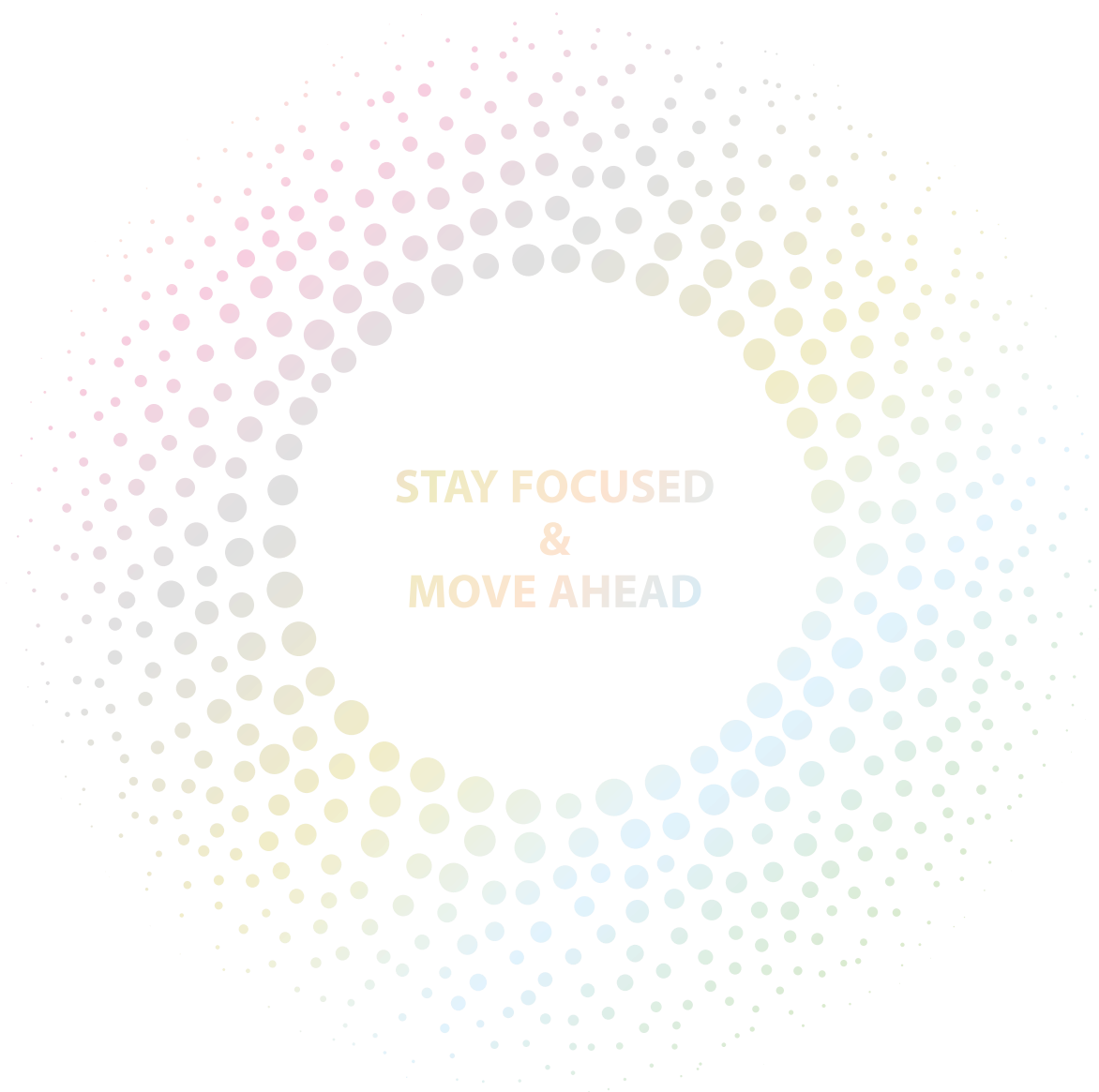


# POSCO INTERNATIONAL CORPORATION

## SUSTAINABILITY REPORT 2020



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## 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 SPS<sup>1)</sup> and overseas worksites and corporations  
(in Myanmar, Indonesia, Uzbekistan, and Ukraine)

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

### Reporting Cycle

Annually(most recent report: 2020)

### Assurance

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

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President’s Message



Stay Focused and Move Ahead

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.

