-on-one safety interviews between officers and their subordinates (weekly)
- Build a 24/7 safety supervision and monitoring system on high-risk work areas
- Host safety competitions (pre-work TBM, potential risk identification)
- Identify potential risks by process weekly)
- Produce safety UCC and regularly watch safety tips videos
- Prevent chemical leaks by strengthening the safety of facilities handling harmful chemicals

POSCO SPS Safety Activity Program

- Hold Health and Safety Council meetings (monthly)
- Hold safety audit analyses meetings(monthly)
- Hold Occupational Health and Safety Committee meetings(quarterly)
- Offer offline training to raise suppliers' safety awareness (monthly)
- Conduct joint safety patrols with suppliers (quarterly)
- Operate win-win cooperation programs (year-round)
- Perform self-inspections on high-risk machinery and equipment by designated professional organizations (premises, cameras, pressure-week, industrial robots)
- Perform precision safety assessments by research institutes and safety activities led by senior management

TTIFR and Severity Rate

<table>
<thead>
<tr>
<th>Category</th>
<th>LTIFR</th>
<th>Severity Rate</th>
<th>Injury Rate</th>
<th>Near Miss Frequency Rate</th>
</tr>
</thead>
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<tr>
<td>PO Division</td>
<td>0.01</td>
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</tr>
<tr>
<td>TMC Division</td>
<td>3.44</td>
<td>0.41</td>
<td>1.38</td>
<td>20.0</td>
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</tbody>
</table>

Building Safety Management System

We ensure that our employees engage in safety management through proper responses in the event of large-scale fires, earthquakes and other emergency disasters. We have established disaster scenarios and a preemptive response system, and conducted fire drills in connection with a fire station in August 2020. Attendance at this exercise was reduced to the essential minimum, with the majority consisting of new hires, in line with the government’s recommendation not to hold mass gatherings amid COVID-19. This systemic exercise joined by our internal firefighting unit helped our employees better understand how to properly unfold and use a fire hose.

National Firefighting drill attended by employees in preparation for emergency disasters

Table 3.4.4.

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Health and Safety Management

We advance health and safety management based on our global health and safety management system. The STS Division and the TMC Division, manufacturing workstations of our subsidiary POSCO SPS, have remained certified under the KOSHA 16001 health and safety management system program. The STS Division, the TMC Division and the Plate Fabrication Division engage in wide-ranging safety incident prevention activities, including Near Miss management, risk assessment, and TBM.

Table 3.4.5.

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Developing and Declaring Safety Guidelines

POSCO SPS has developed and announced safety-related guidelines that apply to the STS Division, the TMC Division and the Plate Fabrication Division. Under the overarching vision of respect for human dignity, self-initiated safety activity and thorough regulatory compliance, the company aims to create a workplace that puts employee safety before all else. Wide-ranging trainings and exercises are conducted to this end in order to strengthen self-directed participation in safety activities and to build competencies to ensure collective safety. POSCO SPS will also engage in innovative safety activities to keep even those risk factors yet to be identified at bay to deliver a safe workplace and to minimize damages once they occur in so doing.

Health and Safety Council

POSCO SPS convenes the Health and Safety Council, where labor and management are equally represented in conformity with the Occupational Health and Safety Act, each month. Council meetings are led by the person in charge of safety, environment, innovation at the STS Division, the TMC Division and the Plate Fabrication Division to share monthly plans and performance as well as major safety issues. The council could not meet in 2020 amid COVID-19, and has resumed meetings since January 2021. Consultations were made on the integration of safety activity rewards; the integrated operation of worksite-specific CCTV; and detailed operational plans on the Permit To Work system to further advance safety management for all employees.

Safety Whistleblowing Program

The Safety Whistleblowing program is operated to freely report on any unsafe work practices or conditions. Upon observing such practices or conditions at the workplace, whistleblowers may immediately submit their reports in any format of their own choosing. To encourage whistleblowing and prevent whistleblowers from suffering disadvantages, this program is operated under the principles of anonymity and immediate improvements are made on submitted reports.

Employee Health and Safety Management

Permit To Work

High-risk work is reviewed in advance to place the health and safety of workers before all else. Workers engaging in high-risk work at height, heavy equipment work, high voltage work, excavation, closed space work, hot work) are obligated to receive checks by the safety department and reviews by the division head. Work is performed following approval granted by relevant safety coordinators, and detailed targets and review procedures are operated in accordance with guidelines that reflect workplace-specific characteristics.

Safe Act Observation(SAO)

POSCO SPS performs weekly Safe Act Observation(SAO) attended by officers. When unsafe behaviors are identified, discussions are made with workers to determine safe work methods and build consensus on the importance of safety. In particular, the six-stage safety dialogue methodology has been developed and is practiced to systematically enable employees to keep themselves safe. This methodology consists of work suspension; communication; dialogue agreement; agreement following improvement and appreciation; and engages both workers and safety managers. In 2020, a total of 201 SAOs were made, and we will continue to take a systematic approach to SAOs.

Safety Management for Business Travelers

As our employees are frequent business travelers due to the inherent characteristics of our business conduct, we doubly make sure that they stay safe during their business trip. An emergency response system is under operation with overseas corporations and offices in preparation for disasters; terror attacks or other emergencies occurring in business travel destinations. In the event of an emergency, we recommend our employees not to take business trips as primary defense mechanism while providing international SOS services including healthcare and transport following the identification of employees currently taking business trips. We focus on disease prevention for those traveling in Africa, Latin America and other regions under sub-standard healthcare and hygiene conditions, and support the purchase of traveler’s insurance to prepare for a variety of risk factors.

Near Miss Incident Prevention

Our Plate Fabrication Division constantly explores risk factors and makes necessary improvements to prevent near miss incidents at the workplace. For instance, its plant entrance gate failed to provide sufficient space and this posed the risk of collision for vehicles accessing the plant. This was resolved by expanding the existing entrance gate and moving the safety rods to install anti-collision devices. Following an incident where a worker had his fingers caught while manually moving materials, the use of equipment was recommended to prevent the recurrencer of such incidents and safety training was provided to employees, operators and drivers.
Prevention of Musculoskeletal Disorders

Workers who often engage in handling heavy materials in the field are significantly exposed to the risk of musculoskeletal disorders. To prevent such illnesses, the STS Division has installed a dedicated paper pipe insertion device to automate the insertion of heavy paper pipes that had been performed manually. The TMC Division also fabricated mold-setting devices and tool or die back pressure device set-up jigs in the press and mold making process to alleviate the risk of injuries that may occur while manually handling heavy objects.

Tailor-made Safety Training

POSCO SPS conducts safety training tailor-made to respective workstations in addition to health and safety training stipulated under the Occupational Health and Safety Act. The STS Division invited external lecturers to provide training to statutory management supervisors, lead operators and operator on eight occasions in 2020. In addition, driver’s license training was provided for forklifts less than three tons in weight to assist a total of 50 employees in obtaining their forklift driver’s license. The TMC Division conducted regular online training for all employees: the training was operated by an external organization on a quarterly basis to provide training programs segmented by job duty and career level, including forklift safety training, management supervisor safety training and manager safety training.

Improving Safety Awareness at the Workplace

The TMC Division launched safety commitment rallies and campaigns to build a safety-first culture at the workplace. This comes in tandem with win-win cooperation programs to ensure that no single area goes unnoticed in taking safety activities. In 2020, safety campaigns were launched every week under the supervision of the division head to raise employees’ safety awareness.

Safety Management for Partners

The STS Division is developing packaging automation equipment to prevent the risk of musculoskeletal disorders caused by manual packaging work and the risk of coil rollover incidents that may occur at partners. Monthly safety performance analysis meetings are also held to review feedback on safety activities. The TMC Division ensures safety management for all its partners, including those engaged in subcontracted processes. A variety of activities are implemented to bridge the gap in safety performance between directly-operated processes and those led by subcontract partners and to create a safe workplace for all. To this end, work is underway to provide equally effective protection equipment to all partners. In addition, respective processes performed by partners are evaluated in their risk level, improvement areas are identified, and necessary assistance is provided to partners including facility improvement. In 2020, a total of 24 improvement activities were undertaken to address all issues that occurred.

Quick Six Sigma(QSS) Initiative

There always exists the possibility of facility and safety incidents occurring on the shop floor. Safety incidents not only threaten the safety of our employees but also undermine their work satisfaction and our business continuity. POSCO INTERNATIONAL, is keenly aware of such risks and has launched the Quick Six Sigma(QSS) initiative to prevent safety and facility risks. Specifically, our aim is to detect and improve inefficiencies in equipment, quality and space across the shop floor. The scope of this initiative spans the STS Division, the TMC Division and the Plate Fabrication Division at POSCO SPS in Korea and the Shaw Project in Myanmar, textile factories in Uzbekistan, and PT. BIA in Indonesia globally.

QSS Execution Direction

Implementing the QSS initiative across our domestic and overseas manufacturing worksites, we apply POSCO’s unique and proven innovation methodology to our production process. Under the leadership of our Corporate Culture Innovation Department, QSS activities are undertaken in collaboration with shop floor innovation experts(QSS consultants) from POSCO Group University. These activities include daily activities, task activities, initiative & encouragement activities, and talent development. As COVID-19 put restrictions on consultants in making on-site visits in 2020, a total of 27 videos were produced as virtual activity content in Korean and English.

QSS Diagnostic Assessment

QSS diagnostic assessments are made at respective worksites on their shop floor equipment, work conditions and safety risk prevention to review and improve QSS performance. In addition to HD-QSS diagnostic assessments, preliminary self-reviews are also conducted on the worksite level to improve the accuracy of such assessments. Appropriate QSS improvement measures are developed and implemented according to assessment outcomes, and worksite-level regular monitoring is performed to follow up on the improvements made. In 2020, however, COVID-19 made it impossible to make on-site visits, and we ensured continuous management through online virtual training and collaboration with POSCO.

QSS Diagnostic Assessment Process

QSS Diagnostic Assessment Process

QSS Evaluation System

QSS Evaluation System

QSS (Quick Six Sigma)
**QSS Improvements Made**

**[STS Division] Improving equipment reliability and employee safety through process improvement**

Activities were launched to reduce safety/quality/equipment defects to zero across the entire process with a focus on field operations and to improve the health of employees. Safety-related activities to prevent injuries (cut or jammed) led to the discovery of 35 high-risk manual work areas, and improvements were made on all of these areas as of March 2021. Contamination of precision materials and injection defects were improved through the expansion of clean rooms. When it comes to the recycling of paper that accounts for a large part of subsidiary material costs, this raises issues with the declining quality of recycled paper due to its external exposure and the resulting impact from dust and rainwater as well as the risk of static electricity in the winter season, which made the main target of improvement beginning with SS activities in the second half of 2020. Improvement activities will be completed with the completion of a dust room.

**[TMC Division] Increasing employees’ safety and productivity through improved work conditions**

The TMC Division has chosen 13 areas as the target of intensive improvement and launched SS activities to improve its workplace environment. Specifically, the equipment parts room at the Cheonan Plant faced issues with reduced efficiency in using work spaces, which led to the waste of spatial resources. The solution was to change the layout of the room to secure workspaces and parts-level storage and management was improved and rest areas were arranged to increase workers’ convenience. Meanwhile, the No. 2 elevator at the Pohang Plant raised issues with dust and noise generation in the production process; its work environment was improved by installing barriers within the process area to block dust and noise from spreading.

**[Plate Fabrication Division] Automating the beveling equipment processing methodology**

The existing beveling machines on the shop floor did not allow the bevel processing methodologies of reverse-direction improvement. The division decided to modify parts of the machine to enable automatic reverse improvement, which eventually reduced the processing time while improving quality. This also resolved the issue of incurring additional expenses as outsourcing was eliminated with reverse-direction improvements made possible.

**Nurturing Improvement Leaders**

We are nurturing qualified employees as improvement leaders to increase the efficiency of QSS activity operations. We provide training to improve their QSS mindset and raise the bar in the waste factor elimination process to establish employee-led improvement practices. In 2020, training was conducted on the deployment of precision equipment clean rooms and the improvement of oil leaks on CAP equipment and NG leaks. By preventing dust and impurities from entering precision material products, we made improvements on product quality and coil car or oil leaks while reducing CAPL NG.

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**INTERVIEW**

**Wen-Chung Lee**, Staff at the STS Division

We are trained to pursue improvements on the waste factors and unobservable areas identified at the workplace, and to build stronger competencies in maintaining the environmental improvements made.

I was able to realize the need for systemic leader development training as I witnessed how machines changed through the 'With My Machine' QSS activity and a different viewpoint in defecting problems. The training was also significantly useful in improving on safety risk factors and organizing the surrounding environment to provide a safe workplace.

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**Making a Great Work Place**

**Sound Labor Relations**

**Facilitating the Labor Management Council**

As COVID-19, among others, created challenging business conditions in 2020, this highlighted the importance of strengthening the role of the Labor Management Council in increasing work engagement and building consensus to respond to such difficulties. While the global pandemic imposed numerous limitations on in-person and external activities, we adopted virtual channels such as video conferences and surveys to promote communication and institutional improvement.

**Worksite Type of Organization Membership(Ratio)**

<table>
<thead>
<tr>
<th>Worksite Type of Organization</th>
<th>Membership(Ratio)</th>
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<tbody>
<tr>
<td>HQ</td>
<td>Labor Management Council 7 members from labor and management respectively</td>
</tr>
<tr>
<td>STS Division</td>
<td>Labor Management Council Amur: 5 members from labor and management respectively Pohang: 3 members from labor and management respectively</td>
</tr>
<tr>
<td>TMC Division</td>
<td>Labor Management Council Amur: 240 members(73.7%) Amur: 31 employee(34.8%)</td>
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<tr>
<td>TMC Division</td>
<td>Labor Management Council Amur: 5 members from labor and management respectively Pohang: 3 members from labor and management respectively</td>
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<tr>
<td>Plate Fabrication Division</td>
<td>Labor Management Council Cheonan: 81 employee(82%) Pohang: 31 employee(34.8%)</td>
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**Making a Great Work Place**

We conduct regular P-GWP surveys and focus group interviews to gain employee feedback. While COVID-19 made it extremely difficult to engage in-person activities, we ensured that we continue with communication by holding virtual CEO meetings. Reverse mentoring was also performed with employees born in the 90s and executives serving as mentors and members respectively in an effort to build consensus between senior management and employees to help them better understand each other. The outcomes from such activities will be translated into tasks, which will then be reflected in setting the direction to deliver a great work place.

**P-GWP Survey**

Each year, we conduct online P-GWP surveys and Focus Group Interviews on employees to improve our corporate culture. While COVID-19 made it extremely difficult to engage in-person activities, we ensured that we continue with communication by holding virtual CEO meetings. Reverse mentoring was also performed with employees born in the 90s and executives serving as mentors and members respectively in an effort to build consensus between senior management and employees to help them better understand each other. The outcomes from such activities will be translated into tasks, which will then be reflected in setting the direction to deliver a great work place.

**Running Process of P-GWP**

**Online Survey**

- **P-GWP Survey**
  - **Annual Process of P-GWP**
    - **Online Survey**
      - Analyze survey responses and identify superior/ inferior factors
      - Analyze by career level and identify the level of organizational awareness
      - Identify key improvement factors for each component affecting GWP results

- **FGI of Employees**
  - Target 20% of the total workforce
  - Interview by job group, function, and career level, and conduct verification analysis

- **GWP Direction Setting**
  - Improve policies and systems to realize the vision, and elaborate on action guidelines
  - Announce to executives and leaders, and share with labor members of the Labor Management Council and employees
  - Present and review task-specific directions for relevant organizations and support execution

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**Improving Work Practices**

As we switch to the remote work environment amid COVID-19, this triggered demand for diverse ways of work. The prolonged pandemic has also made a remote work a new normal, and it has become inevitable that we will need to improve our work methods. This urged us to create a work system/environmental innovation task force with the Labor Management Council at the end of 2020 to survey employees on the expansion of Flextime and the adoption of work-from-home and to gather employee feedback. As such, we ensure that we bring greater flexibility and freedom into our work environment.
Assessing Leaders for Their Work Methods and Making Improvements

Capabilities of executives and heads of organizations have tremendous impact on organizational performance. As such, we assessed all our leaders for their work methods to strengthen our leadership capabilities. An anonymous survey was conducted to evaluate leaders’ level in the areas of organizational management, instruction, reporting, meeting and communication as well as type of employee followup, and the results were organized in individual feedback cards and were communicated accordingly. For areas requiring improvement, employees were guided to attend training in action learning format.

Developing a Masterplan to Create a Corporate Culture of Creativity and Challenge

We plan to launch a wide array of activities to build a corporate culture of creativity and challenge. We present new ways to embed creativity and challenge into the daily routines of our employees. We will also create a ‘playground’ where employees recognize the Company as a space to fully unleash their potential and test their limit, which will also create a ‘playground’ where employees recognize the Company as a space to fully unleash their potential and test their limit.

We plan to launch a wide array of activities to build a corporate culture of creativity and challenge.

Improving Leave Programs

We actively encourage our employees to take long-term leave(10 business days), and ‘sandwich’ leave before and after statutory holidays(7 days in total) to fully refresh themselves and improve their work engagement.

Free Dress Friday

While our dress code policy was business casual attire for all occasions, this was modified to allow casual attire every Friday or on the business day before holidays to create a creative and flexible corporate culture. Our employees are now able to freely wear jeans or round T-shirts, on designated days.

Response to COVID-19

In response to the global spread of COVID-19, we are doing our utmost to ensure the safety of our employees and to continue our business without disruption. We have established an emergency response system, improved our work system, and engaged in preventive activities as follows.

2. Establish a work system and infrastructure, implement work-from-home policy on a rotation basis, and build IT infrastructure to maximize efficiency of remote work.
3. Perform disinfections to prevent infections from spreading across the office building, offer emergency relief supplies to employees, and establish an emergency response system at overseas organizations and provide relief supplies.

In addition, we have improved our work practices to improve the efficiency of remote work while maintaining the health and wellbeing of our employees.

Directions to Build a Corporate Culture of Creativity and Challenge

Build consensus on the new corporate culture of creativity and challenge
Encourage employees’ enthusiasm and aspiration
Deliver global talent competitiveness
Strengthen motivation for employees

Corporate Culture of Creativity and Challenge

Key Programs

We plan to launch a wide array of activities to build a corporate culture of creativity and challenge. We present new ways to embed creativity and challenge into the daily routines of our employees. We will also create a ‘playground’ where employees recognize the Company as a space to fully unleash their potential and test their limit, which will also create a ‘playground’ where employees recognize the Company as a space to fully unleash their potential and test their limit.

Developing a Masterplan to Create a Corporate Culture of Creativity and Challenge

We plan to launch a wide array of activities to build a corporate culture of creativity and challenge.
STAKEHOLDER ENGAGEMENT

The emergence of stakeholder capitalism, which dictates that a firm needs to serve the needs of all its stakeholders - shareholders, employees, customers, suppliers, communities and local communities - underscores the importance of building genuine partnerships with stakeholders. Nations and investor institutions are demanding tighter regulations in this regard, and communicating with varying stakeholders through open channels is critical for any company that wishes to conduct business stably. Furthermore, a company is able to pursue sustained growth with local communities by engaging in close consultations with them and responding to their expectations.

OUR APPROACH

POSCO INTERNATIONAL actively communicates with stakeholders to fulfill its social responsibility as a global business. We will contribute to economic development and the improved quality of life for people in the local communities where we are located, both in Korea and abroad.

BUSINESS WITH

We will identify the requirements of wide-ranging stakeholders including customers, suppliers and shareholders & investors in order to strengthen our business competitiveness.

SOCIETY WITH

We will reach out to community members with caring mind, and all our employees will fully cooperate in resolving the social issues of local communities.

PEOPLE WITH

We will facilitate horizontal communication to create a corporate culture that respects and embraces the diversity of employees.

POSCO INTERNATIONAL

Facilitating active stakeholder communication

Strengthening social contributions for local communities

OUR COMMITMENTS

Focus Area | 2020 Plan | 2020 Achievement | Evaluation | Mid/Long-term Target

| Communication with Stakeholders |
| - Strengthen the activity system of the CSR Committee |
| - Strengthen communication with shareholders and investors by expanding IR programs |
| - Strengthen communication with internal stakeholders by expanding content delivered through official employee communication channels |
| - Expanded ad-hoc meetings through e-mail communication to ensure agility in responding to CSR issues |
| - Strengthened IR activities for shareholders and investors to improve their understanding on our major business operations |
| - Strengthened content delivered through official employee communication channels to create a sound culture of employee communication |
| - Identified and planned ESG-related content delivered through employee communication channels to improve their awareness |

| Social Contribution |
| - Launch Pro Bono activities leveraging employees’ work experience to strengthen CSR activities |
| - Launch Pro Bono activities for the health of local communities in developing countries |
| - Launched Pro Bono volunteer group that leverages employees’ work experience |
| - Assisted local communities in building resilience through swift COVID-19 support for developing countries |

POSCO INTERNATIONAL’S TOPIC

Facilitating active stakeholder communication

Strengthening social contributions for local communities

RISKS & OPPORTUNITIES

RISKS

- Complexity in interests due to exposure to diverse environmental and social issues
- Increasing stakeholder expectations on corporate social responsibility

OPPORTUNITIES

- Contribution to community development through the resolution of local community issues
- Establishing trust-based relationships through proactive communication with stakeholders

Issue | GRI Topic | Relevance to Financial Performance | Relevance to Non-financial Performance

| 413: Local Communities |
| - Improve corporate value through the provision of accurate information on business operations |
| - Build a more stable management system by collecting stakeholder feedback |

| 413: Local Communities |
| - Strengthen market dominance through improved reputation in local communities |
| - Build a self-reinforcing economic structure by facilitating consumption in local communities |

| 203: Indirect Economic Impact |
| - Build an ecosystem of sustainable growth through community development |
| - Improve corporate reputation and brand value |

* The issue number indicates its ranking identified through the materiality analysis.
## Stakeholder Communication

**POSOC INTERNATIONAL** integrates the voice of varying stakeholders in its business operations. We open channels to reach out to our major stakeholders—shareholders & investors, customers, suppliers, employees, local communities & civic organizations, and governments & international organizations—to identify major pending issues. We will continue to connect with stakeholders and bring satisfaction to all stakeholders in conducting business.

### Stakeholder Communication Channel

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Major Issue</th>
<th>Major Communication Channel and Activity</th>
<th>Related Link</th>
</tr>
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<tbody>
<tr>
<td>Shareholders &amp; Investors</td>
<td>• Shareholder value improvement</td>
<td>• Make disclosures/announcements through the general shareholder meeting and IR events</td>
<td>• Disclosures and announcements</td>
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<td>• Stable-economic performance</td>
<td>• Conduct IR events including analyst meetings and conference calls</td>
<td>• IR materials</td>
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<td>• Corporate accessibility improvement</td>
<td>• Publish the IR Letter through the website</td>
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<td>• Transparency governance</td>
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<td>Customers</td>
<td>• Maintenance of stable transactions</td>
<td>• Collect feedback from responsible staff through interviews</td>
<td>• Feedback collection channels</td>
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<td>• Increased price and quality competitiveness</td>
<td>• Receive feedback through the website and e-mails</td>
<td>• Steeltrade</td>
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<td>• Social/environmentally-friendly product development</td>
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<td>• Business inquiries</td>
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<td>Suppliers</td>
<td>• Work condition improvement</td>
<td>• Hold Fair Trade Compliance Council meetings and management meetings</td>
<td>• Feedback collection channels</td>
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<td>• Support for suppliers’ capacity building</td>
<td>• Support suppliers with quality and process improvement</td>
<td>• Steeltrade</td>
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<td>• Communication facilitation including the sharing of market information</td>
<td>• Pursue global marketing collaboration with SMEs and venture firms</td>
<td>• Global Marketing Portal</td>
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<td>• Collect feedback from responsible staff through interviews</td>
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<td>• Receive feedback from the website and e-mails</td>
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<td>Employees</td>
<td>• Employees’ capacity building</td>
<td>• Conduct employee satisfaction surveys(P-GWP)</td>
<td>• Power Harassment Report Center</td>
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<td>• Work-life balance</td>
<td>• Hold remote meetings presided by the CEO</td>
<td>• Feedback collection channels</td>
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<td>• Fair evaluation and compensation</td>
<td>• Conduct reverse mentoring</td>
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<td>• Facilitation of labor-management collaboration</td>
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Interview

Enhancing Business

It is our wish that POSCO INTERNATIONAL, together with BYD Auto, concur with the green philosophy and pursue mutual growth to become a responsible contributor to society.

Guozhong Du
Deputy General Manager of Passenger Car Brand and Public Relations Division, BYD

Please tell us about your company and its business relationship with POSCO INTERNATIONAL. BYD Auto is a China-based EV maker and has been a long-time partner with POSCO INTERNATIONAL, in sourcing automotive steel products. Recently, our directly-operated parts supplier FUDI Battery has team up with POSCO INTERNATIONAL to develop overseas EV parts consumers, and this is expected to facilitate our bilateral trading for traction motor cores and cathode materials.

Environmental issues are gaining greater importance globally in responding to climate change. What are the main activities undertaken by your company in this regard?

BYD Auto’s corporate mission is to realize the Green Dream in conducting EV and eco-friendly business. In proportion to the rising demand for EVs, the global EV market continues to grow. Specifically, the Chinese government declared its commitment to achieving carbon neutrality by 2060. This prompted us at BYD Auto to join in the global effort to respond to climate change and conduct research to shift from the conventional battery structure that depends heavily on rare metals.

What does BYD Auto consider in selecting business partners? What are the competencies POSCO INTERNATIONAL needs to develop as a supplier and a trader of EV parts in managing ESG performance of its supply chain?

BYD Auto considers its business partners not as a mere supplier but as a companion who concerns with and jointly acts on our green philosophy. Most of our suppliers have already established and are implementing their own ESG philosophy. We hope that POSCO INTERNATIONAL, along with us, will follow suit to share its ESG activities and evolve together as a company contributing to society.

Can you tell us about your company and its business relationship with POSCO INTERNATIONAL? We have been doing business with POSCO INTERNATIONAL, both in 2019 and 2020. We were then lacking in human resources responsible for overseas sales operations, and POSCO INTERNATIONAL tremendously helped us with its global network. In particular, POSCO INTERNATIONAL’s local network assisted us greatly in taking business trips overseas or dealing with urgent local issues.

Your company is complying with the ‘POSCO INTERNATIONAL Supplier Code of Conduct’ as a key supplier of the Company. Can you illustrate how this effectively contributed to S&S’s growth to become a responsible company?

We promote enhanced business ethics and social responsibility by managing our business in accordance with the POSCO INTERNATIONAL Supplier Code of Conduct. We also believe that our company’s business ethics and social responsibility align with the POSCO INTERNATIONAL values. Moreover, POSCO INTERNATIONAL’s Supplier Code of Conduct guides us to respect employees and their rights, enhance their working environment, and prioritize quality.

Can you tell us about your role as a representative of female employees at the Labor Management Council (LMC)? What are the major achievements made by reflecting the grievances raised by female employees and for reflecting and improving working conditions on the basis of employees’ feedback?

In 2020, the LMC has had the chance to receive female employees’ grievances and to improve working conditions. The LMC has received female employees’ grievances regarding the compensation for the work at home and the work outside the company. The LMC has successfully improved working conditions for female employees by revising the work environment.

Reinforcing Ethics Management

As POSCO INTERNATIONAL’s systematic talent development pipeline supported me to become a Certified GAFTA Arbitrator, I will reciprocate by contributing to the Company’s growth in the expanding agribusiness industry.

In Kyo Choi
Director of Sales Team, S&S INC

What is the role of a GAFTA Certified Arbitrator, and how did the Company support and encourage you to become a GAFTA Qualified Arbitrator?

The Grain and Feed Trade Association (GAFTA) delegates arbitrators working under the organization’s rules to make final decisions to resolve disputes that occur in relation to contracts entered into between grain transaction parties. To become a Certified GAFTA Arbitrator, applicants are required to complete job training which takes at least one full year along with significant training expenses. POSCO INTERNATIONAL is committed to nurturing area-specific job experts to evolve into a Globalized Integrated Corporation, and its Legal Division also supports the development of legal professionals in the areas of litigation, resources development, investment, trade, maritime, insurance, commerce and construction. The strong commitment to nurturing professionals and the systemic plans provided both the Company and the Legal Division level allowed me to invest the necessary time, cost and efforts to eventually become a Certified GAFTA Arbitrator.

What are the greatest risks and opportunities in agribusiness? As a GAFTA Arbitrator, how can you contribute to mitigating risks while seizing opportunities at POSCO INTERNATIONAL?

Agribusiness involves such risks as high price fluctuations that frequently result in the denial or failure of transactional implementation as well as diverse and complex shipping documents including quarantine certificates that pose difficulties in transactional management. In addition, quality claims are often raised given the importance of quality maintenance and hygiene management inherent in agribusiness, and the established dominance of major grain companies in the international market makes it difficult to explore transactional opportunities without value chain investments. Still, POSCO INTERNATIONAL is building a value chain spanning from farming and processing to logistics infrastructure on the strength of its exceptional capabilities which enabled the Company to exceed eighty million tons in annual trading volume in a short period of time as well as proactive investments. This will surely lead to high growth potential as the Company continues to secure long-term business partners in a stable manner. As an arbitrator, I am mandated to make decisions on disputes that occur between contractual parties, rather than unilaterally serving the interest of my company. In my capacity as an arbitrator, I would like to reflect the varying viewpoints of transactional parties and to review and prevent transactional risks that may occur in the Company’s agribusiness operations in so doing.

Respecting Employees

We continue to communicate with the Company based on a corporate culture of trust and creativity to provide a pleasant workplace for employees.

Moon Ju Kwon
Representative of Female Employees of The Labor Management Council(2020)

What is your role as a representative of female employees at the Labor Management Council (LMC)? What are the major achievements made by reflecting the grievances raised by female employees on the Council in 2020, and the success stories of making improvements on the basis of employees’ feedback?

The representative of female employees is responsible for collecting work-related difficulties or suggestions to the Company raised by female employees and for reflecting and improving them through the Labor Management Council. In 2020, working moms faced even greater hardships amid the spread of COVID-19. I fully sympathized with them as a leader of female employees, and ensured that the Company temporarily extended parental leave from two to three years through consultations. In addition, interest rates of in-house labor welfare funds were reduced from 2% to 1.5%, and loan safety deposits were also lowered from 1% to 0.5% of the loan value to facilitate loan support for employees.

How is the ‘Corporate Citizenship: Building a Better Future Together’ management philosophy having positive impact in respecting employees and labor relations?

The People module of the philosophy specifies that we aim to provide a contented and rewarding workplace based on a corporate culture of trust and creativity. This guides us to heed the voice of diverse employees and offer them psychological stability to help lead a contented work life. In addition, outcomes of Labor Management Council discussions are posted on the in-house bulletin board year-round to build consensus and solidarity among employees.

Promoting Talent Development

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Want-Kwon Bae
Manager at the Legal Division

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Please briefly tell us about your role and responsibility as the Representative of Plasma Plantation Cooperative.

The Plasma project aims to provide economic assistance to small landholders by allocating a specific amount of PT. BIA’s plantation land to be developed by indigenous people as their own. Plasma Plantation Cooperative serves to represent and manage all the activities of indigenous smallholders in operating their plantations.

The Company is communicating with varying stakeholders to launch the 2nd Plasma project. How do you evaluate the Company’s communication with indigenous people in building Plasma plantations?

I believe the ongoing communication is appropriate both in terms of frequency and intensity. PT. BIA and Plasma plantations have been communicating from the early phase of forming Plasma Plantation Cooperative and our mutual trust has deepened and broadened in proportion to the frequency of interactions. POSCO INTERNATIONAL has held public hearings on land compensation, road construction and other major issues occurring in local communities, and has developed a grievance handling mechanism to take a proactive approach to resolving issues.

What are your expectations or recommendations to successfully undertake the 2nd Plasma project?

PT. BIA has significantly assisted indigenous people with economic assistance and Plasma Plantation Cooperative with necessary facility infrastructure. Still yet, there are many community members who do not properly understand plantation activities. If PT. BIA provides more trainings and guidelines on plantation operations in cooperation with the Plasma project, this will ensure the improved operation and success of plasma plantations.

Interview

Stakeholder Communication

The Company has been proactive in its communication activities. It would be great if the Company goes the extra mile to provide even more trainings and guidelines and cooperate together.

Mr. Charles Mahuze
Representative of Plasma Plantation Cooperative of PT BIA

Please introduce your company and your work with POSCO INTERNATIONAL.

Federated Hermes is a global leader in active, responsible-investing with USD 625 billion assets under management. EOS at Federated Hermes is a leading stewardship provider advising on USD 1.5 trillion assets, enabling long-term institutional investors to be more active owners of their assets. EOS has been engaging with POSCO INTERNATIONAL on ESG issues since 2013.

What was the most remarkable ESG performance of POSCO INTERNATIONAL in 2020, and what are the possible improvements to be made by the company in the upcoming year?

POSCO INTERNATIONAL has made significant steps to mitigating its environmental impact through NDPE commitment and implementation efforts. We hope the company will continue its progress on ESG issues through collaboration with various stakeholders.

Hanah Chang
Manager of EOS Engagement Team at Federated Hermes

Advancing Eco-friendly Management

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Moving Forward Together

Social Contribution

Social Contribution Implementation System

Vision: Nurture Future Leaders

We lead the way of education for children and generations to develop future talents based on the core value which puts talents as the top priority.

Provide Medicare Support

We address the medical expenses of the underprivileged and the overall improvement of the quality of life for people in medical need.

Care for the Less Privileged

We protect the social rights and pursue to improve the quality of life for the less privileged by providing systematic assistance.

Social Contribution Volunteers

Pro Bono Volunteers

- Establishment: 2020
- Member: Volunteering employees
- Activity: Mentoring for social enterprises by leveraging work competencies

POCT POINT Volunteering International Volunteers

- Establishment: 2021
- Member: Volunteering employees who are relatively recently hired
- Activity: Provide educational training program to less privileged children through mentoring with undergraduate student volunteers

Dr. Dreum Volunteers

- Establishment: 2021
- Member: Volunteering employees
- Activity: Support and provide mentoring for youth leaving foster care

Social Contribution Funds

POSCO INTERNATIONAL primarily draws on three types of financial resources to implement social contribution programs in Korea and abroad. We donate to the Community Chest of Korea at the end of every year to help the less privileged and 50% of the donations go to social contribution programs that we designate. Furthermore, ‘Employee 1% Sharing Funds’ and the matching amount of grants offered by the Company are donated to the POSCO 1% Foundation, out of which 50% are used to fund our internal social contribution programs. In addition, volunteer programs and company-wide social contribution programs are operated through the donations made by the Company.

Social Contribution Programs Aligned with Our Core Business

We launched a POSCO INTERNATIONAL Pro Bono volunteers to practice the Corporate Citizenship management philosophy by generating the value of co-property. The volunteer group that consists of 21 employees who bring their job expertise in the areas of HR, planning, finance, law and marketing, served as mentors for matching social enterprises. Beneficiaries included six companies - Dodosh Collabo, Art Impact, WADDOF Korea, Eunhoo Art Museum, Care You, and School Platform - and the volunteers engaged in offline interactions at least once a month as well as online ones. In the course of 2020, these volunteers spent nearly 230 hours on 102 occasions in total to identify the status quo of these social enterprises and provide mentoring on issues in need of improvement to effectively support them to resolve their pending difficulties.
To pursue win-win partnerships with local communities in countries where we have business presence, we assist these communities in promptly responding to COVID-19. In Korea, we donated face masks and hand sanitizers to local children centers in Yeonsu-gu, Incheon where we are headquartered while supporting disinfection activities to prevent infections at social welfare centers in Incheon.

Providing Healthcare Support and Improving Access to Potable Water in Myanmar
Myanmar is witnessing rapid growth in COVID-19 infections with more than 1,000 people testing positive a day and desperately needs medical equipment. We donated 100 diagnostic kits to perform 10,000 tests last April, and diagnostic kits to conduct 7,200 tests in August. We also donated RT-PCR diagnostic kits to perform 15,000 tests and antigen rapid test kits to perform 13,625 tests in October. The donated products were manufactured by Optoline and SD Biosensor who are partnering with us through the SME and venture firm collaboration system, and this rendered such donations even more significant as we made concerted efforts in disseminating the Global Corporate Citizenship philosophy. Besides, we donated 245 water sterilizers provided by POSCO to Ayeuyawaddy Wakaema Townships’ self-powered sterilizers improved the health of people vulnerable to diseases in this local community that lacked water purification devices.

Improving the Basic Healthcare Environment for Local Residents in the Indonesian Palm Plantation
We have initiated healthcare CSR programs in Papua, Indonesia since 2016 to improve its healthcare environment. In 2020, ultrasonic examination devices for obstetrics/gynecology, hearing test devices, and lung capacity test devices were donated at the request of local healthcare professionals. We also donated rapid test kits through our Indonesian corporation PT. BIA to swiftly respond to and prevent the spread of COVID-19 in Papua.

Healthcare Support for Local Communities in Uzbekistan
Since 2014, we have promoted the eye health of the less privileged in Fergana and Bukhara where POSCO INTERNATIONAL Textile is located. In 2020, a number of infections occurred in Uzbekistan amid COVID-19, thus we donated respirators with heart to International to hospitals designated by the local government to support infection treatment and prevention. This was in full reflection of the feedback from local healthcare professionals that highlighted the urgency of treating those in severe conditions, and we received the plaudit of appreciation from the Ministry of Health for our cooperation in coping with COVID-19. We will proactively cater to the needs and requests raised by local communities based on continued communication.

Medical Support in Local Communities in Ukraine
To address Ukraine’s severe circumstances due to COVID-19 as all schools, restaurants and other facilities are shut down, we donated 1,532 protective suits to a children’s hospital in Mykolayiv designated by the local government in order to support the region where our grain terminal is located at. We also donated defibrillator-monitors, electrocardiographs and patient monitors to the Mykolayiv City Hospital I, fulfilling our social responsibility as a global corporate citizen.
**Care for the Less Privileged**

POSCO INTERNATIONAL supports the less privileged to improve on their imminent difficulties and maintain basic livelihoods, and is also taking social protection measures based on psychological support. To provide effective assistance, we pay attention to the needs of local communities and implement social contribution programs accordingly. In 2020, we contributed to resolving the shortage of blood amid COVID-19 to alleviate less privileged groups’ vulnerability to this global pandemic.

**Donating Comforters to Less Privileged Children in Incheon**

As the protracted COVID-19 made it difficult to engage in in-person volunteering, we donated comforters to underprivileged children instead of making gift boxes during holidays in 2020. We visited local children’s centers in Yeonsu-gu, Incheon, with ChildFund Korea to identify comforters chosen by eligible households, and 386 blankets were donated. This served to pursue win-win partnerships with local micro enterprises as these blankets were produced by social enterprises specializing in natural dyeing.

**Talent Donations Made by Employees**

We have engaged in talent donations for local communities with in-house hobby clubs since 2019. Our flower arrangement club volunteered to make flower baskets with children from local children’s centers in Incheon and to make flower pots with immigrant youth, providing them an opportunity to try something new and promote their creativity and psychological well-being, building a virtuous cycle of sharing. In 2020, such volunteer activities were undertaken through virtual means, and helped both local communities and beneficiary children as the flowers and pots used for activities were sourced from local micro enterprises.

**Company-wide Virtual Volunteering**

In 2020, our employees made and donated 350 pairs of sports shoes and 550 pieces of dress to children in developing nations with The Promise Foundation. Besides, 500 sets of eco bags and pencil cases were produced and donated to children at local children’s centers in Yeonsu-gu, Incheon, through ChildFund Korea, and 400 mufflers that our employees knitted were donated to the Salvation Army Christmas Kettle. In the face of the prolonged pandemic, our employees continued to extend a helping hand through diverse means.

**Making Gifts of Love and Donating Basic Childcare Supplies for Infants Waiting for Adoption**

It is only regrettable that infants waiting for adoption face the harsh reality the moment they were born into this world. We have been sponsoring these infants through the Eastern Social Welfare Society since 2015, hoping that they grow healthy and find a loving home. In 2020, 600 cotton handkerchiefs made by our employees were donated, and 1,000 face coverings for children, produced by middle/high school students and undergraduates that we recruited as volunteers, were also donated with 1,152 sets of eco bags and pencil cases were produced and donated to children at local child centers in Yeonsu-gu, Incheon and 400 mufflers that our employees knitted were donated to the Salvation Army Christmas Kettle. In the face of the prolonged pandemic, our employees continued to extend a helping hand through diverse means.

**Blood Drive to Save Lives**

To help resolve the shortage of blood that exacerbated amid the prolonged pandemic, in 2020, we launched a blood drive for nine times in conjunction with the Incheon Blood Center of the Korean Red Cross, with a total of 313 employees joining. In addition, 169 blood donation certificates donated by employees were delivered to Inha University Hospital. In overseas, all nine employees of Bogota Branch donated at a local blood center, and more than 200 employees at PT. BIA in Indonesia joined hands with local residents of palm plantation to donate their blood in order to demonstrate win-win partnerships.

**Making and Donating COVID-19 Prevention Kits**

POSCO SPS supports local communities to respond to COVID-19. Employees at the STS Division produced COVID-19 prevention kits composed of mask laminards, liquid soaps, hand sanitizers and other items that are most widely used in daily lives, and donated them to local children centers in Ansan and more than 200 underprivileged individuals. The company will fully support its local communities to weather the COVID-19 crisis together.

**Donating Summer Kimchi to the Less Privileged**

The STS Division has been making kimchi in summer each year since 2014 for the elderly from the local senior welfare center in Danwon-gu, Ansan City where its worksite is located. This represents the division’s unique social contribution program, and kimchi made by employees is delivered to the homes of socially-marginalized seniors. This program was even more meaningful in 2020 as ingredients were sourced from farmers and micro businesses facing difficulties in selling their agricultural products amid COVID-19. Kimchi made as such was donated to 85 beneficiaries at the local senior welfare center.

**Santa for a Day for the Home-bound Elderly**

While employees at the STS Division had volunteered to take care of home-bound seniors on Christmas each year, this was switched to a contactless alternative due to the spread of COVID-19 in 2020 to continue with volunteering all while caring for these seniors with weakened immunity. Employees offered a gift they personally chose along with a handwritten letter to seniors, and provided Christmas gifts to underprivileged children to wish them a warm holiday season at the end of the year.

**Support for the Less Privileged in Local Communities Near Worksites**

The Plate Fabrication Division helped repair the exterior/interior of a children’s center located in Gaon in the vicinity of its Gwangyang worksite in July 2020 to prevent damage that may occur during the upcoming summer monsoon season. In particular, the waterway next to the building entrance was leveled to ensure safety for children visiting the center, and daily supplies were donated as well. The division will continue with volunteering for local communities to care for the less privileged and build an organizational culture of win-win partnerships to pursue shared growth based on continuous interest and support.
ECO-FRIENDLY MANAGEMENT

Advancing Eco-friendly Management

The mounting severity of environmental issues, the launching of the post-2020 climate change regime, and the emerging activism of environmental investors all give rise to increasing demand that we fulfill social responsibility for environmental challenges. Countries are setting utmost to protect the environment by developing their carbon neutrality targets and climate response strategies.

OUR APPROACH

POSCO INTERNATIONAL is advancing eco-friendly management to actively respond to climate change and minimize environmental impact stemming from global warming. We have established a company-wide environmental management system, and are exploring opportunities to expand climate-related new business.

BUSINESS WITH

We will strive to tap into new markets in environmental and energy-related business, including but not limited to response to climate change.

SOCIETY WITH

We will practice eco-friendly management to mitigate negative environmental impact on society and constantly live up to stakeholder expectations.

PEOPLE WITH

We will continue to strengthen our environmental management organization and human resources, and encourage all employees to fully concur on the importance of environmental protection.