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 amid 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.

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 UNGC 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 touting KRW 20 trillion in annual sales, we have had our fair share of challenges and hardships and yet successfully rose to the moment, which undeniably owes 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 uncharted 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 remained 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-Bo Joo  
President, POSCO INTERNATIONAL



KEY Sustainable Value Creation



Customers

We expand our value chain and flexibly operate our supply chain to ensure a reliable supply of products that satisfy the quality and quantity criteria set by customers.



Suppliers

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.

BUSINESS

POSCO INTERNATIONAL

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



Employees

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.

PEOPLE



Environment

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.



Economy

We create high-quality jobs while enhancing our business, and comply with fair trade practices to contribute to sustainable economic development.

SOCIETY





## 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.



# BUSINESS WITH POSCO INTERNATIONAL

## Expanding the green mobility business SDGs 8.

**Securing 2 million units in annual production capacity of traction motor cores**  
In April 2021, we announced a plan to build a new mold plant and a traction motor core plant with KRW 22.9 billion investment to respond to the traction motor core demand expected to rise in line with the rapidly booming EV market. This has paved the way for us to expand our domestic annual traction motor core production capacity from 660,000 units to 2 million units by 2025. This investment also goes to research and fabricate molds that are at the core of traction motor core production to advance our technology and swiftly cater to customer needs. We will continue to invest in building reliable traction motor core supply capabilities.

**Receiving an order for EV parts to produce 190,000 vehicles from VinFast in Vietnam**  
We have landed an order for EV parts in quantities capable of manufacturing a total of 190,000 EVs from VinFast of Vietnam in conjunction with AMS, a Korean leading mid-sized auto parts maker. This represents our first EV parts supply to VinFast in Vietnam, and we plan to scale up our business strategy including localization as the first mover in the nation's EV market. Our aim is to solidify our position in the global green mobility market through collaboration with competitive SMEs in Korea.

## Expanding the agrobusiness and building a stable grain supply system SDGs 2.

**Bringing the first shipment of feed wheat into Korea through the Ukraine grain terminal**  
In October 2020, we brought the first shipment of feed wheat into Korea through our own grain terminal in Ukraine. With this first delivery of feed wheat, we have laid the basis to expand our imports of wheat and corn among others. In the face of the mounting risk of agflation<sup>1)</sup> occurring in line with the FAO Food Price Index posting 11<sup>th</sup> consecutive monthly increase, our grain export terminal will surely enable us to establish a reliable national grain procurement system.

**Increasing our influence in the international grain market through infrastructure operation and trading**  
We are establishing an agrobusiness value chain spanning from farming and processing to logistics infrastructure by operating the Rice Processing Complex in Myanmar, the palm oil plantation in Indonesia and the grain terminal in Ukraine. With such infrastructure and the trading capabilities we have accumulated as a Globally Integrated Corporation, we set a goal of increasing our grain handling volume from 8 million tons in 2020 to 25 million tons by 2030, and are aiming to invest in assets to secure an inland logistics network and additional volumes in Ukraine and to collaborate with promising Korean ag-tech<sup>2)</sup> companies. We will continue to build a stable grain supply system and expand our agrobusiness to generate profits and contribute to national food security.