POSCO INTERNATIONAL

RISKS & OPPORTUNITIES

RISKS

- Increasing compliance issues in line with tightening environmental regulations
- Growing physical risks at the workplace due to abormal weather events such as typhoons, floods, and droughts

OPPORTUNITIES

- Increasing business opportunities in renewable energy and other sectors to mitigate climate change
- Reduction of expenses through environmental performance management
- Improvement in corporate image as an eco-friendly company

OUR COMMITMENTS

Focus Area 2020 Plan 2020 Achievement Evaluation 2021 Plan Mid/Long-term Target

Response to Climate Change

- Reach 700,000 units in sales of EV traction motor cores
- Shift the focus from energy consumption to greenhouse gas emissions
- Successfully operate the cook stove project in Myanmar
- Published 640,000 units in sales of EV traction motor cores
-Reduced city gas consumption by 8.3% from the previous year

Mitigation of Environmental Impact at the Workplace

- Renew and maintain ISO 14001(2015)
-Respond to the total emission regulations under the Special Act on Air Quality Improvement for Atmospheric Control Area
- Successfully operate the cook stove project in Myanmar
-Completed certification audit on ISO 14001(2015)
-Reduced the power consumption of indirect facilities by 2% from the previous year

Issue GRI Topic Relevance to Financial Performance Relevance to Non-financial Performance

<table>
<thead>
<tr>
<th>No.</th>
<th>Topic</th>
<th>Impact on Financial Performance</th>
<th>Impact on Non-financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>305</td>
<td>Emissions</td>
<td>- Increase new business opportunities</td>
<td>- Respond to stakeholder requests on environmental issues</td>
</tr>
<tr>
<td>307</td>
<td>Environmental Compliance</td>
<td>- Suffer impact on business operations (e.g. suspension of business) in the event of non-compliance with environmental regulations</td>
<td>- Minimize environmental impact</td>
</tr>
<tr>
<td>303</td>
<td>Water and Effluents 306 Waste</td>
<td>- Suffer impact on business operations when conducting business in an unethical way</td>
<td>- Minimize environmental impact</td>
</tr>
<tr>
<td>304</td>
<td>Biodiversity</td>
<td>- Suffer degradation in corporate image - sanctions (business suspension and penalty) and boycotts - in the event of failure to manage environmental risks</td>
<td>- Improve corporate value through preemptive response to environmental regulations</td>
</tr>
</tbody>
</table>

* The issue number indicates its ranking identified through the materiality analysis.
Climate change is increasingly emerging as a serious challenge in line with GHG emissions generated in large quantities. POSCO SPS is subject to the Korean government’s Emissions Trading Scheme (K-ETS) and is proactively responding to this system to reduce its carbon emissions. We also identify customers’ climate-related needs and preemptively respond to them to create new business opportunities and render our business operations truly sustainable.

Response to the GHG Target Management System and the Emissions Trading Scheme

Since its designation as a participant in the Korean government’s GHG Emissions Trading Scheme (K-ETS) in November 2017, POSCO SPS has implemented company-wide climate response activities and is joining quarterly working-level ETS consultations hosted by POSCO Group.

Implementing Ideas to Reduce GHG Emissions

We are implementing ideas to reduce GHG emissions with a focus on POSCO SPS. In 2020, the TMC Division further lowered its GHG emissions by 5.04%/tC02e from 2019. The STS Division reduced its LNG consumption by speeding up its CAPE operation and building a strip temperature automation system while improving on the acceleration/deceleration transition speeds of its heavy power-consuming rolling mill to reduce electricity consumption and GHG emissions.

Reducing Energy Losses through Process Improvement

The STS Division has met the set power demand response target of 2,000kW and switched to high-efficiency LED lighting at its plant to reduce its power consumption. Work is underway to reduce energy consumption for respective STEAM processes by re-setting drying and LNG consumption by speeding up its CAPE operation and building a strip temperature automation system while improving on the acceleration/deceleration transition speeds of its heavy power-consuming rolling mill to reduce electricity consumption and GHG emissions.

Energy and GHG Emissions

Energy consumption and GHG emissions are objectively calculated through external professional consulting and our internal calculation system, and such data are systematically managed.

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Energy(Total)</td>
<td>329</td>
<td>236</td>
<td>240</td>
</tr>
<tr>
<td>Indirect Energy(Electricity, Steam)</td>
<td>1,067</td>
<td>1,013</td>
<td>995</td>
</tr>
<tr>
<td>Total*</td>
<td>1,391</td>
<td>1,243</td>
<td>1,236</td>
</tr>
</tbody>
</table>

* Calculated by dividing total energy consumption by non-consolidated sales in 2018 and 2019 before the split-off of POSCO SPS

GHG Emissions

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>7,994</td>
<td>7,651</td>
<td>7,285</td>
</tr>
<tr>
<td>Scope 2</td>
<td>51,810</td>
<td>48,979</td>
<td>47,011</td>
</tr>
<tr>
<td>Total</td>
<td>69,098</td>
<td>62,604</td>
<td>60,446</td>
</tr>
</tbody>
</table>

* Calculated by dividing total GHG emissions by consolidated sales

Promotion of Sustainable Consumption

As a trading company, we serve as a bridge linking producers of green products and consumers who use such products, and ultimately contribute to promoting sustainable consumption in the market. Major eco-friendly products included in our trading portfolio are POSCO’s WTP(Work Top Premium) products and TMC Division’s traction motor cores. WTP products help reduce cumulative CO2 emissions of vehicles by nearly 10% from conventional products, and traction motor cores also deliver an average of 0.5% improvement in efficiency and a 0.3-0.4% improvement in automotive fuel efficiency against existing cores. Furthermore, the STS Division has developed ultra thin material element technology to cater to customers’ material requirements for lightweight, high-strength, and high-precision stainless products. We will continue to meet increasing customer expectations for greener products and take the lead in promoting sustainable consumption.
Mitigation of Environmental Impact at the Workplace

POSCO INTERNATIONAL minimizes environmental impact brought by its business operations through environmental risk management based on its environmental management system. We operate a variety of programs for environmental management system certification, environmental investment and employees’ awareness improvement to contribute to environmental protection.

Eco-friendly Management

We have established the Practice Guidelines for Protection of Environment and Preservation of Eco-system as the basis that guides our entire business operations. We advance eco-friendly management and manage environmental risks in accordance with these guidelines to fulfill our responsibility as a corporate citizen.

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

- 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.
- Compliance with Environmental Laws and Improvement on Environmental Impacts
  - We will endeavor to comply with environmental laws and to improve environmental impacts in the entire process of developing, producing, and using products.
  - We will minimize the discharge of pollutants by introducing environmentally friendly manufacturing processes and applying technology optimized for the prevention of pollution.
- Response to Climate Change
  - We will endeavor to reduce the consumption of fossil fuels, and to minimize GHG emissions by improving energy efficiency.
- 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.

Eco-friendly Worksite Operation (HQ)

POSCO Tower-Songdo, our office building located in Songdo, achieved a Silver rating in accordance with the LEED(Leadership in Energy and Environmental Design) program operated by the US-based environmental organization US Green Building Council(USGBC).

Environmental Management System Certification

Our Headquarters and POSCO SPS’s STS Division and TMC Division achieved the global environmental management standard ISO 14001 to practice environmental management in conformity with international standards. Each year, we work in an effort to self-direct internal audits and surveillance audits performed by professional auditors on their environmental management system to identify and make necessary improvements as a way to manage their environmental performance.

Environmental Investment Plan

We continuously develop and implement environmental investment plans to reduce environmental impact from our business operations. Our investment plans are set and implemented in a way to increase environmental benefits through the replacement of major environmental equipment and the development of green products. In 2020, KRW 75 million in total was invested by the Headquarters and POSCO SPS to improve the work environment while reducing resources consumption and environment-related expenses.

Environmental Investments Made in 2020

<table>
<thead>
<tr>
<th>Worksite</th>
<th>Investment Plan</th>
<th>Execution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ</td>
<td>Landscape maintenance in the vicinity of the HQ</td>
<td>100% (KRW 50 million)</td>
</tr>
<tr>
<td>STS Division</td>
<td>Installation of air pollution control devices on post-processing facilities</td>
<td>100% (KRW 100 million)</td>
</tr>
<tr>
<td>TMC Division</td>
<td>Supplementation of vent pipes to perform self-measurements on air pollutant-emitting facilities</td>
<td>100% (KRW 30 million)</td>
</tr>
</tbody>
</table>

Environmental Investment Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRW million</td>
<td>370</td>
<td>545</td>
<td>175</td>
</tr>
</tbody>
</table>

Recycling of Raw/Subsidiary Materials

STS Division is committed to the recycling of raw/subsidiary materials by fully recovering the scraps generated from stainless processing and reusing them as manufacturing materials. In addition, steel interleaf paper used as a subsidiary material at the cold mill was replaced with SPM recycled paper to reduce the consumption of raw/subsidiary materials. The use of SPM recycled paper fell by 30.8% point from 85.8% in 2019 to 55.0% in 2020.

Stainless Recycled by STS Division

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return to the maker (POSCO)</td>
<td>4,892</td>
<td>5,978</td>
<td>3,283</td>
</tr>
<tr>
<td>Provision to recycling companies</td>
<td>5,527</td>
<td>5,063</td>
<td>4,346</td>
</tr>
<tr>
<td>Total</td>
<td>10,419</td>
<td>10,141</td>
<td>7,629</td>
</tr>
</tbody>
</table>

Waste and Sewage/Effluent Management

We monitor water consumption at our worksites and major facilities on a monthly basis to efficiently manage our water consumption. As to facilities whose water consumption increased, causes are identified and necessary improvements are made, and all effluents generated from our worksites are managed in accordance with standards that are more stringent than the legal thresholds.

Water Consumed and Sewage/Effluents Generated

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water consumed</td>
<td>547,779</td>
<td>520,269</td>
<td>503,263</td>
</tr>
<tr>
<td>Sewage/effluents generated</td>
<td>405,877</td>
<td>406,429</td>
<td>414,961</td>
</tr>
</tbody>
</table>

Expansion of Designated Scrap Storage

POSCO SPS has expanded its production equipment and lines to respond to the growing business operations of its TMC Division. This naturally led to increases in designated scraps generated from its worksites, and raised the need to secure additional designated scrap storage in addition to existing one. The TMC Division has built a new storage facility to properly store and effectively manage and dispose of increasing designated scrap to properly handle scrap and minimize their environmental footprint.

Expansion of Designated Scrap Storage

<table>
<thead>
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<td>405,877</td>
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<td>414,961</td>
</tr>
</tbody>
</table>

Waste and Air Pollutant Management

To manage the waste and air pollutants generated from our business operations, we apply internal management standards that are more stringent than the legally-permissible thresholds in setting and managing their discharge/emission targets. We also engage in various activities to reduce their generation and increase the recycling of waste. As we have been obligated to perform self-measurements on the emissions generated from air pollutant-emitting facilities since 2021, STS Division has defined such facilities and applied internal standards that are stricter than the legal thresholds to reduce the emission of air pollutants. TMC Division also improved on its vent pipes to allow for self-measurements, and the Plate Fabrication Division conducts monthly self-measurements. Our plan for 2021 is to take appropriate follow-up measures according to self-measurement outcomes.

Waste Generated and Recycled

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>General waste generated</td>
<td>2,536</td>
<td>1,966</td>
<td>2,227</td>
</tr>
<tr>
<td>Designated waste generated</td>
<td>379</td>
<td>753</td>
<td>757</td>
</tr>
<tr>
<td>Waste recycled</td>
<td>203</td>
<td>1,430</td>
<td>2,466</td>
</tr>
</tbody>
</table>

Air Pollutants Emitted

<table>
<thead>
<tr>
<th>Category</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOx</td>
<td>0.15</td>
<td>0.05</td>
<td>0.08</td>
</tr>
<tr>
<td>NOx</td>
<td>36</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Dust</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
Environmental Protection Activities

Elevating Employees’ Environmental Awareness

Trainings and campaigns are launched to help employees raise their awareness on environmental management. In 2020, we introduced World Environment Day, Day of Renewable Energy and other environmental-related anniversaries on five occasions through our official employee communication channel ‘Dwitter’, and shared ideas to protect the environment in daily lives. Such content ended with a quiz event to review key messages and encourage employees’ interest and participation. In 2021, a course titled ‘POSCO’s commitment to ESG as a corporate citizen’ was provided as a mandatory e-learning course and was completed by a total of 1,103 employees at the Headquarters.

Facilitating the Use of Commuter Bikes

We distributed commuter bikes and safety helmets to nearly 600 employees who live in Songo, Incheon and installed additional bike racks. For employees who need to take a shower and change their clothes after riding bikes, we enabled them to use the fitness gym within the office building. We also require employees to tag their employee ID card when using a bike to manage the status of bike use and offer incentives accordingly for their contribution to reducing carbon emissions. Facilitating the use of commuter bikes, we aim to help employees promote their health and leisure life while protecting the atmospheric environment in local communities and mitigating GHG emissions.

Paperless Campaign

Our paperless campaign aims to create a smart work environment and reduce paper consumption. We realized that section leaders have relatively higher needs for paper printing for tasks such as reporting and approval, and provided them with tablet PCs to reduce paper consumption. In addition, individual employees are monitored for their paper printing outputs and are recommended to reduce printing if their outputs exceed those of the previous month.

Campaign to Reduce Single-Use Disposables

We launch campaigns to reduce the consumption of single-use disposables to establish eco-friendly work practices that generate less waste. All employees are provided with personal reusable bottles, and are eligible for discounts when using their bottles at in-house cafes and stores operating within the office building. In 2021, an event was hosted to verify the use of these bottles and tumbler cleaners were provided as a gift to encourage employees to opt for reusable bottles and take carbon neutral actions individually. Additional personal bottles were distributed to new hires and global staff attending the Global Mobility Program, and a separate space was arranged within the in-house cafeteria to wash bottles in order to promote their use.

Support for Subscription to Low-carbon Ecological Farm Products

To raise employees’ awareness on decarbonization in their daily life, we support them to subscribe to the delivery service of farm products cultivated through low-carbon agricultural technology and organic ecological farming practices. Our in-house cafeterias provided employees with an opportunity to try out organic vegetables grown through low-carbon farming techniques and eggs laid by ecologically pasteurized chickens while displaying the samples of organic product packages. For employees subscribing to such delivery services, we paid 20% of the total subscription fee for a given period of time. This enabled our employees to help reduce carbon emissions for the planet earth in their daily lives all while enjoying healthy food.

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Paperless Campaign

Our paperless campaign aims to create a smart work environment and reduce paper consumption. We realized that section leaders have relatively higher needs for paper printing for tasks such as reporting and approval, and provided them with tablet PCs to reduce paper consumption. In addition, individual employees are monitored for their paper printing outputs and are recommended to reduce printing if their outputs exceed those of the previous month.

Campaign to Reduce Single-Use Disposables

We launch campaigns to reduce the consumption of single-use disposables to establish eco-friendly work practices that generate less waste. All employees are provided with personal reusable bottles, and are eligible for discounts when using their bottles at in-house cafes and stores operating within the office building. In 2021, an event was hosted to verify the use of these bottles and tumbler cleaners were provided as a gift to encourage employees to opt for reusable bottles and take carbon neutral actions individually. Additional personal bottles were distributed to new hires and global staff attending the Global Mobility Program, and a separate space was arranged within the in-house cafeteria to wash bottles in order to promote their use.

Support for Subscription to Low-carbon Ecological Farm Products

To raise employees’ awareness on decarbonization in their daily life, we support them to subscribe to the delivery service of farm products cultivated through low-carbon agricultural technology and organic ecological farming practices. Our in-house cafeterias provided employees with an opportunity to try out organic vegetables grown through low-carbon farming techniques and eggs laid by ecologically pasteurized chickens while displaying the samples of organic product packages. For employees subscribing to such delivery services, we paid 20% of the total subscription fee for a given period of time. This enabled our employees to help reduce carbon emissions for the planet earth in their daily lives all while enjoying healthy food.

Facilitating the Use of Commuter Bikes

We distributed commuter bikes and safety helmets to nearly 600 employees who live in Songo, Incheon and installed additional bike racks. For employees who need to take a shower and change their clothes after riding bikes, we enabled them to use the fitness gym within the office building. We also require employees to tag their employee ID card when using a bike to manage the status of bike use and offer incentives accordingly for their contribution to reducing carbon emissions. Facilitating the use of commuter bikes, we aim to help employees promote their health and leisure life while protecting the atmospheric environment in local communities and mitigating GHG emissions.

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Environmental Impact Management at PT. BIA in Indonesia
PT. BIA manages and minimizes the environmental impact of its plantation operation. PT. BIA gained approval from the Indonesian government of its environmental impact assessment (AMDAL) in 2009, and achieved Indonesian Sustainable Palm Oil (ISPO) certification in August 2019. Introduced by the Indonesian government to help reduce GHG emissions and address environmental and social concerns to increase the competitiveness of Indonesian palm oil in the global market, ISPO certification is a mandatory requirement to be satisfied by all palm oil producers operating in the country. PT. BIA, following its acquisition of the ISPO certification, was graded first in plantation assessments performed by the plantation office of Papua province in November 2019 in recognition of its sustained eco-friendly plantation operation. Since joining RSPO in July 2018, PT. BIA has consistently endeavored to comply with relevant regulations in the areas of ethical and transparent business conduct, respect for community and human rights, and environmental preservation in accordance with the RSPO Principles & Criteria 2018. PT. BIA’s HVC(High Conservation Value) assessment report, LUCA(Land Use Change Analysis) report, and RAcP(Remedia-tion and Compensation Plan) Concept Note gained approval in the certification process in 2020, and its RaCP report that outlines detailed environmental preservation programs was granted final approval in July 2021. In March 2020, we announced the NDPE policy as the first corporate business to do so to fulfill our responsibility and obligation in the country where we operate and advance sustainable palm oil business. In doing so, we made a preemptive move to respond to the global community’s demand to introduce NDPE policy, and this embodies our principle to conduct sustainable palm oil business through proactive stakeholder communication. PT. BIA partnered with a professional international environmental and social consultancy to provide online training on Free, Prior, Informed Consent procedures, grievance mechanisms, and conflict of interest resolution. We took note of such advantages offered by mangrove forests and decided to create a common practice to help alleviate the climate-induced impacts from frequent natural disasters and protect its environment. We have partnered with the local NGO (NGO: Nusa-Desa) in Indonesia in August 2019. We have also joined hands in mangrove forestation since 2019. A total of 300 trees were planted in local communities through mangrove forestation activities to contribute to preserving the local environment.

Outcomes of Mangrove Forestation
Since 2011 when we first began mangrove forestation, a total of 2,272 acres of forests were created to date. The sustainability of these forests was verified by a third-party organization, along with the acquisition of community forest certification. In addition, nearly 300 trees were planted in local communities through mangrove planting in Indonesia. Going forward, we will continue with planting and forestation activities to contribute to preserving the local environment and adapting to climate change.

Mangrove Forests Created in Myanmar*

<table>
<thead>
<tr>
<th>Year</th>
<th>Mangrove Saplings Planted in Indonesia* (cumulative basis in the first half)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>467</td>
</tr>
<tr>
<td>2013</td>
<td>814</td>
</tr>
<tr>
<td>2014</td>
<td>924</td>
</tr>
<tr>
<td>2015</td>
<td>1,214</td>
</tr>
<tr>
<td>2016</td>
<td>1,234</td>
</tr>
<tr>
<td>2017</td>
<td>1,405</td>
</tr>
<tr>
<td>2018</td>
<td>1,564</td>
</tr>
<tr>
<td>2019</td>
<td>1,852</td>
</tr>
<tr>
<td>2020</td>
<td>2,272</td>
</tr>
</tbody>
</table>

* Previous data were corrected in line with change in data calculation baseline date.

Local Environment Preservation (Mangrove Conservation Program)
A mangrove forest is a group of plants that grow near mud flats or creeks. Often compared to forests on the land, mangrove forests act as a natural barrier against typhoons to protect nearby villages and provides a habitat for diverse animal species. In particular, the roots of mangrove trees are known to be an efficient carbon dioxide absorbent, and significantly contribute to purifying the air and protecting the environment. We took note of such advantages offered by mangrove forests and decided to create a common practice to help alleviate the climate-induced impacts from frequent natural disasters and protect its environment. We have partnered with the local NGO (NGO: Nusa-Desa) in Indonesia in August 2019. We have also joined hands in mangrove forestation since 2019. A total of 300 trees were planted in local communities through mangrove forestation activities to contribute to preserving the local environment.

Carbon storage is immensely impacted by change in land use, and mangrove trees serve as a reliable carbon sink as they flexibly adapt to rising sea levels or land subsidence. According to the UNEP(UN Environment Programme), mangrove forests are able to store 1,000tCO2eq of carbon per hectare. Furthermore, the roots of mangrove trees protect their environment. We have partnered with the local NGO (NGO: Nusa-Desa) in Indonesia in August 2019. We have also joined hands in mangrove forestation since 2019. A total of 300 trees were planted in local communities through mangrove forestation activities to contribute to preserving the local environment.

Mangrove Forests and Climate Change Response
A mangrove forest serves as a buffer forest to help buffer the effects of climate-induced disasters and emergencies. In the event of floods, typhoons or other abnormal weather conditions, mangrove forests significantly reduce the speed and energy of waves passing through them to prevent associated property losses and damages affecting coastal areas. Furthermore, the roots of mangrove trees act as a buffer forest to help buffer the effects of climate-induced disasters and emergencies. In the event of floods, typhoons or other abnormal weather conditions, mangrove forests significantly reduce the speed and energy of waves passing through them to prevent associated property losses and damages affecting coastal areas. Carbon storage is immensely impacted by change in land use, and mangrove trees serve as a reliable carbon sink as they flexibly adapt to rising sea levels or land subsidence. According to the UNEP(UN Environment Programme), carbon storage is immensely impacted by change in land use, and mangrove trees serve as a reliable carbon sink as they flexibly adapt to rising sea levels or land subsistence. According to the UNEP(UN Environment Programme), mangrove forests are able to store 1,000tCO2eq of carbon per hectare. Furthermore, the roots of mangrove trees protect their environment. We have partnered with the local NGO (NGO: Nusa-Desa) in Indonesia in August 2019. We have also joined hands in mangrove forestation since 2019. A total of 300 trees were planted in local communities through mangrove forestation activities to contribute to preserving the local environment.

1) The Economic Value of Forest Ecosystem Services in Myanmar and Options for Sustainable Financing, EU & IMG
2) Reduction of Coastal and Coastal-related Losses due to Mangrove Ecosystem, Ministry of Health, Myanmar
3) The Importance of Mangrove Forests to People: A Call to Action, UNEP

POSCO INTERNATIONAL is aware that Myanmar, a country where the Company operates, is specifically vulnerable to wide-ranging natural disasters, including but not limited to floods, cyclones, earthquakes, landslides, and tsunamis, in the Asia Pacific region. This prompted us to contribute to climate change response through mangrove forestation. We distributed mangrove saplings free of charge to local people living in areas in the vicinity of the Shwe Project site, and directly engaged in planting to create 2,272 acres or nearly 919 ha of mangrove forests on a cumulative basis as of the end of 2020. It is estimated that such forestation is equivalent to storing approximately 920,000 tons of carbon on an annual basis. We will undertake a wide array of environmental preservation activities including mangrove forestation to assist local communities in proactively responding to climate change.
The sustainability of global business operations is one of the key management components for sustainable growth at POSCO INTERNATIONAL. We will fulfill our economic, social, and environmental responsibility and obligation as a corporate citizen in the countries where we operate through proactive communication with local governments, local communities, employees and all other stakeholders. With a specific aim of improving the sustainability of our overseas worksites, we will join in the global efforts to resolve social and environmental challenges.
GLOBAL CSR ACTIVITIES

Global CSR Overview

As global businesses have greater environmental and social impact in the communities where they operate, stakeholders in the international community call for commitment on the part of these businesses to create win-win partnerships, and to promote mutual communication and cooperation along the global supply chain. As such, businesses need to fulfill their responsibility and obligation as a corporate citizen in the communities where they are located, and take a proactive approach to mutually beneficial partnerships with local people and protecting the environment.

OUR APPROACH

We will strictly comply with relevant laws and regulations of countries where we operate as well as international standards in accordance with our Practice Guidelines developed to protect and respect human rights and to preserve the environment and the ecosystem. On the strength of the trust-based relationships we forged with stakeholders in respective regions through continued communication, we will join hands to generate social value from the economic, social and environmental aspects.

POSCO INTERNATIONAL’S TOPIC

<table>
<thead>
<tr>
<th>Issue</th>
<th>GRI Topic</th>
<th>Relevance to Financial Performance</th>
<th>Relevance to Non-Financial Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>412</td>
<td>Human Rights Assessments</td>
<td>• Maintain employment through human rights protection</td>
<td>• Achieve human dignity through respect for human rights</td>
</tr>
<tr>
<td>401</td>
<td>Employment</td>
<td>• Increase work productivity by improving the work environment</td>
<td>• Motivate employees and improve their work satisfaction</td>
</tr>
<tr>
<td>102</td>
<td>Stakeholder Engagement</td>
<td>• Improve corporate value by offering accurate information on business operations</td>
<td>• Establish a more stable management system by collecting stakeholder feedback</td>
</tr>
<tr>
<td>203</td>
<td>Indirect Economic impact</td>
<td>• Reinforce market dominance through improved reputation in local communities</td>
<td>• Build an ecosystem for sustainable growth through community development</td>
</tr>
<tr>
<td>413</td>
<td>Local Communities</td>
<td>• Create a self-reinforcing economic structure by stimulating community-level consumption</td>
<td>• Improve corporate reputation and brand value</td>
</tr>
<tr>
<td>205</td>
<td>Anti-corruption</td>
<td>• Pay penalties for regulatory non-compliance</td>
<td>• Suffer degradation in corporate reputation and brand value for regulatory non-compliance</td>
</tr>
<tr>
<td>304</td>
<td>Biodiversity</td>
<td>• Incurs monetary losses - sanctions (business suspension and penalty) and boycotts - in the event of failure to manage environmental risks</td>
<td>• Preserve the ecosystem by reducing negative environmental impact</td>
</tr>
</tbody>
</table>

The issue number indicates its ranking identified as a result of the materiality analysis.

RISKS & OPPORTUNITIES

RISKS

• Intensifying competition fueled by foreign capital entering global businesses
• Increasing social and environmental risks at overseas worksites in line with the growing social impact of businesses
• Technological innovation and new regulations
• Growing demands from the global community for social and environmental data disclosure on the operating companies' websites

OPPORTUNITIES

• Increasing demand for infrastructure and resource development projects among emerging countries
• Improving corporate credibility through compliance with international norms
• Enhancing corporate reputation through sustainability management in local communities
• Discovery of new global business opportunities

RISKS & OPPORTUNITIES
## OUR COMMITMENTS

<table>
<thead>
<tr>
<th>Country</th>
<th>2020 Plan</th>
<th>2020 Achievement</th>
<th>Evaluation</th>
<th>2021 Plan</th>
<th>Mid/Long-Term Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Myanmar</td>
<td>• Strengthen project operations</td>
<td>• Stabilized project operations</td>
<td>• Stabilize project operations</td>
<td>• Continue to generate profits through stable equipment operation</td>
<td>• Establish a stable palm oil production system through the timely execution of Phase 2 &amp; 3</td>
</tr>
<tr>
<td></td>
<td>• Phase 2: Complete the first on-site installation</td>
<td>• Completed the first on-site installation</td>
<td>• Develop plans to secure investments in line with the Uzbekistan government’s privatization of cotton cultivation</td>
<td>• Create a safe workplace through QSS activities</td>
<td>• Achieve the ISO 14001 environmental management system certification</td>
</tr>
<tr>
<td></td>
<td>• Phase 3: Complete FEED</td>
<td>• Completed FEED</td>
<td>• Continue to abide by ISPO and RSPO implementation regulations</td>
<td>• Strengthens CSR programs through community communication</td>
<td>• Strengthens CSR programs in 6 main areas</td>
</tr>
<tr>
<td></td>
<td>• Strengthen CSR programs through communication with local communities</td>
<td>• Maintained existing CSR activities and expanded local CSR activities including COVID-19 support</td>
<td>• Publish regular progress reports on NDPE policy implementation</td>
<td>• Create trust by protecting the rights of locals and promoting mutual respect</td>
<td>• Improve trust by protecting the rights of locals and promoting mutual respect</td>
</tr>
<tr>
<td></td>
<td>• Offer vocational training to indigenous peoples</td>
<td>• Offered vocational training to indigenous peoples from Papua</td>
<td>• Operate community development programs through the stakeholder-partnership committee</td>
<td>• Achieve the ISO 14001 environmental management system certification</td>
<td>• Strengthen stakeholder communication in line with NDPE policy execution</td>
</tr>
<tr>
<td></td>
<td>• Implement CSR programs through community communication</td>
<td>• Stabilized project operations</td>
<td>• Establish a top-off system to accommodate demand of raw materials/raw cotton</td>
<td>• Operate independently-leased locomotives, construct additional lines within the region, and expand storage capacity to continuously improve customers satisfaction through facility rationalization</td>
<td>• Achieve the ISO 14001 environmental management system certification</td>
</tr>
<tr>
<td></td>
<td>• Offer vocational training to indigenous peoples</td>
<td>• Create a sustainable palm oil value chain</td>
<td>• Engage in regular community CSR activities</td>
<td>• Establish the stable production system through the timely execution of Phase 2 &amp; 3</td>
<td>• Strengthen stakeholder communication in line with NDPE policy execution</td>
</tr>
<tr>
<td></td>
<td>• Implement the third task of replacing aging equipment</td>
<td>• Continue to generate profits through stable equipment operation</td>
<td>• Maximize sales and profits in line with global commodity prices entering the upward phase</td>
<td>• Achieve ISPO certification</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Strengthen CSR programs for communities</td>
<td>• Maintain the normal operation of factories and reach an appropriate level of sales including exports through proactive responses to COVID-19</td>
<td>• Achieve ISPO certification</td>
<td>• Modernize equipment and improve productivity to strengthen independent competitiveness</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Reach 160,000 tons in annual CPO production</td>
<td>• Posted 120,000 tons in annual CPO production</td>
<td>• Participate in business aligned with POSCO Group investments</td>
<td>• Emerge as a Globally Integrated Corporation in Uzbekistan</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Declare the NDPE policy</td>
<td>• Declared the NDPE policy and disclosed its progress report on the company website</td>
<td>• Create and spread a culture of respecting employees</td>
<td>• Support promising non-textile business</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Maintain ISPO certification and achieve RSPO certification</td>
<td>• Completed regular ISPO audits and received on-site ISPO audits</td>
<td>• Continue to generate profits through stable equipment operation</td>
<td>• Improve trust by protecting the rights of locals and promoting mutual respect</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Implement CSR programs through community communication</td>
<td>• Engaged in CSR activities to resolve social issues to strengthen communication with local communities</td>
<td>• Provide regular progress reports on ISPO policy implementation</td>
<td>• Strengthen stakeholder communication in line with NDPE policy execution</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Offer vocational training to indigenous peoples</td>
<td>• Established an ERP system and introduced the USD as a functional currency</td>
<td>• Make all-out efforts to develop new country markets and buyers by taking advantage of international politics</td>
<td>• Achieve the ISO 14001 environmental management system certification</td>
<td>• Strengthen stakeholder communication in line with NDPE policy execution</td>
</tr>
<tr>
<td></td>
<td>• Expand business areas by developing trading business and new business items</td>
<td>• Developed plans to secure investments in line with the decision made to replace aging equipment</td>
<td>• Diversify supply/demand channels to stabilize the supply and demand of raw materials/raw cotton</td>
<td>• Operate independently-leased locomotives, construct additional lines within the region, and expand storage capacity to continuously improve customers satisfaction through facility rationalization</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Review participation in cotton clusters in line with the Uzbekistan government’s privatization of cotton cultivation</td>
<td>• Established cotton face mask production equipment and initiated production and sales</td>
<td>• Make all-out efforts to develop new country markets and buyers by taking advantage of international politics</td>
<td>• Establish the stable production system through the timely execution of Phase 2 &amp; 3</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Implement the third task of replacing aging equipment</td>
<td>• Donated hygiene kits and face masks to prevent the spread of COVID-19 in local communities</td>
<td>• Introduce a performance management system to improve work efficiency and employee morale</td>
<td>• Continue to strengthen CSR programs for local communities</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
<tr>
<td></td>
<td>• Strengthen CSR programs for communities</td>
<td>• Donated medical equipment to the Mykolaiv city hospital No. 1</td>
<td>• Establish and implement a top-off system to accommodate demand of raw materials/raw cotton</td>
<td>• Continue to strengthen CSR programs for local communities</td>
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</tr>
<tr>
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<td>• Create non-woven fabric face mask production equipment and initiate their production and sales</td>
<td>• Organized systems, regulations and job descriptions</td>
<td>• Emerge as a Globally Integrated Corporation in Uzbekistan</td>
<td>• Support promising non-textile business</td>
<td>• Continue to strengthen CSR programs for local communities</td>
</tr>
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<td>• Donated face masks to the Mykolaiv city hospital No. 1</td>
<td>• Continue to generate profits through stable equipment operation</td>
<td>• Emerge as a Globally Integrated Corporation in Uzbekistan</td>
<td>• Support promising non-textile business</td>
</tr>
<tr>
<td></td>
<td>• Achieve the ISO 14001 environmental management system certification</td>
<td>• Improved the old ERP system and introduced the USD as a functional currency</td>
<td>• Provide regular progress reports on ISPO policy implementation</td>
<td>• Achieve the ISO 14001 environmental management system certification</td>
<td>• Support promising non-textile business</td>
</tr>
<tr>
<td></td>
<td>• Create a sustainable palm oil value chain</td>
<td>• Organized systems, regulations and job descriptions</td>
<td>• Continue to abide by ISPO and RSPO implementation regulations</td>
<td>• Operate independently-leased locomotives, construct additional lines within the region, and expand storage capacity to continuously improve customers satisfaction through facility rationalization</td>
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<td>• Support promising non-textile business</td>
</tr>
</tbody>
</table>

* BSTDB: Black Sea Trade and Development Bank
POSCO INTERNATIONAL commenced its offshore gas field business in Myanmar back in 2000, initiated gas production in 2011, and is now evolving into a Globally Integrated Corporation in the resources development sector on the basis of its three gas fields Shwe, Shwe Phyu, and Mya. EPCIC work for Phase 2 development of Shwe Project in Myanmar was completed in 2017, followed by the initiation of EPCIC work in 2018 while a decision was made to explore Block A-3 located at 20~50 km south to the Shwe platform. As part of our future growth strategy, we also advanced into the Rice Processing Complex (RPC) market in Myanmar: Factory 1 started its operation in 2017 and Factory 2 was completed and initiated in 2019 to fully launch our distribution-focused agro business.

Shwe Project in Myanmar at a Glance

<table>
<thead>
<tr>
<th>Year of Participation</th>
<th>2000 (production initiated in 2013)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Ownership</td>
<td>51% (operator)</td>
</tr>
<tr>
<td>Area</td>
<td>5,560 km²</td>
</tr>
<tr>
<td>Facility Capacity</td>
<td>640 m³ft³/day</td>
</tr>
<tr>
<td>Consortium Member</td>
<td>POSCO INTERNATIONAL (operator): 51%</td>
</tr>
<tr>
<td></td>
<td>Myanmar Oil and Gas Enterprise: 15%</td>
</tr>
<tr>
<td></td>
<td>ONGC Vidar, Ltd.: 17%</td>
</tr>
<tr>
<td></td>
<td>Gas Authority of India Ltd.: 8.5%</td>
</tr>
<tr>
<td></td>
<td>Korea Gas Corporation: 8.5%</td>
</tr>
</tbody>
</table>

**Vision/Mission**

- **Build a Workplace Co-existing with Local Communities Based on a Stable Production/Operation System**
  - Operate a Lost Time Injury (LTI)-free Workplace
  - Operate a Health/Safety/Environment (HSE) management system
  - Identify/remove potential risk factors

- **Optimize Capacity Utilization**
  - Advance the preventive maintenance system
  - Enhance maintenance capability

- **Co-exist with Local Communities**
  - Continue with CSR programs
  - Optimize local employment and trainee numbers

**Key Milestone**

- **Apr. 2020** Completed FEED² for Phase 3 development
- **Sep. 2019** Initiated FEED for Phase 3 development
- **Jul. 2018** Initiated EPIC work for Phase 2 development
- **Dec. 2017** Completed FEED for Phase 2 development
- **2013** Continued to achieve the set production target
- **Dec. 2014** Achieved daily production of 500 million ft³
- **Jul. 2015** Initiated gas sales
- **Jan. 2009** Launched the Shwe Project
- **Dec. 2008** Signed an export gas sales & purchase agreement with China National United Oil Company

1) EPCIC: Engineering, Procurement, Construction, Installation & Commissioning
2) FEED: Front Engineering Design; Basic design performed prior to initiating construction
3) PSC: Production Sharing Contract

**Respecting Employees**

- **Prevention of Safety Incidents**
  - **On-site Safety Training and Inspection**
    - Internal safety audits are performed each year to prevent safety incidents, and the operational status of the safety system is checked as well. As large-scale on-site work was conducted in September 2020, additional safety personnel were assigned to prevent possible incidents. Safety training was provided to our employees working in the field including supplier employees, and the implementation of measures to prevent and respond to safety incidents was monitored by verifying our compliance with the Permit To Work system and reviewing our emergency response system in order to rigorously ensure safety management. Furthermore, rewards were granted to employees in recognition of their efforts to prevent safety incidents to encourage their proactive participation in safety management. The sum of such endeavors allowed us to remain injury-free for 2,381 days on a cumulative basis as of December 2020.

- **Safety UCC Production**
  - Our employees working on the Shwe Project and at gas terminals produced safety UCC to help improve safety awareness. The production of safety UCC will continue in the years ahead on all safety-related topics including scenario-based exercises conducted on worksites. Such content will be shared at regular safety meetings and trainings, and will help all our employees become more interested in safety and contribute to creating an advanced culture of safety.
Prevention of and Response to Emergencies

Shwe Project in Myanmar engaged in COVID-19 prevention activities against on-site infections and initiated an emergency operation system. In consideration of its geographic features and work conditions of our offshore platforms and onshore gas terminals, the process elaborates not only on the proper responses to be made under respective scenarios but also on the roles and responsibilities of pertinent staff, types of damage, mitigation plans, and response strategies for each possible incident. To ensure swift response to the event of an emergency, weekly emergency exercise and monthly scenario-based emergency drills are conducted. At the office level, a network of emergency contacts was defined and emergency exercises are performed to support immediate emergency response.

On-site Visitor
- Check temperature prior to boarding the flight and make it mandatory for all passengers to wear face masks
- Distinct the aircraft
- Notify virus infection prevention rules and verify temperature through rapid testing kits

Shift Worker
- Isolate for seven days prior to work shift
- Test for symptoms through professional healthcare service providers and verify infection through rapid testing kits

On-site Worker
- Monitor all workers to regularly check temperature
- Notify virus infection prevention rules and verify temperature
- Provide hand sanitizers and face masks all across the workplace

Emergency Response Process

The emergency response process is stipulated and managed in consideration of the geographical features and work conditions of our offshore platforms and onshore gas terminals. The process elaborates not only on the proper responses to be made under respective scenarios but also on the roles and responsibilities of pertinent staff, types of damage, mitigation plans, and response strategies for each possible incident. To ensure swift response to the event of an emergency, weekly emergency exercise and monthly scenario-based emergency drills are conducted. At the office level, a network of emergency contacts was defined and emergency exercises are performed to support immediate emergency response.

List of Emergency Scenarios

<table>
<thead>
<tr>
<th>NO</th>
<th>Offshore Platform</th>
<th>Onshore Gas Terminal</th>
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<tr>
<td>1</td>
<td>Man Overboard</td>
<td>Fire or Smoke Ingress to Accommodations</td>
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<td>2</td>
<td>Fire inside “LQ” or Technical Building</td>
<td>Electrical Fire at Process Areas</td>
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<td>3</td>
<td>Fire in Utilities, Process or DFR Areas</td>
<td>Gas Release or Fire</td>
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<tr>
<td>4</td>
<td>Gas Release</td>
<td>Generator Fire</td>
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<td>5</td>
<td>Chemicals, Diesel or Other Spillage</td>
<td>Gent KO Drum(^\text{c}) - Gas Release or Fire</td>
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<tr>
<td>6</td>
<td>Confined Space Rescue</td>
<td>Diesel Oil Spillage</td>
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<tr>
<td>7</td>
<td>Rescue from a Height</td>
<td>Confined Space(^\text{a}) - Rescue</td>
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<td>8</td>
<td>Dropped Object or Scaffold Collapse</td>
<td>Rescue from a Height</td>
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<td>9</td>
<td>Bomb Threat</td>
<td>Dropped Object or Scaffold Collapse</td>
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<td>10</td>
<td>Illegal Boarding</td>
<td>Bomb Threat</td>
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<td>11</td>
<td>Helicopter Precautionary Landing</td>
<td>Illegal Entry</td>
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<td>12</td>
<td>Helicopter Crash on Platform</td>
<td>PLL, RFW(^\text{a}) - Substage</td>
</tr>
<tr>
<td>13</td>
<td>Helicopter Ditching</td>
<td>Total Power Failure</td>
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<td>14</td>
<td>Potential/Actual Vessel Collision</td>
<td>Severe Weather (intense cold or heat)</td>
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<td>15</td>
<td>Radiactive Source Incident</td>
<td>Injury/Medivac</td>
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<td>16</td>
<td>Unpredictable Severe Weather</td>
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</tr>
<tr>
<td>17</td>
<td>Injury/Medivac</td>
<td></td>
</tr>
</tbody>
</table>

1. Living Quarter: Spaces that accommodate offices and bedrooms within the offshore platforms
2. PLL: realistic legal饮s involving oil and gas trades occurring in offshore gas terminals, and ships that transport them
3. Confined Space: Tanks, pressurized containers, and other spaces that prohibit people from staying permanently and are under access restrictions
4. PLL: potential flight of flaps. Flaps with passengers boarded underneath may not be considered to be in a confined space in the event of a tangential blowout

Communication with Local Residents

Public Consultation Meeting

POSCO INTERNATIONAL engages in regular communication to closely interact with people in the community where it operates. We host public consultation meetings attended by the heads of villages located in the vicinity of Shwe Project in Myanmar and central/local government officials to share information on the project and its progress and to gather information and feedback on those areas affected by our business. In addition, we utilize shopfronts set up in affected villages to regularly post the goal of the project and its status of progress and to share information on our community support activities, including the status of our CSR programs and the recruitment of scholarship beneficiaries, in order to transparently communicate with locals. While we could not engage in public consultations and other in-person communication activities due to the spread of COVID-19 in 2020, we will resume such interactions when this global pandemic subsides.

Grievance Mechanism

We endeavor to develop effective communication channels that meet local conditions in Myanmar to establish sound relationship-based trust with community members. In order to understand and actively resolve the grievances raised by residents living near the Shwe Project site, we have established a grievance mechanism and are operating various communication channels such as grievance boxes and counseling. For instance, grievance boxes were set up at two Shwe Clinics along with the village notice boards for all local residents for easy access and use. When a grievance is submitted, it is handled within three days in principle to expedite its resolution.

Support to Prevent and Respond to COVID-19

We provided medical supplies to help local communities in Myanmar successfully weather the COVID-19 pandemic. Respirators, oxygen tanks, new RT-PCR testing equipment and personal protective equipment worth more than USD 670,000 were donated to hospitals located in major impoverished areas. This will surely assist these local communities in curbing the spread of COVID-19 infections.

CSR Programs

Shwe Scholarship Program

The Shwe Project in Myanmar selects academically-exceptional students in local communities and provides them with scholarships each year. Students are selected regardless of their major, and granted monthly scholarships to continue with their education and successfully graduate. This scholarship program motivates students who are challenged in their pursuit of education due to financial constraints to focus on their education. We have provided annual subsidies valued at nearly USD 1,200 to top-performing students selected by the state government of Rakhine since 2014, and a total of 80 students benefited from our scholarship program between 2020 and the first half of 2021. Furthermore, we helped build new schools in Kyauk Phyu and donated learning equipment, chairs and desks to the primary education center under the Ministry of Education. Maintenance was also provided to 546 schools that had been previously supported to create a sustainable learning environment.

Shwe Scholarship Program

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GLOBAL ESG ISSUE PAPER

As the state of emergency that was declared in February 2021 persists in Myanmar, this gives rise to mounting concerns across the international community. POSCO INTERNATIONAL genuinely hopes to see a peaceful and swift resolution to this situation, and values the safety and peace of people in Myanmar. Since we first entered the market in 1985, we have continuously engaged in a variety of businesses. Notably, the Shwe Project that has been undertaken for the past two decades has helped secure overseas resources and contribute to our national interest. Given the severity of the emergency in Myanmar, however, our stakeholders are increasingly raising concerns and questions about our operations in the country. We would like to transparently communicate key information on our businesses conduct in Myanmar to stakeholders.

1. Shwe Project

The Shwe Project was initiated in 2000 pursuant to the Production Sharing Contract (PSC) concluded between the state-owned Myanmar Oil & Gas Enterprise (MOGE) under the Ministry of Electricity & Energy (MOEE) and POSCO INTERNATIONAL, and has since been continuously undertaken regardless of the changes in the country for the past two decades. The project is currently divided between the Myanmar government and the project consortium, and the government’s portion is paid to the bank account of the Myanmar Foreign Trade Bank (MBTFB) under the Ministry of Planning and Finance. POSCO INTERNATIONAL bears the responsibility to fulfill its obligations under the PSC as an operator of the project in accordance with the contract signed with MOGE pertaining to the State-Owned Economic Enterprise Law of Myanmar, and is faithfully assuming such responsibilities to date. The Shwe Project is jointly implemented by a consortium of global partners, and involves a complex series of contracts amongst investors, Project and pipeline operators, gas purchasers. Therefore, any breach of contract may give rise to huge contractual liabilities. In particular, we are highly concerned about our exploration and production rights to be at risk if we are in breach of certain responsibilities under the project contracts. In addition, if the Shwe Project comes to a halt, this will suspend fuel supply to gas-fired power plants in Myanmar to further reduce the nation’s power generation and to result in economic slowdown through fiscal contraction and loss of jobs, taking a substantial toll on the everyday life of people in Myanmar. While we hope more than anyone else that the present situation in Myanmar would be resolved peacefully and promptly, any attempt to address this issue through breach of the project contracts will not achieve the intended purpose and is not acceptable at the company level.

Award of Litigation Raised in Relation to the Construction of OGT for the Shwe Project

The issues of human rights suppression concerning the Shwe Project occurred in the gas field development process led by another company in the 1990’s, and is irrelevant to POSCO INTERNATIONAL. We established and lawfully implemented the principles of land compensation to protect the property and human rights of indigenous peoples based on the relevant rule and regulations and guideline from the Myanmar government and external experts. We organized a land acquisition team joined by governmental public servants, MOGE officials, and village representatives to hold briefing sessions to provide detailed explanations to locals on our compensation policy and procedures while conducting a series of individual preliminary interviews and public consultations to fully consider the opinions of land owners. Based on the consent given by residents eligible for compensation, we completed the land compensation procedure by paying at least 60% and up to 150% above the local statutory standard. In spite of such efforts, a public interest law center in Korea raised issues with our land compensation procedure in March 2016 and some land owners filed a lawsuit before the Seoul Central District Court. While it took almost three years for the legal representative of the counterparty just to substantiate the existence of the plaintiff and the litigation was mired in such a prolonged delay, POSCO INTERNATIONAL submitted related evidences to prove the legitimacy of the land compensation procedure. On July 25, 2021, the court dismissed the case and we won the lawsuit. Since the early days of project execution, we have engaged in CSR activities in the areas of education, healthcare and the environment to promote the development of local communities. We will continue with CSR programs that meet the real life needs of local communities by considering the feedback from locals to the fullest extent possible, doing our utmost to create the social value of win-win partnerships.

2. Export of MPSV

Myanmar is geographically situated on the borders of the Eurasian and Indian Plates, and the resulting instable foundation exposes the country to severe damages caused by persistent natural disasters, ranging from earthquakes and landslides to cyclones/hurricanes, floods and droughts. In response to the increasing frequency and consistency of such natural disasters, the Myanmar government decided to operate Multi-Purpose Support Vessel (MPSV) to provide humanitarian aid by transporting relief supplies and agricultural products to ports and other areas lacking proper infrastructure and to help the recovery of affected areas through the transport of personnel and equipment. Prior to exporting the vessel, POSCO INTERNATIONAL reviewed the Myanmar governments’ rational for operating MPSV and the validity of its intended purpose, and concluded that the government had a clear and justified purpose in operating the vessel to respond to natural disasters given the magnitude of their damage. Since MPSV was positioned only in the region where the Ocean Acquisition Program Administration of Korea reviewed the purpose of importing such vessel and granted its approval. In June 2017, the deployment of the Myanmar Navy visited the Administration to explain that the purpose of deploying MPSV was to serve the public interest by transporting relief personnel and supplies and supporting damage recovery in the event of natural disasters, and to submit the official letter of the Myanmar government making this very same point. The Administration, based on its review of the purpose of importing MPSV and their technical specifications including drawings, provided its opinion that the export of MPSV would be possible. POSCO INTERNATIONAL signed a contract to construct MPSV through Daewon Shipbuilding, a Korean shipbuilder, and export it to the procurement authorities in Myanmar, gained final export approval from the Administration, and completed the delivery of MPSV to Myanmar in 2019. The MPSV that we exported to Myanmar was constructed under commercial vessel regulations from the development phase in accordance with the vessel’s designated use as a search and rescue vessel, or being classified as an ambulance ship, and cannot be used for any military purposes. Furthermore, Daewon Shipbuilding that built the vessel is not a defense contractor company and is not authorized to construct warships or battleships that satisfy military specifications.

First Assessment Outcomes Concerning the Objection Raised to the OECD in Relation to the Export of MPSV to Myanmar

In February 2021, a civic organization, through its Korean National Contact Point (KNCP) implementing the OECD Guidelines for Multinational Enterprises, raised an objection alleging that the MPSV that we exported to Myanmar was a type of weapons that serve military purposes and were used to suppress Rohingya people. In response, we submitted our opinion that the Company delivered the vessel that meet commercial specifications at the request of the Myanmar government to help restore affected areas and provide them with humanitarian aid and that this export business could not be viewed as related to the oppression of the Rohingyas. On July 14, 2021, the KNCP concluded the objection procedure based on its judgment that following up on the procedure did not have any real benefits as a result of reviewing the opinions and documents submitted by the civic organization and the Company respectively, citing the reasons that no evidence existed that support any correlation between the exported MPSV and Rohingya issues, and that the Company has established and is implementing its human rights management guidelines and its detailed procedures as requested by other civil organizations.

3. Hotel Business

Myanmar practices state ownership of land, and its government tender regulations make it impossible for foreigners to exclusively sign any land lease contract. As such, POSCO INTERNATIONAL, in advancing into the country’s hotel business market, partnered with IGE, a local private-sector company, to participate in a public land tender by the government and to secure the target hotel site. IGE is a private company conducting trade, construction and power generation business in Myanmar, and is not included on the sanctions list in relation to the current emergency in the country. In the land tender process, not only did we comply with anti-corruption regulations, but also abided by the applicable procedures set by the Myanmar government to sign a lease contract. In Myanmar, individual ministries at the central government level are subject to the nation’s Budget Law in managing their income and expenses. The rental fees we pay in relation to those contracts signed through government-led public bidding are attributed to the finance of the central government in accordance with Myanmar’s Budget Law and, such attributed assets are operated as national finance under the management of the Ministry of Finance and Revenue in accordance with the budget programs of the central government. Our hotel business has been established and operated continuously, being independent from the Myanmar government, and POSCO INTERNATIONAL is undertaking its hotel business project based on its legitimate and reasonable judgement while placing the safety of local customers and hundreds of employees as its top priority.

As a company that has contributed to the nation’s economic growth on the strong support extended by people in Myanmar, POSCO INTERNATIONAL feels extremely regretful for the ongoing state of emergency in the country. It is extremely distressing that our businesses that have been conducted for years in full compliance with global standards is perceived differently due to the change in the country’s political landscape, and we will do our part consistently for a speedy resolution of the situation.
Palm oil is gaining attention for its versatile application for food and industrial purposes in the global agro and bio market. This drove POSCO INTERNATIONAL’s decision to invest in large-scale 34,195ha-size palm plantation facility in Papua, Indonesia to launch palm oil business in 2011. The fresh fruit bunches (FFB) harvested at the plantation are processed into crude palm oil which is then sold in the market. We will continue to extend our palm oil business facility in Papua, Indonesia to launch palm oil business in 2011. The fresh fruit bunches (FFB) harvested at the plantation are processed into crude palm oil which is then sold in the market.

**PT. BIA at a Glance**

**Year of Establishment:** 2011

**Equity Ownership:** POSCO INTERNATIONAL 85%, retail investors 15%

**Area:** 34,195ha (plantable area: 25,936ha)

**Facility Size:** 2 CPO* mills, 9 religious facilities, 3 schools, 2 hospitals, etc.

**Vision/Mission**

Build a Sustainable Palm Business That Contributes to Society

- Value People as Our Top Priority
- Achieve Sustainable Growth
- Develop through Collaboration

**Key Milestone**

- **Apr. 2020:** Performed regular ISPO audits
- **Mar. 2020:** Declared the NDPE policy
- **Dec. 2019:** Completed the second CPO mill
- **Nov. 2019:** Graduated Most Excellent in plantation assessments
- **Aug. 2018:** Achieved ISPO certification
- **Dec. 2018:** Delivered the first overseas CPO shipment
- **Jul. 2018:** Became an RSPO member
- **Mar. 2017:** Published the first PT. BIA Environmental and Social Report
- **Jan. 2017:** Developed PT. BIA’s environmental and social policy
- **Dec. 2016:** Completed the first CPO mill
- **May 2015:** Initiated the harvest of fresh fruit bunches
- **Sep. 2012:** Initiated the plantation of palm trees
- **Sep. 2011:** Initiated business through the equity acquisition of PT. BIA

**Business Performance and Strategic Direction**

**2020 Performance**
- Declared the NDPE policy
- Performed regular ISPO audits
- Operated vocational training programs for indigenous peoples

**Mid/long-term Direction**
- Construct a third CPO mill
- Operate the stakeholder-partnership committee through stakeholder engagement to pursue shared growth with local communities
- Establish a sustainable management system by continuously implementing the NDPE policy and achieving ISPO certification*
- Strengthen the competency development of indigenous peoples by providing training programs

* International certification for sustainable palm oil production

**Palm Plantation Operational Process**

PT. BIA’s plantation operation consists of nursery/planting, upkeep, harvest, and CPO production. The entire process is based on the advice offered by external consulting firms and experts.

**Respect for Employees’ Human Rights**

PT. BIA endorses the Universal Declaration of Human Rights and the international norms on human rights set by the UN, and strictly prohibits child labor and forced labor across its entire workforce in accordance with the Company’s Code of Ethics and international human rights standards. PT. BIA protects and respects the human rights and other fundamental rights of all workers related to its palm oil business in conformity with the NDPE (No Deforestation, No Peat, No Exploitation) policy and its implementation principles announced in March 2020.

**Reinforcement of Internal Communication**

PT. BIA operates the labor union system in accordance with relevant Indonesian regulations and the collective agreement concluded with its labor union. As of the end of 2020, 99% of its locally-hired employees were unionized. PT. BIA shares pending management issues through the labor union and consults on issues to promote the rights of employees on the basis of the undertakings of the union. The Labor Management Council is under operation to facilitate proactive and free-flowing communication between labor and management. In 2020, the Council met four times in total to discuss a wide array of agenda items to promote the rights and interests of employees.

**Regular Meetings Supervised by the President of PT. BIA**

Regular manager meetings are held under the supervision of the President of PT. BIA to facilitate organizational communication. These meetings serve to share PT. BIA’s major issues concerning the environment and society and discuss responses. In addition, division manager meetings are held to directly heed the voice of employees working in the field in resolving issues and to reflect their feedback in the company’s operational policy.

**Living Support Facilities for Employees**

PT. BIA provides a variety of welfare benefits to support employees in leading a stable life and improve their work satisfaction. In particular, dormitory housing is made available for employees who moved from other regions to support their stable settlement. Hospitals and indoor gyms are operated for the physical and mental healthcare of employees, and diverse religious facilities are provided to support employees’ religious life. Kindergartens and elementary schools opened to provide formal education to employees’ children, and middle school curriculum was added in 2020. PT. BIA has designated one division for each estate as a pilot complex in 2020 to provide a better living environment for employees through residential infrastructure improvement, and is developing improvement plans.

Furthermore, a trial run is being conducted on new water purification devices in one division to provide cleaner potable water to employees living within the plantation. Employees’ feedback will form the basis to choose the most appropriate type of water purifiers to be installed at the plantation across all divisions.

**Safety Management**

**Safety Management Committee**

PT. BIA operates the Safety Management Committee in accordance with Indonesia’s work safety regulations to ensure workplace safety for employees. The committee is chaired by the general manager of the plantation and joined by a total of 29 occupational safety managers from respective estates. Regular business meetings are held under the committee to review the progress made on health and safety management in the field. For issues identified as requiring health and safety measures, suggestions are made to senior management for their resolution. A dedicated COVID-19 response team has been operated since 2020 to protect the safety and health of employees amidst the global pandemic, and a response system was created and its operation was bolstered to minimize the occurrence of infection cases at the workplace.
Health and Safety Management of At-risk Workers

PT. BIA defines high-risk work that requires more stringent health and safety management due to its work conditions and goes the extra mile in taking health and safety measures for at-risk workers. These at-risk workers include CPO mill staff, heavy equipment drivers, fertilizer distributors, generator staff, and chemicals managers, and they receive semi-annual health check-ups to confirm whether they suffer any symptoms in long function and hearing among others.

Fire Safety Management

In operating palm plantations, fire incidents pose the biggest risk and thus should be strictly managed. PT. BIA is operating the Monitoring Team and the Patrol Team to prevent fires. The Patrol Team performs regular monitoring on major safety hazards in respective estates. In order to immediately respond to fires once they occur, PT. BIA has established a company-wide fire response system consisting of fire response and firefighting manuals. Fire Suppression Teams with roles assigned to respective teams, Standard Operation Procedures(SOP), a fire incident reporting system, and the purchase of fire engines and fire extinguishing equipment. In 2020, internal drills were conducted three times to respond to and promptly extinguish fires and rescue patients. In addition, training was offered to local residents on how to use fire extinguishers to enable prompt early response once a fire occurs in their residential areas. Furthermore, they were provided with regular fire prevention trainings and briefings on fire risk analysis results to promote fire safety management.

Employee Safety Training

Regular safety training is provided to elevate employees’ safety awareness. In 2020, intensive training was offered on hygiene rules to all employees to prevent COVID-19, and safety training was conducted on a total of 59 occasions concerning safe work practices, response to and reporting of incidents, the social security system and other topics.

Employee Safety Training

Transportation of fresh fruit bunches, palm oil, and other equipment plays an essential role in operating palm plantations. As accidents that occur during vehicle operation may have direct impact on the life of employees, PT. BIA considers safe vehicle operation as its top priority in safety management. Tests are performed in the recruitment phase to check whether applicants are well equipped to drive vehicles safely, and vehicle/heavy equipment driver training is provided regularly on a monthly basis.

Driver Safety Management

Driver safety training is the top priority in operating the company’s job training for plantation operations. As such, the farm training team established a farm training system by integrating farm training and safety training. The team sets the annual training schedule and plans training programs through preliminary meetings with the farm manager.

Training Curriculum

Farm training is provided to all employees and addresses the overall plantation work from planting to harvest. Such training primarily consists of 15 major work categories (fertilization, harvest, etc.). All training programs are tailor-made to each job position, and combine both theory and practice to ensure their practical application.

Training Assessment

PT. BIA performs on-site assessments on employees who completed training. Such assessments form part of the regular internal audits to ensure employees understand field work based on the training they received and to evaluate their actual application to work. Employees who received low scores are provided with continuous feedback to help them better understand their work performance. To advance the sustainable operation of the plantation, internal assessments are made in accordance with ISPO and RSPO regulations to take stock of plantation operations from the aspects of environmental conservation and human rights protection.

Promoting Talent Development

PT. BIA defines high-risk work that requires more stringent health and safety management due to its work conditions and goes the extra mile in taking health and safety measures for at-risk workers. These at-risk workers include CPO mill staff, heavy equipment drivers, fertilizer distributors, generator staff, and chemicals managers, and they receive semi-annual health check-ups to confirm whether they suffer any symptoms in long function and hearing among others.

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Proactive Communication with Local Residents

PT. BIA holds public consultations to reach out even closer to local residents. In 2020, such consultations were hosted to perform (A)Social Impact Assessments(1) and (B)High Conservation Value Area assessments(2) to present the company’s policy to manage the environmental and social impact generated from plantation operations. This also served to collect opinions and requirements from local residents and fully reflect them in the company’s policy decisions.

(1)Assessment of social and cultural impacts on workers and local communities
(2)Assessment in areas with high conservation values in terms of the environment and society

Compliance with the Free, Prior and Informed Consent(FPIC) Principle

PT. BIA strictly prohibits the development of business that was not agreed upon by indigenous peoples and local communities. With this principle in mind, PT. BIA has been sincerely interacting with indigenous groups since the early days of plantation development, and continuously hosted public consultations and presentations to provide sufficient prior information on the development and operation of the plantation as well as compensation, along with vocational training to support the economic activities of indigenous peoples. PT. BIA respects the customary land ownership and distinctive culture of indigenous peoples, and consistently endeavors to promote win-win partnerships and cooperation through transparent communication. Prior to the construction of a third CPO mill in 2020, the company held public consultations with indigenous peoples and local residents to fully disclose information on its construction process and future operational approach. Furthermore, indigenous peoples and local community members were invited to the first and second CPO mills currently under operation to directly tour around and learn the process of operating the mills and treating the effluents generated. Such proactive communication allowed the company to obtain consent on the construction of a third CPO mill.

Communication to Create a Stakeholder-Partnership Committee

PT. BIA held prior public consultations to create a stakeholder-partnership committee in conjunction with indigenous peoples, local government agencies, local community NGOs and other major stakeholders to preserve the local environment and promote the local economy, education and healthcare. Discussions took place on a variety of challenges local communities face and necessary supplementary actions and improvements, and discussion outcomes will form the foundation for PT. BIA and local communities to develop ways for mutual growth and win-win partnerships.

Plasma Project Operation

Plasma estate provisions of the applicable Indonesian law dictate that palm oil companies set aside 20% of their plantation areas over which they were granted a concession permit to facilitate the establishment of smallholder estates. The plasma project provides indigenous peoples with the right to operate the allotted estates themselves and ensures job creation and economic activity, contributing to further improving their self-reliance compared to the approach of the company managing the plantation on their behalf and distributing production outcomes that they generate. As of the end of 2020, PT. BIA operated a total of 1,500 ha of plantation estates through the first plasma project, and developed plans to expand the project area through the transfer of planted areas to initiate the second project with the consent obtained from indigenous peoples. Under the operational plans of the second plasma project, the FFB harvest areas will expand to a total of 6,867 ha in the second half of 2021, which will surely lay the foundation for PT. BIA and local communities to develop ways for mutual growth and win-win partnerships.
CSR Programs

Vocational Training
PT. BIA provided vocational training on plantation operations to indigenous peoples from Papua in 2020. This training program consisted of five-week internal training and two-week practice training, and was conducted five times in total in 2020. A total of 209 indigenous community members completed the training, and PT. BIA hired 141 of them who wished to join the company.

Healthcare and Educational Support
PT. BIA operates three hospitals to improve the health of local residents living in the vicinity of its workites. In 2020, nearly 19,986 people, based on the number of in-patients, benefited from its healthcare services, and more than 300 indigenous group members received healthcare through medical expense support. In addition to such healthcare support, PT. BIA opened two elementary schools in Estate A and Estate B to help provide education to the children of employees and indigenous peoples living near its plantations. Children of indigenous groups are also eligible for scholarship support, and a total of 97 children benefited accordingly each month in 2020.

Blood Donation to Help Resolve the Shortage of Blood Supplies
PT. BIA engaged in blood donation on two occasions in July and November 2020 in conjunction with the local government of Ulilin and the Red Cross foundation in Merauke to help the foundation resolve the shortage of blood supplies. A total of 483 persons were willing to volunteer, including local residents at the plantation as well as PT. BIA’s employees, and 326 who were eligible donated their blood. In so doing, PT. BIA clearly recognized the needs of its local community and extended its helping hand in meeting such needs.

Construction of a Water Supply Facility in the Village of Selil
In November 2020, PT. BIA constructed a tap water facility to provide clean water to the village of Selil in Merauke. People in the village had to travel almost 1km to access fresh water due to the lack of such a facility. PT. BIA decided to build a tap water facility to resolve this issue, and hired local workers from the village to undertake this construction project. As a result, 128 people from 47 households in the village of Selil were given access to clean water at home.

Environmental and Social Management Governance
PT. BIA makes major decisions and engages in relevant activities in the areas of the environment and society through the Sustainable Management Committee under the direct leadership of the President. In 2020, the committee met 11 times to perform regular internal audits, prepared for ISPO certification audits, and worked to achieve RSPO certification. To obtain RSPO certification, HCV assessments and LUCA were conducted while the RaCP Concept Note was prepared and approved prior to on-site audits. In conducting RSPO audits, public consultations were held for Social Impact Assessments(SIA) and the resulting feedback was reflected in elaborating on the long-term environmental/social impact management plans.

Management of Workplace Environmental Impact
PT. BIA’s Environment Team prepares environmental and social management reports(RKL-RPL) twice a year through the continued analysis and monitoring of environmental impact from farm operations. In 2020, an expert team created for High Conservation Value(HCV) assessments conducted on-site investigations twice and public consultations four times for stakeholder communication to finalize the size of HCV areas.

Presentation for Local Residents
Prior to conducting SAs to identify the social impact of PT. BIA’s business activities, its surrounding areas including indigenous villages were interviewed and the results were used in holding public consultations. Concerned indigenous peoples and local NGOs were engaged in HCV area restoration to protect and satisfy the requirements of local communities. Major public consultations were made 25 times to reflect the voice of local communities in PT. BIA’s policy-making.

Preservation of HCV Zones
PT. BIA classifies High Conservation Value(HCV) areas into six types and protects them in accordance with High Conservation Value Resource Network(HCVRN) standards. Signs are installed in HCV zones and employees and local residents are briefed on the preservation activities of HCV zones to ensure their continued protection. HCV zones are regularly monitored to analyze major risk factors and stringently manage these factors. HCV zones near streams are demarcated to restrict the use of chemicals.

Hazardous Substances Management
The status of hazardous waste discharge and management is reviewed monthly. Used oil, batteries, generator fuel filters, and agricultural chemicals are registered and managed for their generation and discharge on the integrated governmental online system. Designated waste is taken out of the worksites through external professional companies to bolster on the management of hazardous substances.

Air Pollution Management
PT. BIA manages pollutants from CPO mills, generators and residential areas that may cause air pollution. The company requests accredited analysis agencies to measure the emission of air pollutants every six months while submitting outcome reports to the Environmental Department in Merauke and registering such reports in the relevant governmental system.

Water Resources Management
To manage the water quality of streams near its workites, PT. BIA requests accredited analysis agencies to monitor the water quality twice a year, and regularly reports analysis outcomes to the Environmental Department in Merauke. The effluents from the CPO production process are treated to reduce their Biological Oxygen Demand(BOD) level to 5,000mg/L, or below in accordance with applicable standards, and are reused as organic fertilizers within the plantation. A natural purification system that uses microorganisms was deployed, and the dedicated environment team collects water samples every month to manage the water quality with accredited analysis agencies.
**GLOBAL ESG ISSUE PAPER**

Our Compliance with and Implementation of the NDPE (No Deforestation, No Peat, No Exploitation) Policy

In March 2020, POSCO INTERNATIONAL announced its NDPE (No Deforestation, No Peat, No Exploitation) policy to fulfill its social responsibility and obligation as a global corporate citizen in the country where it operates and to help create a sustainable ecosystem. Since the announcement of the policy, we have sincerely followed up on our commitment by undertaking a wide array of activities. Going forward, we will transparently share our action plans and the progress being made to comply with the NDPE policy.

Implementation Status

To take concrete action in implementing the NDPE policy, we have published annual action plans and six-month progress reports since the announcement of the policy. By disclosing our implementation outcomes in 2020 and action plans for 2021, we would like to demonstrate our full commitment to implementing the NDPE policy. All activities were undertaken in compliance with Indonesia’s COVID-19 prevention guidelines, and each and every one at PT. BIA clearly recognizes the health and safety of workers as their top priority.

**Policy, Institution and Management**

We have consistently communicated with local workers and varying stakeholders in relation to our NDPE policy. In particular, we emphasized our compliance with the NDPE policy at the public consultations held with plasma stakeholders in November and December 2020. We went on to call for cooperation with FFB (Fresh Fruit Bunch) suppliers to implement this policy along the entire supply chain. In 2021, we will continue to reach out to even more stakeholders to help them understand our NDPE policy and seek their cooperation, and to develop procedures to assess compliance with the NDPE policy at the supply chain level.

**Environmental Conservation and Management**

POSCO INTERNATIONAL aims to protect forest areas by developing systemic environmental conservation and management programs in accordance with international standards. We completed a new round of HCV (High Conservation Value) assessments in 2020 in conformity with the RSPO (Roundtable on Sustainable Palm Oil) criteria. This was followed by the LVCA (Land Use Change Analysis) performed according to the RaCP (Remediation and Compensation Procedure), and the development of the Concept Note for environmental conservation programs. In 2021, detailed action plans for these programs were planned and implemented based on the Concept Note. Going forward, we will update our management and review plans for new HCV areas, and monitor the occurrence of forest degradation and fires.

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

We are committed to protecting the human rights of employees and local residents along the entire supply chain. Notably, we provided our employees with capacity-building programs in relation to FPC (Free, Prior and Informed Consent) and grievance mechanisms to protect indigenous peoples in the areas where we operate. Continuous discussions and meetings were held with the plasma cooperative to undertake the second plasma project at the venues carefully selected to make it easy for plasma residents to participate. PT. BIA promotes shared growth with its employees, and is working to turn plantation workers into full-time employees. In 2021, the company plans to help its employees develop their human resources management competency and provide professional job training so that plantation workers become full-time employees.

**Stakeholder Engagement and Communication**

The successful implementation of the NDPE policy is made possible only when we engage and communicate with stakeholders in the sustainability management of PT. BIA. The company created the Sustainability Dashboard on its website in August 2020, and has reached out to stakeholders in a transparent manner. Furthermore, the company leverages its systemic grievance handling mechanisms to cater to the requirements of local residents and stakeholders. In 2021, semi-annual NDPE implementation reports will be published continuously on the Sustainability Dashboard, and the Grievance Log will be disclosed to proactively communicate with stakeholders.

**Grievance Mechanism**

PT. BIA operates a grievance mechanism for local community members. Stakeholders may submit their grievances in person, through e-mail and/or phone, or via the official website of PT. BIA. For the concerns, suggestions or complaints that are raised, PT. BIA conducts investigations in a swift, fair and reasonable manner. The entire grievance handling process remains transparent, and internal consultations are made to come up with settlements that are then communicated to whistleblowers. The identity of whistleblowers remains strictly confidential throughout the entire grievance handling process.

**Grievance Handling Process**

**2021 NDPE Implementation Plan**

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Activity</th>
<th>2021 1Q</th>
<th>2021 2Q</th>
<th>2021 3Q</th>
<th>2021 4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy, Systems and Management</strong></td>
<td>Release of 2021 NDPE Implementation Plan</td>
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<tr>
<td></td>
<td>Socialize NDPE Policy with staff, suppliers and other stakeholders</td>
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<td></td>
<td>Develop procedures to assess supply chain’s compliance to our NDPE Policy</td>
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<tr>
<td><strong>Environmental Conservation and Management</strong></td>
<td>Update HCV management and monitoring plans</td>
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<tr>
<td></td>
<td>Develop remediation and compensation plan, as required by RSPO RaCP</td>
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<tr>
<td><strong>Protection of, and Respect for Human Rights</strong></td>
<td>Develop the capacity of staff on human rights protection and ethical management</td>
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<tr>
<td></td>
<td>Develop capacity of staff on human rights protection and conflict resolution</td>
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<tr>
<td></td>
<td>Implement Plasma oil palm plantation</td>
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<td></td>
<td>Absorbing sub-contracted plantation workers into the PT.BIA workforce</td>
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<tr>
<td></td>
<td>Conduct regular due-diligence activity to monitor and raise awareness of PT.BIA employees in human rights protection and ethical management</td>
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<td></td>
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<tr>
<td><strong>Stakeholder Engagement &amp; Communication</strong></td>
<td>Develop and publish grievance logs at the Sustainability Dashboard</td>
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<tr>
<td></td>
<td>Publish 6-month progress reports</td>
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</table>
Uzbekistan

POSCO INTERNATIONAL manufactures single yarn, double yarn, and fabric products by procuring cotton from local sources in Uzbekistan. We are the largest cotton yarn producer in the country with production capacity of 250,000 spindles in total, and sell nearly 50% of the products to China, Russia and other CIS countries in alignment with Agro & Industrial Material Group at the Headquarters.

POSCO INTERNATIONAL Textile LLC at a Glance

Year of Establishment 1996
Equity USD 43 million (100% wholly owned)
Production Facility
- Fergana: Spinning and weaving factory
- Textile: Spinning factory
- Kumbita: Spinning and weaving factory
- Bukhara: Spinning factory
Production Capacity Cotton yarn: 51,000 tons/year; fabric: 40,000 km/year

Vision/Mission

An Exemplary Company Respected by Employees, Society and the Country

To Establish a No. 1 Company at Which Everyone Wants to Work
To Be a Leader in the World Textile Market
To Be the Most Successful Foreign-Invested Company in Uzbekistan

Key Milestone

Aug. 2013 Won the Grand Prize in the Labour Protection养育 Inspector, Safety Protection sectors at the nationwide labor union competition in Uzbekistan. Renamed POSCO INTERNATIONAL Textile LLC
Sep. 2018 Facility ownership transferred to the Company following the full payment of lease fees to the National Bank of Uzbekistan (NBU)
Dec. 2016 DTC acquired by DTC, and changed the Company name (DAEWOO Textile LLC)
Dec. 2014 Decided to invest USD 10.3 million in replacing old spinning equipment at the Fergana factory

Business Performance and Strategic Direction

2020 Performance
- Continued with normal factory operations through prompt response to COVID-19
- Established cotton yarn production equipment and initiated production
- Made donations to local communities to prevent COVID-19
- Decided to join cotton clusters and replace old equipment - Developed plans to secure necessary investment funds

Mid/long-term Direction
- Strengthen independent competitiveness through facility modernization and productivity improvement
- Evolve into a Globally Integrated Corporation in Uzbekistan (support promising non-textile business, participate in business aligned with POSCO Group’s investment)
- Implement a corporate culture policy that respects employees
- Continue to strengthen local CSR programs

POSCO INTERNATIONAL Textile helps employees develop their competency as a way to improve competitiveness at the company level. As such, the company identifies and reflects the training needs of respective departments, and opens new courses when necessary to fully support employees to improve their work competence. The company also offers employees an opportunity to receive external training and attend skills competitions to help them voluntarily build their individual competence. Since 2019, skilled worker training has been provided for three to six weeks with technical majors with an opportunity to gain shop floor work experience and to give them precedence in recruitment if they wish to join the company. The Fergana factory has also run a three-month internship program since 2020 for prospective graduates majoring in textile studies at nearby universities. In 2021, industry-academia cooperation courses will open at top-notch universities located in the nation’s capital of Tashkent as well as in Fergana.

Commitment to Talent Retention

POSCO INTERNATIONAL Textile helps employees develop their competency as a way to improve competitiveness at the company level. As such, the company identifies and reflects the training needs of respective departments, and opens new courses when necessary to fully support employees to improve their work competence. The company also offers employees an opportunity to receive external training and attend skills competitions to help them voluntarily build their individual competence. Since 2019, skilled worker training has been provided for three to six weeks with technical majors with an opportunity to gain shop floor work experience and to give them precedence in recruitment if they wish to join the company. The Fergana factory has also run a three-month internship program since 2020 for prospective graduates majoring in textile studies at nearby universities. In 2021, industry-academia cooperation courses will open at top-notch universities located in the nation’s capital of Tashkent as well as in Fergana.

Promoting Talent Development

Talent Recruitment and Retention

POSCO INTERNATIONAL Textile complies with Uzbekistan’s local labor regulations in recruitment, resignation and other HR management practices, and offers equal opportunity to all job applicants without discrimination on the grounds of gender, background, age or religion.

Talent Recruitment

The recruitment process consists of resume screenings and interviews. Interviews are conducted by the HR manager, the training team head, and the facility manager to ensure fairness. As to shop floor positions, interviewers take a tour of the shop floor during the interview process to reconfirm their willingness to work as the lack of work experience may lead to resignation or failure to adapt. For successful applicants, the original copy of their passport is checked upon contract signing to confirm their identity and to prevent minor labor from ever occurring.

Recruitment of Outstanding Talent

To hire outstanding talent, the company launches recruitment campaigns across nearby villages, high schools and universities to receive recommendations. The Balhara factory operates an internship program to provide undergraduates with technical majors with an opportunity to gain shop floor work experience and to give them precedence in recruitment if they wish to join the company. The Fergana factory has also run a three-month internship program since 2020 for prospective graduates majoring in textile studies at nearby universities. In 2021, industry-academia cooperation courses will open at top-notch universities located in the nation’s capital of Tashkent as well as in Fergana.

Employee Competency Development

POSCO INTERNATIONAL Textile helps employees develop their competency as a way to improve competitiveness at the company level. As such, the company identifies and reflects the training needs of respective departments, and opens new courses when necessary to fully support employees to improve their work competence. The company also offers employees an opportunity to receive external training and attend skills competitions to help them voluntarily build their individual competence. Since 2019, skilled worker training has been provided for three to six weeks with technical majors with an opportunity to gain shop floor work experience and to give them precedence in recruitment if they wish to join the company. The Fergana factory has also run a three-month internship program since 2020 for prospective graduates majoring in textile studies at nearby universities. In 2021, industry-academia cooperation courses will open at top-notch universities located in the nation’s capital of Tashkent as well as in Fergana.

2020 Performance

- Introduced an internship program at the Fergana factory
- Strengthened the new hire training
- Factory: Established and implemented a skilled worker training system
- Office: Provided rotational department-level on-the-job training

2021 Plan

- Prepare for industry-academia cooperation programs
- Cooperate with top-notch universities in Tashkent and Fergana for cotton cultivation and new item development as well as for the recruitment of outstanding talent
- Introduce a job rotation system for office positions

POSCO INTERNATIONAL Textile helps employees develop their competency as a way to improve competitiveness at the company level. As such, the company identifies and reflects the training needs of respective departments, and opens new courses when necessary to fully support employees to improve their work competence. The company also offers employees an opportunity to receive external training and attend skills competitions to help them voluntarily build their individual competence. Since 2019, skilled worker training has been provided for three to six weeks with technical majors with an opportunity to gain shop floor work experience and to give them precedence in recruitment if they wish to join the company. The Fergana factory has also run a three-month internship program since 2020 for prospective graduates majoring in textile studies at nearby universities. In 2021, industry-academia cooperation courses will open at top-notch universities located in the nation’s capital of Tashkent as well as in Fergana.

Commitment to Talent Retention

Since POSCO INTERNATIONAL Textile operates production lines, the company needs to manage its turnover rates that affect its production capacity. As such, the company interviews employees who wish to leave in order to understand reasons for resignation and see the interview results to provide improvement training to relevant managers. Immediate actions are taken on issues that could be improved at the company level to retain talent and stabilize production operations.
Safety Management

Fire Safety Training

As fire prevention should be the top safety priority for any textile factory, POSCO INTERNATIONAL Textile performs fire safety training on a regular basis to prepare for such incidents. While fire safety trainings and assessments were slated for 2019 for factory safety managers and employees who access high-risk areas, this was provided in February 2020 due to the circumstances of training partners and was attended by a total of 205 employees. In addition, process-specific fire evacuation drills as well as regular firefighting trainings and exercises were conducted for all employees to build immediate response and firefighting capabilities in the event of a fire. The company also has its own fire engines to respond to fire emergencies at any given time, and if requested by the state, the company is willing to cooperate with fire suppression depending on the severity of the situation in the interest of community safety.

Completion of Safety Training

<table>
<thead>
<tr>
<th>Factory</th>
<th>Safety Training and Evaluation</th>
<th>Completion (total no. of persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fergana</td>
<td>Safety</td>
<td>59</td>
</tr>
<tr>
<td>High-risk area</td>
<td></td>
<td>36</td>
</tr>
<tr>
<td>Tekhark</td>
<td>Safety</td>
<td>43</td>
</tr>
<tr>
<td>High-risk area</td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>Kumtepa</td>
<td>Safety</td>
<td>33</td>
</tr>
<tr>
<td>High-risk area</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Bukhara</td>
<td>Safety</td>
<td>160</td>
</tr>
<tr>
<td>High-risk area</td>
<td></td>
<td>160</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>505</td>
</tr>
</tbody>
</table>

Quick Six Sigma (QSS) Initiative

Quick Six Sigma (QSS) Initiative is POSCO Group’s unique innovation initiative that aims to improve work efficiency and shop floor equipment and bolster employees’ safety in so doing from the three perspectives of Quality, Stability, and Quick. POSCO INTERNATIONAL Textile developed its own QSS strategy and fully launched the initiative in 2018. In 2020, POSCO INTERNATIONAL Textile aligned QSS activity outcomes with the KPI of its employees so that the QSS initiative directly contributes to productivity improvement and all employees engage themselves in creating and establishing a culture of innovation. Building on the QSS implementation system and operational know-how accumulated for the past three years, the company also endeavors to improve chronic shop floor issues and strengthen its innovation capabilities. This will surely enable the company to provide a safe, injury-free workplace for all employees.

QSS Performance and Plans

POSCO INTERNATIONAL Textile has proactively undertaken a wide array of QSS activities, beginning from the Fergana factory in 2018 and across the Bukhara, Kumtepa and Tekhark factories. These activities aim to set the company apart from local competitors in Uzbekistan by providing a healthy and safe workplace. In 2020, the QSS activities undertaken at the Fergana factory were benchmarked and its best practices were disseminated, which resulted in the full-fledged introduction of the QSS initiative at the Bukhara and Tekhark factories. Consultants visited these factories every two months to offer on-site guidance to stabilize QSS activities in their early phase. QSS activities focused on daily routines and tasks, including 5S and With My Machine, and the Bukhara factory exceeded its set target by three to undertake 13 improvement activities. Specifically, the Bukhara factory significantly reduced Imperfection (IPI) volume by 29% from 455g to 322.4g through process equipment management. POSCO INTERNATIONAL Textile aligns QSS activity outcomes with the KPI of its employees so that the QSS initiative directly contributes to productivity improvement and all employees engage themselves in creating and establishing a culture of innovation. Building on the QSS implementation system and operational know-how accumulated for the past three years, the company also endeavors to improve chronic shop floor issues and strengthen its innovation capabilities. This will surely enable the company to provide a safe, injury-free workplace for all employees.

QSS Key Performance Indicator

<table>
<thead>
<tr>
<th>Performance in 2020 against 2019</th>
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</thead>
<tbody>
<tr>
<td>Reduction in Raw Cotton Unused for Production</td>
</tr>
<tr>
<td>Reduction in Fly Waste</td>
</tr>
<tr>
<td>Fire Incidents</td>
</tr>
<tr>
<td>Monthly Turnover</td>
</tr>
<tr>
<td>2.8%</td>
</tr>
</tbody>
</table>
Communicating with Stakeholders

Advancement of Labor-Management Relations
Status of Labor Union Composition
Members of the labor union representative board are elected every five years. The board consists of 21 members in total at the Fergana factory (9 males and 12 females), and five members at the Bukhara factory (3 males and 2 females). At the Bukhara factory where the ratio of female employees is specifically high, the Women’s Committee is operated to reflect such local conditions. The committee is made up of five members and is responsible for identifying and helping with personal difficulties that female employees may have including family life issues in addition to work-related concerns.

Labor-Management Communication Channel
POSCO INTERNATIONAL Textile pursues free-flowing communication with employees, and operates labor-management communication channels to collect difficulties its employees face and suggestions that reflect the shop floor perspective for productivity gains. The company renovated its cafeterias, locker rooms and restrooms based on the suggestions of employees collected through labor-management meetings in 2019, and moved on to improve cafeteria menus for employees and install ATMs in front of the factory for the increased daily conveniences of employees.

Donation of Respirators to Designated COVID-19 Hospitals
Fergana and Bukhara where POSCO INTERNATIONAL Textile is located are distanced from the nation’s capital region and are experiencing difficulties in properly treating patients in severe conditions due to its poor access to healthcare services even as the number of patients is surging and the spread of COVID-19. This prompted the company to donate respirators to three hospitals specialized in the treatment of COVID-19 to help local communities better respond to this global pandemic and improve the safety of these local communities in so doing. This was even more meaningful in that the respirators donated by the company were sourced from MSDICS, a partner of POSCO INTERNATIONAL’s Public Procurement & Infrastructure Department and Korea’s sole manufacturer of respirators, in mutually beneficial partnership with this small yet strong company and in the fulfillment of the global corporate citizenship philosophy.

Tailer-made Support for Local Communities
POSCO INTERNATIONAL Textile engages in CSR programs that meet the pressing needs of local communities by supporting the operation of child education centers and extending a helping hand to seniors living alone and orphans. In 2020, daily necessities were donated to underprivileged families with disabilities living in the vicinity of the company during Quran Bayet, one of the nation’s most celebrated holidays, and visits were made to seniors living alone to provide daily supplies on the occasion of Remembrance Day. Financial donations were also made to the ethnic Korean senior association on Lunar New Year’s Day and Dano in celebration.

1) ILO, 2020 Third-party monitoring of child labor and forced labor during the cotton harvest in Uzbekistan, Jan. 27, 2021
2) Uzbek Forum For Human Rights, Key Findings from the 2020 Cotton Harvest, Jan. 28, 2021
3) Cotton Campaign, Workers Need Assurance on Forced Labor and Child Labor in Uzbekistan, Apr. 13, 2021

While human rights issues in Uzbekistan would be best resolved by the national government, POSCO INTERNATIONAL took note of these issues that affected the country that it operates. POSCO INTERNATIONAL conducts regular human rights training and due diligence to doubly make sure that no human rights issues occur across its worksites. The company not only conducts employee training according to its internal ethical regulations on human rights management, but also provides human rights-related training through external professional organizations. POSCO INTERNATIONAL, through the human rights due diligence performed on POSCO INTERNATIONAL Textile employees, identifies actual and potential infringements of human rights and takes immediate measures on the confirmed cases. In 2019, the checklist used for human rights due diligence was completely overhauled as planned in 2019. The checklist segmented the areas of human rights due diligence by additionally reflecting UNHCR’s Guidelines on Business and Human Rights, the Modern Slavery Act and the Anti-Human Trafficking Act, and the Better Cotton Initiative, and included questions on the protection of basic human rights to further raise the bar. The checklist was designed in a way to be applied to POSCO INTERNATIONAL’s major overseas corporations and offices, and will be translated into English and other languages of respective countries. As COVID-19 aggravated in 2020, however, third-party’s business travel to conduct due diligence was restricted and hygiene and safety issues were raised in submitting survey responses, which inevitably postponed the human rights due diligence of overseas worksites. Human rights due diligence will resume once the COVID-19 pandemic subsides.

2021 Human Rights Due Diligence Checklist for Overseas Worksites

Establishment of a Human Rights Management System
• Human rights policy development and sharing
• Regular human rights training
• Sharing of the internal remedy policy
• Assignment of human rights managers and sharing of the information

Reduction of Forced Labor and Child Labor
• Prohibition of forced labor and child labor
• Omission of child labor
• Confirmation of workers’ identity
• Omission of mobility restrictions
• Omission of forced labor

Development of Transparent Employment and Work Condition
• Voluntary employment and the signing of an employment contract
• Transparency of working conditions and descriptions and their match with actual ones
• On-time payment above the legal minimum wage

Guarantee of Workplace Safety
• Accountability to provide safer and hygiene facilities
• Disaster response system development
• Assignment of safety managers and sharing of the information
• Regular safety training

Protection of自由的 Collective Bargaining/Freedom of Association
• Guarantee of freedom from collective bargaining and association
• Guarantee of free labor union activities, etc.

GLOBAL CSR ACTIVITIES
Commitment to Addressing Local Human Rights Issues
Cotton business is one of the key national industries in Uzbekistan, and the entire process from seeding and cultivation to harvest and distribution is managed by the central government. POSCO INTERNATIONAL, as the operating factories to process raw cotton procured from the Uzbek government, and is not engaged in the operation of cotton farms in the country. While farm-related human rights issues may be better addressed through comprehensive nation-level measures, we are sincerely committed to promptly responding to such sensitive issues and fulfill our social responsibility in the country where we operate.

Uzbekistan, as the world’s sixth largest cotton producer, cultivates, harvests and exports cotton in large quantities. The Uzbek government has been consistently “Improving Awareness and Monitoring of the Prohibition of Child Labor and Forced Labor” in partnership with the International Labor Organization(LO) since 2013 as part of its efforts to eliminate forced labor affecting its children and people in cotton cultivation and harvest. Furthermore, the Uzbek Forum for Human Rights has published the results of its investigation into child labor and compulsory labor each year since 2009. According to the report unveiled by the ILO in January 2021, significant improvements were made on child labor and forced labor issues in Uzbekistan cotton business, and the ratio of people who experienced forced labor during the harvest period declined by 33% from 2019 to 4%. The report pointed out, however, that there still existed cases where those who refuse to participate in cotton production faced threats of being deprived of their rights in their local community. In January 2021, the Uzbek Forum for Human Rights also announced that as a result of its cotton business monitoring, it monitors observed less forced labor of cotton pickers than in any previous year, and did not document any cases of forced labor in minority regions for the first time since it began monitoring 30 years ago.1) The Uzbek government passed a bill that bans forced labor in 2020, and the President signed a regulation in March the same year to abolish the centrally-controlled cotton production quota system. In addition, the government is actively promoting private-sector investment, foreign investment and privatization for the sustainable development of the nation’s textile industry. The Cotton Campaign2) and other international human rights NGOs and media outlets welcomed such endeavors made at the government level and called for concerted efforts to completely resolve human rights issues.

1) Uzbek Forum For Human Rights, Human Rights Due Diligence Checklist for Overseas Worksites 2020, July 22, 2020
2) Cotton Campaign, Workers Need Assurance on Forced Labor and Civil Society in Uzbekistan, Apr. 13, 2021

In order to strengthen human rights management, POSCO INTERNATIONAL established the “Uzbekistan Human Rights Due Diligence Checklist for Overseas Worksites,” which is the first ever human rights due diligence checklist customized to the operating companies of the Uzbekistan government. This case study is unique as it is the first time that a foreign company has been asked to participate in the due diligence process.

The country is currently facing the Covid-19 pandemic, which has suspended the monitoring of human rights. Our company has been looking for ways to help both the government and local community during this pandemic, but human rights due diligence has been paused due to the current circumstances. The Uzbek government suspended human rights due diligence in July 2020 due to the Covid-19 pandemic, and we are looking for ways to resume monitoring as soon as possible. Our efforts to improve the human rights of Uzbekistan are ongoing, and we will work closely with the government to ensure that the due diligence is resumed as soon as possible.

1) Uzbek Forum For Human Rights, Key Findings from the 2020 Cotton Harvest, Jan. 28, 2021
2) Cotton Campaign, Workers Need Assurance on Forced Labor and Civil Society in Uzbekistan, Apr. 13, 2021
3) United Nations Human Rights, Key Findings from the 2020 Cotton Harvest, June 22, 2021
4) Cotton Campaign, Workers Need Assurance on Forced Labor and Civil Society in Uzbekistan, Apr. 13, 2021

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Ukraine

To lay the cornerstone to expand our value chain and reach 10 million tons in grain trading by 2023, we engage in local origination in Ukraine, one of the major grain producers, and invested in a grain terminal which serves as an essential asset for trading as well as a bottleneck spot for food exports. Our plan is to establish a supply chain in the Black Sea region with a focus on Ukraine and advance into the grain export terminal, inland silo and inland logistics businesses to significantly increase our handling capacity of corn, wheat and barley. Furthermore, we will build a stable procurement base in the US, Brazil and Argentina to contribute to the nation’s food security while elevating our competitiveness in local origination to solidify our position as a globally-renowned grain trader.

**MMW Grain Terminal(Ukraine) at a Glance**

<table>
<thead>
<tr>
<th>Year of Establishment</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>POSCO INTERNATIONAL, 75%, Dream Group 25%</td>
</tr>
<tr>
<td>Facility Capacity</td>
<td>2 railway unloading station lines, 5 truck unloading station lines, 6 silos and grain elevator storage facilities (542,000 tms in total), Drying and gallery facilities, Berths No. 10 at the Port of Mykolayv</td>
</tr>
<tr>
<td>Size</td>
<td>2.5 million tms in annual shipment</td>
</tr>
</tbody>
</table>

**Vision/Mission**

Serve as an Advanced Base for Food Security

- **Qualitative/quantitative growth**
- **Localization of talent development**
- **Community development**

**Key Milestone**

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul. 2020</td>
<td>Signed the first long-term contract in line with the opening of the marketing season</td>
</tr>
<tr>
<td>Dec. 2019</td>
<td>Completed construction initiated commercial operation</td>
</tr>
<tr>
<td>Feb. 2019</td>
<td>Signed an equity transfer contract</td>
</tr>
<tr>
<td>Jul. 2017</td>
<td>Initiated construction</td>
</tr>
</tbody>
</table>

**Business Performance and Strategic Direction**

**2020 Performance**

- Marked Korea’s first investment in an overseas grain terminal
- Succeeded in initiating business by posting 1.162 million tms in handling volume in the first year of commercial operation
- Exported 41,000 tms of feed wheat for Nonghyup Feed, Korea’s largest feed grain importer
- Reduced interest payments through loan transfer and introduced the USD as a functional currency to manage currency risks

**Mid/long-term Direction**

- Construct a 30,000 ton-capacity flat storage, and improve the railway infrastructure to increase turnover and attract new customers
- Grow in line with Trading group at the Headquarters and reach 3 million tms in annual turnover
- Construct a 30,000 ton-capacity flat storage, and improve the railway infrastructure to increase turnover and attract new customers
- Advance the HR system to further localize operations (regular training programs, improvement in work conditions, etc.)
- Play a leading role in making inland silo and logistics business investments as an advanced base in building a grain supply chain

**Enhancing Business**

**Business Performance and Strategic Direction**

As commodity prices increase recently with mounting concerns over aflation which refers to a surge in agricultural product prices, POSCO INTERNATIONAL has secured and is operating a grain terminal in Ukraine, a country known as a global food resources export powerhouse. In September 2019, we became the first Korean business to complete a grain terminal at the Port of Mykolayiv in Ukraine, and jointly imported a total of 68,000 tms of feed wheat in October 2020 with Nonghyup Feed, Korea’s largest feed grain importer. Nearly 41,000 tms out of this delivery were imported through our Ukrainian grain terminal, and this marks the first-ever case where high-quality feed grain is stably sourced into the Korean market through the first overseas grain export terminal established through the investments made by a Korean company.

In operating the grain terminal in Ukraine, we set a goal of increasing our grain turnover from eight million tms in 2020 to 25 million tms by 2030, and aim to reach KRW 10 trillion in agrobusiness sales and join the global top 10 agribusiness companies. We plan to secure profitability and increase our influence in the global grain market through the closer alignment among different phases of distribution from farming and storage to processing and logistics. To this end, we are investing in assets required to increase our local origination and establish an inland logistics network in partnership with local grain companies in Ukraine. In addition, we are exploring collaboration opportunities with promising Korean ag-tech companies from the long-term perspective in response to the shifting trends of the agricultural industry.

**Grain Terminal Operational Process**

Grain terminals provide a series of services to load grain (wheat, corn, barley, etc.) that originates from inland areas onto ships. Grain that is sourced from a variety of routes is tested in the laboratory to measure their quality as well as quantities, and then is stored for a set amount of period or dried at the request of customers. Finally, grain is transported to the port and then loaded on ships in line with the set shipment schedule. The process is categorized into the following three phases.

1. **Unload grain through barge ships, railways, and trucks and measure their quality/quantities**
2. **Move to storage silos**
3. **Transport and ship grain through the conveyer gallery**

**Unloading**

- Unload grain through barge ships, railways, and trucks and measure their quality/quantities

**Storage**

- Move to storage silos

**Loading**

- Transport and ship grain through the conveyer gallery
Improvement of Ethics Awareness

Each year, the ethics pledge is signed mainly by managers, and this comes in tandem with ethics management training. Such training serves to dispel unethical practices and jointly explore ways to reinforce ethics management. In addition, employee disciplinary regulations were amended to allow for appropriate punishment for non-compliance with ethical norms. As a result, unethical practices that involve employees are addressed in accordance with the set regulations.

Fair Procurement Process

The company establishes and operates fair procurement procedures. In principle, signing private contracts is prohibited, and cost estimates are identified by receiving quotations from multiple suppliers. In so doing, the company prevents corruption from ever occurring between suppliers and its employees. For large-size contracts valued at USD 50,000 or above, quotations should be always submitted through the official tender process, and the final bidder is chosen through the reviews made by the internal bidding committee.

Promoting Talent Development

Employee Training

Training Programs

New hires at the grain elevator operation department receive training outside the company by professional external organizations. They are provided with one-month safety training and basic job training, and are issued a certificate upon their completion of the entire training courses. Employees working at the laboratory also receive training and evaluation by inviting BASTICO, an external professional organization. To help employees improve their foreign language skills, English teachers are invited from outside the company to offer lessons according to the level of respective employees.

Improvement of Job Expertise

The company fully supports employees to attend external seminars or forums so that they develop their individual job expertise. Employees are also encouraged to acquire job-related professional qualifications, and are given a set amount of incentives if they do so. They are also assisted in paying language test fees to help improve foreign language skills, and are eligible for incentives if they exceed a certain level of proficiency as a result of testing.

Improvement of Technical Expertise

Technical advisors were hired to help employees develop as professionals in planning and engineering in addition to simple equipment maintenance in order to advance their technical management competency.

Reinforcing Ethics Management

Developing an Ethics Management Process

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Respecting Employees

Advancing Labor-Management Relations

Labor Union Operation and Communication

The company operates the labor union to facilitate labor relations, and the collective agreement is revised every four years. While the company is still in its early phase of business, it is considering ways to promote interactive labor-management communication, and plans to launch a labor-management council in 2022 to serve as an official communication channel between labor and management. The amendment of the collective agreement is planned in 2021, and employee feedback will be fully collected to this end to coordinate necessary requirements.

Employee Health and Safety Management

Health and Safety Management System

The Safety Management Committee has been set up to operate the employee health and safety management system. With safety engineers playing a leading role, the operation director, the administrative director, the general technical manager; the electricity team leader, the machinery team leader, and the elevator team leader all work together to practice safety management according to their respective functions. The committee is responsible for overall management, including regular safety audits and department-level safety training.

Workplace Safety Management

Internal safety management regulations have been stipulated in accordance with the nation’s applicable laws and regulations and operated consistently to ensure systemic safety management. Workers at the grain elevator operation department, among others working in the field, are obligated to attend safety management training and acquire the certificate of completion prior to initiating work. Regular safety training is provided under the supervision of respective department heads, and safety-related measures are reviewed and improved in line with the government’s annual safety management audits. A reporting system and an emergency contact list have been arranged in the event of occupational injuries to prepare for any possible emergency. Employees are regularly provided with personal protective equipment, and safety technicians take responsibility for inventory management and procurement. To raise employees’ safety awareness, a zero-incident board has been set up and safety guideline brochures were placed within the grain terminal. The safety videos currently under production will include basic safety rules and precautions to take in working at the terminal as a way to elevate employees’ safety awareness.

Living Support Facilities for Employees

Improvement of Work and Living Conditions

In consideration of the substandard public transport infrastructure in the local communities where the company operates, in-house commuter shuttles are operated. To secure outstanding talent, remote work is made available for employees living outside the city where the company is located and housing expense support is provided to employees moving from other regions on a selective basis. Employees are provided with gifts in commemoration of the country’s major anniversaries as well as assistance in the event of family events in accordance with relevant company regulations as a way to build a corporate culture that respects Ukraine’s tradition and culture.
Communicating with Stakeholders

The company continues to heed the voice of local residents. Grievances raised by community members are collected in partnership with major government agencies in Mykolaiv. As to employees’ grievances, the HR department plays a leading role in verifying the complaints and requirements submitted by employees. Grievances identified as valid are discussed through relevant meetings at the company level to generate appropriate solutions, which are then communicated to concerned employees.

Channels to Collect the Voice of Local Residents

A consultation body was created with major stakeholders to jointly respond to issues faced by local communities in the vicinity of the company’s workites. One of the locally raised complaints concerned roads near the Port of Mykolaiv that were severely damaged. At the request of the city government, a consultation body was organized with the port authorities and nearby grain terminals, and the company voluntarily donated materials required for road construction. Recently, public consultations were made with the city government to discuss environmental issues affecting areas surrounding grain terminals with local residents. The company attended these consultations with adjacent businesses to jointly identify solutions as a way to proactively cater to the expectations and requirements of local community members.

Contribution to Help Local Communities Weather the COVID-19 Pandemic

Donation of Protective Suits to a Local Children’s Hospital

The company recognized such difficulties faced by the local community and donated protective suits valued at more than USD 45,000, including three defibrillator-monitors, 10 patient monitors, and four electrocardiographs. The company will emphasize with the challenges plaguing the local community where it operates and fulfill its responsibility as a global corporate citizen.

Donation of Medical Equipment to the Mykolaiv City Hospital No. 1

The company donated medical equipment needed to treat COVID-19 patients - defibrillators, patient monitors and electrocardiographs - to the Mykolaiv city hospital No. 1. As the region is witnessing a rapid increase in the number of patients suffering heart attacks and stroke as a result of COVID-19 infections, medical assistance was desperately needed to care for such patients. The company recognized such difficulties faced by the local community and donated to the hospital medical equipment valued at more than USD 45,000, including three defibrillator-monitors, 10 patient monitors, and four electrocardiographs. The company will emphasize with the challenges plaguing the local community where it operates and fulfill its responsibility as a global corporate citizen.

Environmental Impact Assessment

The company performs regular environmental impact assessments to identify the impact generated by its operation of the grain terminal on the environment of nearby local communities and to prevent negative environmental impact from ever occurring. This is managed by the State Service of Ukraine on Food Safety and Consumer Protection (SUFSUP) which is responsible for setting hygiene protection areas and the Department of Ecology and Natural Resources under the state government of Mykolaiv which is mandated to conduct environmental impact assessments. As a result of the environmental impact assessments conducted in 2020 on the grain terminal, major impacts on the areas surrounding the terminal included the atmospheric emission of particulate matters and other pollutants and the noise generated during the grain loading process. In addition, reviews were made on whether the company manages the major environmental impacts identified as such in accordance with the requirements set by applicable Ukrainian laws and regulations. It was revealed that none of the air emissions or noise exceeded the set legal thresholds. In addition, waste is stored in closed containers prior to being discharged according to lawful treatment procedures in conformity with the contract signed with professional service providers approved by the Ukrainian Ministry of Environmental Protection and Natural Resources.

Environmental Impact Reduction at the Workplace

The company works proactively to reduce the major environmental impacts identified as a result of environmental impact assessments. To attenuate noise at the grain terminal, the interior walls of the gravity grain conduits were finished with polyurethane lamination. In addition, the dust elimination system is being modernized for the large-scale grain elevators. Regular meetings are also held with local community members, the Chair of the City Council in Mykolaiv, and other representatives to proactively share and communicate information on the environmental impact that occurs in the areas near the grain terminal and the activities undertaken to mitigate such impacts.
## Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>4,764,670,099</td>
<td>5,552,206,579</td>
<td>5,984,175,081</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>479,304,336</td>
<td>236,088,995</td>
<td>281,467,895</td>
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<tr>
<td>Trade and other receivables</td>
<td>2,884,352,121</td>
<td>3,437,125,452</td>
<td>4,229,168,305</td>
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<tr>
<td>Other current financial assets</td>
<td>10,706,121</td>
<td>22,862,112</td>
<td>14,837,205</td>
</tr>
<tr>
<td>Current derivative assets</td>
<td>115,415,566</td>
<td>42,673,964</td>
<td>33,246,235</td>
</tr>
<tr>
<td>Current assets</td>
<td>122,994,050</td>
<td>182,201,463</td>
<td>150,764,586</td>
</tr>
<tr>
<td>Investments</td>
<td>925,405,905</td>
<td>1,111,078,605</td>
<td>1,366,644,423</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>3,563,463,637</td>
<td>3,927,094,409</td>
<td>3,900,849,402</td>
</tr>
<tr>
<td>Non-current tradable receivables and other non-current receivables</td>
<td>230,798,203</td>
<td>441,654,677</td>
<td>368,001,611</td>
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<tr>
<td>Non-current financial assets</td>
<td>20,538,303</td>
<td>32,520,051</td>
<td>37,542,836</td>
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<tr>
<td>Investments accounted for using equity method</td>
<td>342,795,430</td>
<td>387,790,879</td>
<td>347,699,881</td>
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<tr>
<td>Property, plant and equipment</td>
<td>1,325,419,228</td>
<td>1,380,634,600</td>
<td>1,284,344,995</td>
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<tr>
<td>Right-of-use assets</td>
<td>91,052,421</td>
<td>75,273,352</td>
<td>71,249,909</td>
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<tr>
<td>Intangible assets</td>
<td>1,335,304,394</td>
<td>1,345,799,866</td>
<td>1,419,503,033</td>
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<td>Investment properties</td>
<td>147,593,929</td>
<td>152,168,301</td>
<td>144,753,824</td>
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<tr>
<td>Net defined benefit assets</td>
<td>0</td>
<td>9,100</td>
<td>960,811</td>
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<tr>
<td>Other non-current assets</td>
<td>81,531</td>
<td>83,462</td>
<td>3,636,775</td>
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<tr>
<td>Deferred tax assets</td>
<td>264,796,301</td>
<td>221,685,467</td>
<td>231,056,120</td>
</tr>
<tr>
<td>Current tax assets</td>
<td>1,478,955</td>
<td>5,162,616</td>
<td>5,162,616</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>8,328,038,736</td>
<td>8,955,815,088</td>
<td>9,881,020,333</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>3,997,363,219</td>
<td>3,561,293,530</td>
<td>5,421,081,019</td>
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<tr>
<td>Trade and other payables</td>
<td>1,774,106,704</td>
<td>2,091,526,195</td>
<td>2,657,123,487</td>
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<td>Short-term borrowings</td>
<td>796,037,935</td>
<td>1,024,700,609</td>
<td>2,474,424,366</td>
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<tr>
<td>Current portion of bonds</td>
<td>417,041,988</td>
<td>130,042,420</td>
<td>538,509,110</td>
</tr>
<tr>
<td>Current derivative liabilities</td>
<td>90,254,613</td>
<td>33,202,602</td>
<td>44,240,137</td>
</tr>
<tr>
<td>Current provisions</td>
<td>113,882,742</td>
<td>19,398,662</td>
<td>113,410,566</td>
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<tr>
<td>Other current liabilities</td>
<td>213,755,045</td>
<td>286,347,046</td>
<td>213,755,045</td>
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<tr>
<td>Non-current liabilities</td>
<td>929,405,905</td>
<td>1,111,078,605</td>
<td>1,366,644,423</td>
</tr>
<tr>
<td>Non-current non-financial assets</td>
<td>1,478,955</td>
<td>5,162,616</td>
<td>5,162,616</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>9,292,405,905</td>
<td>1,111,078,605</td>
<td>1,366,644,423</td>
</tr>
<tr>
<td><strong>Net income attributable to owners of the parent</strong></td>
<td>188,855,401</td>
<td>224,202,874</td>
<td>109,790,045</td>
</tr>
<tr>
<td><strong>Profit (loss) for the year</strong></td>
<td>188,855,401</td>
<td>224,202,874</td>
<td>109,790,045</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>-40,668,808</td>
<td>21,804,823</td>
<td>-5,951,074</td>
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<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td>148,186,593</td>
<td>246,007,697</td>
<td>103,838,971</td>
</tr>
<tr>
<td><strong>Basic earnings per share</strong></td>
<td>1,934</td>
<td>1,697</td>
<td>1,258</td>
</tr>
<tr>
<td><strong>Diluted earnings per share</strong></td>
<td>1,934</td>
<td>1,697</td>
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<td>Cash and cash equivalents</td>
<td>3,925,547,955</td>
<td>4,354,171,096</td>
<td>5,267,780,694</td>
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<tr>
<td>Trade and other receivables</td>
<td>2,800,559,212</td>
<td>3,473,836,072</td>
<td>4,258,658,693</td>
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<tr>
<td>Derivative financial assets</td>
<td>193,864,582</td>
<td>407,016,044</td>
<td>510,260,655</td>
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<tr>
<td>Other current assets</td>
<td>92,201,111</td>
<td>155,457,495</td>
<td>118,576,395</td>
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<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Long-term trade receivables</td>
<td>113,384,542</td>
<td>85,092,442</td>
<td>53,760,025</td>
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<tr>
<td>Other non-current financial assets</td>
<td>66,208</td>
<td>66,208</td>
<td>66,208</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>7,205,950,900</td>
<td>7,721,111,383</td>
<td>8,773,243,815</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>2,646,442,369</td>
<td>3,024,828,514</td>
<td>4,738,886,421</td>
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<tr>
<td>Non-current liabilities</td>
<td>1,537,795,079</td>
<td>1,787,163,682</td>
<td>1,235,211,400</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>4,184,237,448</td>
<td>4,811,992,196</td>
<td>5,974,097,821</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>616,875,745</td>
<td>640,250,024</td>
<td>640,250,024</td>
</tr>
<tr>
<td>Other capital surplus</td>
<td>449,993,840</td>
<td>498,791,128</td>
<td>537,620,055</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>2,021,869,585</td>
<td>1,138,041,152</td>
<td>1,187,870,079</td>
</tr>
</tbody>
</table>

## Statement of Comprehensive Income

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>FY 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>19,224,845,261</td>
<td>22,743,722,129</td>
<td>23,308,796,013</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>18,405,265,721</td>
<td>15,999,927,665</td>
<td>15,858,648,910</td>
</tr>
<tr>
<td><strong>Operating profit(loss)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling and administrative expenses</td>
<td>342,800,348</td>
<td>403,605,458</td>
<td>404,335,966</td>
</tr>
<tr>
<td>Operating profit(loss)</td>
<td>3,455,335,561</td>
<td>508,166,155</td>
<td>385,281,001</td>
</tr>
<tr>
<td><strong>Financial income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings per share</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic earnings(loss) per share (KRW)</td>
<td>1,653</td>
<td>1,554</td>
<td>792</td>
</tr>
<tr>
<td>Diluted earnings(loss) per share (KRW)</td>
<td>1,653</td>
<td>1,554</td>
<td>792</td>
</tr>
</tbody>
</table>

POSCO INTERNATIONAL CORPORATION SUSTAINABILITY REPORT 2020 APPENDIX

FY 2020: as of Dec. 31, 2020
FY 2019: as of Dec. 31, 2019
FY 2018: as of Dec. 31, 2018
## GRI Contents Index

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<th>Page/URL</th>
</tr>
</thead>
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<td>Statement from senior decision-maker</td>
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<td>Key impacts, risks, and opportunities</td>
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<td>102-47</td>
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<td>Restatements of information</td>
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<td>2</td>
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<td>102-51</td>
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<td>2</td>
</tr>
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<td>102-52</td>
<td>Reporting cycle</td>
<td>2</td>
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<td>102-53</td>
<td>Contact point for questions regarding the report</td>
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<td>External assurance</td>
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<td>103-1</td>
<td>Explanation of the material topic and its Boundary</td>
<td>34-35</td>
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<td>103-2</td>
<td>The management approach and its components</td>
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<td>103-3</td>
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<td><strong>GRI 103: Indirect Economic Impacts(2016)</strong></td>
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<td>Infrastructure investments and services supported</td>
<td>101, 130</td>
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<td>205-1</td>
<td>Communication and training about anti-corruption policies and procedures</td>
<td>65</td>
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<td>205-3</td>
<td>Confirmed incidents of corruption and actions taken</td>
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<tr>
<td><strong>GRI 103: Anti-competitive Behavior</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>206-1</td>
<td>Legal actions for anti-competitive behavior, anti-trust, and monopoly practice</td>
<td>No relevant regulatory actions taken</td>
</tr>
<tr>
<td><strong>GRI 103: Economic Standards</strong></td>
<td></td>
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<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed</td>
<td>59</td>
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<td>201-2</td>
<td>Financial implications and other risks and opportunities due to climate change</td>
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<td>Defined benefit plan obligations and other retirement plans</td>
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<tr>
<td><strong>GRI 103: Environmental Standards</strong></td>
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<tr>
<td>304-1</td>
<td>Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas</td>
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<td><strong>GRI 103: Water and Effluents(2018)</strong></td>
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<td>303-3</td>
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<td>302-2</td>
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<td>Reduction of energy consumption</td>
<td>106, 110</td>
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<td><strong>GRI 103: Biodiversity(2016)</strong></td>
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<td>304-3</td>
<td>Habitats protected or restored</td>
<td>111-113</td>
</tr>
<tr>
<td><strong>GRI 103: Emission(2016)</strong></td>
<td></td>
<td></td>
</tr>
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<td>305-1</td>
<td>Direct GHG emissions</td>
<td>106</td>
</tr>
<tr>
<td>305-6</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>106</td>
</tr>
<tr>
<td><strong>GRI 103: Social Standards</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>304-1</td>
<td>Non-compliance with environmental laws and regulations</td>
<td>No relevant regulatory actions taken</td>
</tr>
<tr>
<td><strong>GRI 103: Supplier Environmental Assessment(2016)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>308-2</td>
<td>Negative environmental impacts in the supply chain and actions taken</td>
<td>67</td>
</tr>
<tr>
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<td>401-1</td>
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<td>76</td>
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<td>401-2</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>91</td>
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<tr>
<td>401-3</td>
<td>Parental leave</td>
<td>83</td>
</tr>
</tbody>
</table>
Other Data

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 deducted from the relevant expenses over the periods that correspond to the expenses related to the purposes of offering these grants. In 2020, the remaining balance of government grants out of POSCO INTERNATIONAL’s tangible asset (a consolidated basis) amounted to KRW 163 million. For further details, please refer to ‘10. Tangible Assets’ on page 125 of the 2020 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, shipment and transportation companies can be included in our supply chain as they are the ones who deliver products to 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 2020, the cost of goods purchased from our supply chain amounted to KRW 19,564,047 millions.

Employee Data

As of December 31, 2020, POSCO INTERNATIONAL hired a total of 9,600 employees, including 1,371 at the HQ in Korea and 8,229 at overseas worksites. This excludes employees working at POSCO SPS (STS Division, TMC Division, and Plate Fabrication Division) that was split off in April 2020.

UN Global Compact Communication on Progress (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.

<table>
<thead>
<tr>
<th>Area</th>
<th>Principle</th>
<th>Reporting Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Rights</td>
<td>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.</td>
<td>Respecting Employees</td>
<td>82-83, 132-133, 139</td>
</tr>
<tr>
<td>Labour</td>
<td>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.</td>
<td>Respecting Employees</td>
<td>82-83, 89, 127, 138-139</td>
</tr>
<tr>
<td>Environment</td>
<td>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.</td>
<td>Advancing Eco-Friendly Management</td>
<td>60-61, 104-113, 132-133, 145</td>
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<tr>
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<td>62-66</td>
</tr>
</tbody>
</table>
SASB Index

POSCO INTERNATIONAL reports against the framework developed by the Sustainability Accounting Standards Board (SASB) as a voluntary industry-specific disclosure standard to address sustainability issues. In so doing, we aim to provide wide-ranging stakeholders with useful information to support their decision-making. 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 do not belong to one specific industry as our business portfolio spans a wide array of areas, including but not limited to trading sales as well as trading, resources development, production & processing and infrastructure development and operation. This is why we also report on the Industrial Machinery & Goods standards in the Resource Transformation (RT-IG) sector.

Accounting Metrics

Greenhouse Gas Emissions

We proactively respond to the government’s emissions trading scheme and contribute to achieving the 2050 carbon neutrality goal of POSCO Group to reduce GHG emissions generated from our business operations.

(EM-IS-110a.1.) (1) Gross global Scope 1 emissions, (2) Percentage covered under emissions-limiting regulations

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross global Scope 1 emissions</td>
<td>tCO2e</td>
<td>12,394</td>
<td>12,031</td>
<td>12,835</td>
</tr>
</tbody>
</table>

The percentage of our GHG emissions that is covered under emissions-limiting regulations amounts to 95.1% which corresponds to the emissions generated by POSCO SPS. The Scope 1 emissions of POSCO SPS are confined to Korea, and the company is allocated the emissions generated by POSCO SPS. The Scope 1 emissions of POSCO SPS are defined as the emissions generated from our business operations.

(EM-IS-110a.2.) (1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumed</td>
<td>TJ 1</td>
<td>1,391</td>
<td>1,243</td>
<td>1,296</td>
</tr>
<tr>
<td>Percentage grid electricity</td>
<td>% 70.5</td>
<td>70.4</td>
<td>70.1</td>
<td></td>
</tr>
</tbody>
</table>

Energy Management

We systematically monitor and manage the energy we consume in the course of business operations.

(EM-IS-130a.1) / RT-IG-130a.1. (1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total fuel consumed</td>
<td>TJ 1</td>
<td>329</td>
<td>236</td>
<td>240</td>
</tr>
<tr>
<td>Percentage grid electricity</td>
<td>% 66.1</td>
<td>70.5</td>
<td>70.4</td>
<td></td>
</tr>
</tbody>
</table>

Air Emissions

We manage the air pollutants generated from our business operations. We apply our internal management standards that are more stringent than the legally permissible thresholds in undertaking wide-ranging activities to reduce air emissions.

(EM-IS-120a.1) / RT-IG-120a.1. Air emissions of the following pollutants: NOx emissions, SOx emissions, and Particulate Matter(PM10) emissions

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOx emissions</td>
<td>Ton</td>
<td>36</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>SOx emissions</td>
<td>Ton</td>
<td>0.15</td>
<td>0.05</td>
<td>0.08</td>
</tr>
<tr>
<td>Particulate Matter(PM10) emissions</td>
<td>Ton</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Water Management

We monitor our monthly water consumption to efficiently manage our water consumption, and identify causes behind increases in consumption and make improvements accordingly.

(EM-IS-140a.1) (1) Total fresh water withdrawn, (2) Percentage recycled, (3) Percentage in regions with High or Extremely High Baseline Water Stress

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water withdrawn (water supply)</td>
<td>m³</td>
<td>547,779</td>
<td>520,369</td>
<td>503,853</td>
</tr>
</tbody>
</table>

We withdraw and consume water required for business operations through the water supply. We do not withdraw or consume water in regions with High or Extremely High Baseline Water Stress as classified by the WRI (World Resources Institute).

Waste Management

We endeavor to reduce waste discharged from business operations, and increase their recycling.

(EM-IS-150a.1) (1) Amount of waste generated, (2) Percentage hazardous, (3) Percentage recycled

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total waste generated</td>
<td>Ton</td>
<td>2,915</td>
<td>2,539</td>
<td>2,984</td>
</tr>
<tr>
<td>Percentage hazardous</td>
<td>% 0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Percentage recycled</td>
<td>% 7.0</td>
<td>56.3</td>
<td>82.0</td>
<td></td>
</tr>
</tbody>
</table>

Greenhouse Gas Emissions Accounting Metrics

* As of June 2021 when we published this report, the SASB merged with the IIRC (International Integrated Reporting Council) to launch the Value Reporting Foundation.

Water Management

We monitor our monthly water consumption to efficiently manage our water consumption, and identify causes behind increases in consumption and make improvements accordingly.

(EM-IS-140a.1)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2018</th>
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<th>2020</th>
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Waste Management

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(EM-IS-150a.1)

<table>
<thead>
<tr>
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<th>2018</th>
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</tr>
</tbody>
</table>

The SASB’s definition of hazardous waste follows applicable regulations in the US and the EU. For reporting purposes, we have defined hazardous waste as designated waste in accordance with the definition set by applicable domestic laws and regulations. For our discharge of designated waste, please refer to page 109 of this report.

Workforce Health & Safety

We advance workplace health and safety management based on our global health and safety management system, and engaged in a variety of activities to prevent safety incidents, including the management of employee injuries and near miss incidents, risk assessments, and Safe Act Observations (DAOs).

(EM-IS-430a.1) / RT-IG-430a.1

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of near miss incidents for every 200,000 hours worked</td>
<td>8.83</td>
<td>4.42</td>
<td></td>
</tr>
</tbody>
</table>

We advance workplace health and safety management based on our global health and safety management system, and engaged in a variety of activities to prevent safety incidents, including the management of employee injuries and near miss incidents, risk assessments, and Safe Act Observations (DAOs).

(EM-IS-430a.1) / RT-IG-430a.1

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<tr>
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<tbody>
<tr>
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<td>8.83</td>
<td>4.42</td>
<td></td>
</tr>
</tbody>
</table>

Supply Chain Management

(EM-IS-430a.1) / RT-IG-430a.1

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of employees</td>
<td>1,210</td>
<td>1,210</td>
<td></td>
</tr>
</tbody>
</table>

Activity Metrics

(EM-IS-000.A) Raw steel production, percentage

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recordable incident rate (TRIR)</td>
<td>No. of injuries for every 200,000 hours worked</td>
<td>0.44</td>
<td>0.22</td>
</tr>
</tbody>
</table>

(EM-IS-000.B) Total iron ore production

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recordable incident rate (TRIR)</td>
<td>No. of injuries for every 200,000 hours worked</td>
<td>0.44</td>
<td>0.22</td>
</tr>
</tbody>
</table>

(EM-IS-000.C) Total coal cooking production

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recordable incident rate (TRIR)</td>
<td>No. of injuries for every 200,000 hours worked</td>
<td>0.44</td>
<td>0.22</td>
</tr>
</tbody>
</table>

(EM-IS-000.D) Number of units produced by product category

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total recordable incident rate (TRIR)</td>
<td>No. of injuries for every 200,000 hours worked</td>
<td>0.44</td>
<td>0.22</td>
</tr>
</tbody>
</table>

(EM-IS-000.E) Number of employees

<table>
<thead>
<tr>
<th>Metric</th>
<th>Unit</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
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<td>No. of injuries for every 200,000 hours worked</td>
<td>0.44</td>
<td>0.22</td>
</tr>
</tbody>
</table>
Third-party Assurance Statement

Introduction
POSCO INTERNATIONAL CORPORATION ("POSCO INTERNATIONAL") commissioned DNV Business Assurance Korea Ltd. ("DNV"), part of DNV Group, to undertake independent assurance of POSCO INTERNATIONAL CORPORATION Sustainability Report 2020 (the "Report"). The directors of POSCO INTERNATIONAL have the sole responsibility for the preparation of the Report. The responsibility of DNV in performing the assurance work is to the management of POSCO INTERNATIONAL, in accordance with the terms of reference. DNV’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

Scope and Basis of assurance
Based on non-financial data and sustainability activities and performance data of 2020 generated from POSCO INTERNATIONAL, we have evaluated the adherence to AA1000 Accountability Principles (AA1000 APS 2018) and assessed the quality of sustainability performance information. We have reviewed the ‘Top’-specific disclosures of GRI Sustainability Reporting Standards 2020 which are identified in the process for defining report content;

<table>
<thead>
<tr>
<th>No.</th>
<th>Material Topics</th>
<th>GRI Topic Specific Disclosure</th>
<th>Material Topics</th>
<th>GRI Topic Specific Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Expanding and changing the business structure</td>
<td>201-1</td>
<td>5</td>
<td>Reinforcing employee health and safety</td>
</tr>
<tr>
<td>2</td>
<td>Respecting human rights and prohibiting discrimination</td>
<td>412-1</td>
<td>6</td>
<td>Facilitating active stakeholder communication</td>
</tr>
<tr>
<td>3</td>
<td>Creating a sound work environment</td>
<td>405-3</td>
<td>7</td>
<td>Responding to climate change</td>
</tr>
<tr>
<td>4</td>
<td>Securing and managing sustainable suppliers</td>
<td>434-1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

We performed our work using AA1000AS v3 of Accountability Assurance Standard and DNV’s assurance methodology VeriSustain™ (Ver. 5.0) which is based on our professional experience, international assurance best practices, DNV provides Type I and the moderate level of assurance. The assurance was carried out from June and till July 2021. The site visits were made to POSCO INTERNATIONAL’s Tower in Songdo, Korea. We undertaking the following activities as part of the assurance process;

- evaluated the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data and information including material topics and their performance data;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting systems as they relate to selected content and performance data;
- reviewed the materiality assessment report (1) where information is expressed in terms of expected impacts and the effectiveness of management efforts affecting those impacts.

(1) The VeriSustain protocol is available upon request of DNV Website (www.dnv.com)

Limitations
The engagement excludes the sustainability management, performance and reporting practices of POSCO INTERNATIONAL’s other subsidiaries, associated companies, suppliers, contractors and any third parties mentioned in the Report. We did not interview external stakeholders as part of the Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (http://dart.fss.or.kr) as well as POSCO INTERNATIONAL’s website (www.posco.com). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including review and analysis of results at lower levels in the organization were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV expressly disclaims all liability or co-responsibility for any decision a person or entity may make based on this Assurance Statement.

Conclusion
On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Report for defining report content defined in GRI Standards 2020. Further opinions with regards to the adherence to the following Principles are made below:

The Principle of Materiality
POSCO INTERNATIONAL has identified shareholders/investors, customers, suppliers, employees, local communities/civil organizations, governments/intergovernmental organizations as a group of internal and external stakeholders. POSCO INTERNATIONAL conducts stakeholder engagement activities at the enterprise level or at individual departments through various channels. Major concern and communication channels for each stakeholder are POSCO INTERNATIONAL, communicates with stakeholders to fulfill its economic, social, and environmental responsibilities, and expresses its commitment to stakeholders through the CEO message. In addition, POSCO INTERNATIONAL is promoting the six areas of sustainability management in connection with the UN Sustainable Development Goals (UN SDGs), and is carrying out activities to identify impacts by stakeholder and create sustainable management performance in 2020. The assurance team confirmed that the major concerns gathered from stakeholder engagement are reflected in the materiality assessment.

The Principle of Primacy
POSCO INTERNATIONAL has conducted the materiality analysis to prepare the Report. Based on the existing issue pool from 2019, POSCO INTERNATIONAL has derived a total of 19 sustainability management issues by reflecting the sustainability management trends, the issues identified are in line with the UN SDGs, International guidelines, and the management environment of POSCO INTERNATIONAL. In addition, 7 material issues were selected as material topics through analysis of internal and external environments and priorities. POSCO INTERNATIONAL reports its achievements by linking material issues identified through the materiality analysis with POSCO INTERNATIONAL’s six sustainability management areas. We have reviewed the materiality analysis process and noted relevant material topics prioritized from the process are addressed in the Report.

The Principle of Responsiveness
POSCO INTERNATIONAL selects material topics in consideration of the six focus areas for sustainability management and the impact of stakeholders, and reports tales, opportunities, approaches of the six focus areas. By respecting POSCO INTERNATIONAL’s sustainability management system, six areas of sustainability management and performance through the Report, the Report helps to understand POSCO INTERNATIONAL’s sustainability management. In particular, POSCO INTERNATIONAL operates the Corporate Citizenship Secretariat and the ESG Council under the management philosophy of ‘Corporate Citizenship that develops together’ in order to more actively respond to the needs of stakeholders and fulfill its social responsibilities. In addition, POSCO INTERNATIONAL, is responding to major issues related to overall sustainability management, such as sustainability management evaluation results and stakeholder interests.

The Principle of Impact
The impact on stakeholders related material topics should be identified, monitored and evaluated. POSCO INTERNATIONAL, aligned the direct and indirect effects of material topics identified through materiality analysis and put them in the Report. In particular, POSCO INTERNATIONAL, is aware of the positive or negative social and environmental impacts of the company, and has endeavored to consider them in the decision-making process and management activities. As a result of these efforts, POSCO INTERNATIONAL, conducts annual integrated impact measurement and management to evaluate the direct and indirect impacts of financial and non-financial performance on society in 2020. The Report describes the results of POSCO INTERNATIONAL’s integrated impact measurement and management.

Further opinions with the principle of report quality of GRI Standards as follows;

Report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness
DNV reviewed and verified the data and information in the report on a sampling basis. No significant errors in terms of accuracy were found in the data and information verified through assurance engagement; POSCO INTERNATIONAL, operates reliable procedures for collecting, recording, processing, analyzing, reporting and information. POSCO INTERNATIONAL suggests that the performance of sustainable management can be compared in three years. POSCO INTERNATIONAL will be able to compare performances related to material topics through appropriate benchmarks and use them in goal setting and adjustment, and in a balanced perspective. Errors or ambiguous expressions found during the assurance process were corrected before the final report was published. The Report is prepared yearly, and the reporting period is specified in the Report.

Competence and Independence
DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021-2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct 3 during the assurance engagement and maintain independence where required by relevant ethical requirements. The engagement work was carried out by independent assurance professionals. DNV was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV has provided POSCO INTERNATIONAL’s 2020 greenhouse gas emission verification. In our opinion, this does not affect the independence or impartiality of our work.

July 2021
Seoul, Korea
Jang Sup Lee
Country Representative
DNV Business Assurance Korea Ltd.
Certificates and Trademarks

POSCO INTERNATIONAL has been certified under wide-ranging international certification programs by fulfilling their stringent audit requirements on regulatory compliance and safety management among others. As an Authorized Economic Operator, we reassure a variety of international customers of the quality and service that we deliver.

Certificates

- Authorized Economic Operator (AEO)
- Compliance Program (CP) of Strategic Export
- ISO 9001
- ISO 14001
- IATF 16949

Overseas Worksite

- Shwe Project in Myanmar
  - ISO 14001
  - JIS
- PT. BIA in Indonesia
  - ISPO
  - RSPO

POSCO INTERNATIONAL Textile in Uzbekistan
  - Oeko-Tex STANDARD 100 (cotton yarn/cotton fabric)

POSCO SPS

- STS Division
  - ISO 9001
  - ISO 14001
  - MT 3849
  - KOSHA 18001
- TMC Division
  - ISO 9001
  - ISO 14001
  - IATF 16949
  - KOSHA 18001
- Plate Fabrication Division
  - ISO 9001
  - RSI (Russian Maritime Register of Shipping)
  - RINA (Registro Italiano Navale)
  - KR (Korean Register of Shipping)
  - ACR (Australian Certification Authority for Reinforcing Steel)
  - Japanese steel structure plant certification

Trademarks

Since 1974, more than 3,500 applications and registrations have been made on our DAEWOO trademark across 160 countries. The trademark is used by the Company and its overseas corporations in Korea and abroad across the electronics, automotive components, machinery, construction and transportation industries, and its distinctive value is highly recognized in Asia, Latin America, the Middle East, and CIS countries. We continue to maintain and manage our trademark rights through application and registration, and operate a monitoring system that connects experts across the globe to safeguard our trademark.

- Trademark application made in 1974
- Nearly 3,500 trademark applications and registrations made across 160 countries
- Trademark management policy and committee under operation

Contributors to This Report

POSCO INTERNATIONAL’s sustainability reports are the result of company-wide collaboration. We would like to extend our deepest gratitude for each and every one who has contributed to the preparation of this report through their proactive cooperation and continued interest.

Memberships

<table>
<thead>
<tr>
<th>No.</th>
<th>Organization</th>
<th>Year of Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Korea International Trade Association(KITA)</td>
<td>1967</td>
</tr>
<tr>
<td>2</td>
<td>Korea Importers Association(KOMA)</td>
<td>1971</td>
</tr>
<tr>
<td>3</td>
<td>Korea Defense Industry Association(KDIA)</td>
<td>1978</td>
</tr>
<tr>
<td>4</td>
<td>Korea Chamber of Commerce &amp; Industry(KCCI Seoul, KCCI Incheon)</td>
<td>1994</td>
</tr>
<tr>
<td>5</td>
<td>Korea Automobile Manufacturers Association(KAMA)</td>
<td>2007</td>
</tr>
<tr>
<td>6</td>
<td>Energy &amp; Mineral Resources Development Association of Korea(EMRO)</td>
<td>2008</td>
</tr>
<tr>
<td>7</td>
<td>The Korea Gas Union(KGU)</td>
<td>2012</td>
</tr>
<tr>
<td>8</td>
<td>Korea Overseas Agro-Resources-Development Association(Korea OADS)</td>
<td>2012</td>
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<tr>
<td>9</td>
<td>International Contractors Association of Korea</td>
<td>2014</td>
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<td>10</td>
<td>Korea Enterprises Federation(KEF)</td>
<td>2016</td>
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<td>11</td>
<td>Federation of Oils, Seeds and Fats Association(FOSEA)</td>
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<td>12</td>
<td>International Gas Union(GIU)</td>
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<td>13</td>
<td>Korea Iron &amp; Steel Association(KOSIA)</td>
<td>2018</td>
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<tr>
<td>14</td>
<td>UN Global Compact(UNGCS)</td>
<td>2019</td>
</tr>
<tr>
<td>15</td>
<td>Sustainability Management Research Society, Korean Standards Association</td>
<td>2019</td>
</tr>
</tbody>
</table>

Under the Direct Leadership of the CEO

- Corporate Audit Division, Corporate Citizenship Bureau
- Corporate Strategy & Finance Group
- Corporate Planning Division (HR Group, Internal Accounting Management Section)
- STS Division (Management Support Group, Production Group)
- TMC Division (Management Support Group, Sales Group)
- Plate Fabrication Division (Management Support Section, Safety Quality Innovation Group)

Corporate Strategy Department, Finance Planning Department, Global Strategy Planning Department, Investment Risk Evaluation Department, Treasury Department, Enterprise Risk Management Department, Investor Relations Department

Human Resources Department, Human Relations Department, Corporate Culture & Innovation Department, Administration Support Department, International Legal Affairs Department, Corporate & Compliance Department, Information Security Department, Sales Support Section, External Relations Department, Public Relations Department

Steel Business 1 Group
Steel Business Strategy 1 Department

Steel Business 2 Group
Steel Business Strategy 2 Department

Energy Group
Energy Strategy Department, Gas Production Operation Division

Agro & Industrial Materials Group
Agro & Industrial Materials Strategy Department

Overseas Operations
Multination Mills Works in Ukraine, POSCO INTERNATIONAL Textile in Uzbekistan, POSCO INTERNATIONAL Amura in Myanmar, Golden Lace POSCO INTERNATIONAL in Myanmar, PT Bio Inti Agindo in Indonesia

POSCO O&M
Building Management Department

POSCO SPS
Corporate Audit Division (Ethical Management Section), Corporate Planning Division (HR Group, Internal Accounting Management Section)

Affiliates

- Corporate Audit Division
- Corporate Strategy Department
- Finance Planning Department
- Global Strategy Planning Department
- Investment Risk Evaluation Department
- Treasury Department
- Enterprise Risk Management Department
- Investor Relations Department
- Human Resources Department
- Human Relations Department
- Corporate Culture & Innovation Department
- Administration Support Department
- International Legal Affairs Department
- Corporate & Compliance Department
- Information Security Department
- Sales Support Section
- External Relations Department
- Public Relations Department