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



Shipping feed wheat



Ukrainian grain terminal

1) Coined by combining agriculture and inflation to refer to a phenomenon of the general level of prices increasing in line with surging agricultural prices  
2) A combination of agriculture and technology made to refer to agriculture bioengineering technology, precision agriculture, alternate foods, and food e-commerce

## COMMITMENT TO SDGs

8

DECENT WORK AND ECONOMIC GROWTH

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

Global Issue	As 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/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	<p>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.</p> <ul style="list-style-type: none"><li>Develop new business strategies through infrastructure development</li><li>Pursue collaboration with SMEs</li></ul>		

2

ZERO HUNGER

**(2.c) Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility**

Global Issue	Increasing global population and climate change stemming from global warming give rise to supply/demand imbalances in relation to agricultural products. In the face of increasing food security risks, businesses need to either explore new agrobusiness opportunities or improve their agricultural system to achieve sustainable agriculture and fulfill their social responsibility for the reliable supply of agricultural products.		
Key Business Themes	Secure healthy food at reasonable prices (Healthy and Affordable Food)	Build a sustainable sourcing system (Sustainable Sourcing)	Manage labor practices along the agribusiness supply chain (Labour Practice in the Supply Chain)
Our Solution as a Corporate Citizen	<p>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.</p> <ul style="list-style-type: none"><li>Invest in sustainable agricultural technology and strengthen cooperation with stakeholders</li><li>Maintain responsible sourcing practices and strengthen the traceability of products to improve transparency along the agricultural supply chain</li></ul>		



# SOCIETY WITH POSCO INTERNATIONAL

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 November 2020, an event was held to present the activities of our Pro Bono volunteers, launched to make talent donations with the help of our employees, and to share achievements made under the ‘Corporate Citizenship’ philosophy which is generated from the value of shared growth. The volunteer group consisted of 21 employees who brought their job expertise to provide mentoring to six social enterprises for nearly six months. Such mentoring was conducted on a total of 120 occasions for more than 230 hours through offline interactions made at least every month as well as online ones. Our Pro Bono volunteers helped beneficiaries resolve issues in the areas of receiving legal advice, developing product distribution routes, and producing contents to create social value through win-win partnerships.

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 1<sup>st</sup> 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.



Sharing the performance of Pro Bono volunteers



Signing an MOU to enhance Myanmar’s rice industry value chain



Donating a sleigh to Korea’s national bobsleigh and skeleton team

## COMMITMENT TO SDGs

4 QUALITY EDUCATION

[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	Support education for sustainable growth (Education for Sustainable Development)	Pursue shared growth through capacity building of SMEs (Capacity Building)	Increase indirect economic impact through job creation (Indirect Impact on Job Creation)
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 this 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. <ul style="list-style-type: none"><li>Expand training programs for business partners</li><li>Implement capacity-building activities for SMEs by leveraging our own network</li></ul>		

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

[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	Support infrastructure investment in developing nations (Infrastructure Investment)	Contribute to industrialization in developing nations through R&D support (Research and Development)	Bridge the technology divide in developing nations (Technological Legacies)
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. <ul style="list-style-type: none"><li>Support the growth of developing nations through public-private partnerships</li><li>Provide infrastructure and technology for the wholesome industrialization of countries where we operate</li></ul>		



# PEOPLE WITH POSCO INTERNATIONAL

## Creating a safe workplace to put employees' health before all else

### SDGs 3.

#### 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 Korean 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.

## Establishing corporate competitiveness through professional capacity-building of employees

### SDGs 4.

#### 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 agrobusiness, 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 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.



Remote healthcare service



Security service



GAFTA Qualified Arbitrator certificate

## COMMITMENT TO SDGs

3

GOOD HEALTH AND WELL-BEING

[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	<p>We ensure that our expatriates and global staff stay healthy and safe wherever they are. For these employees and their family members who cannot access appropriate healthcare services due to the substandard healthcare infrastructure of the country where they are based, we operate virtual remote healthcare services to assist them in working in a healthy and safe environment.</p> <ul style="list-style-type: none"><li>Promote the health of expatriates and their families based on collaboration with healthcare institutions</li><li>Achieve universal healthcare for all employees</li></ul>		

4

QUALITY EDUCATION

[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	<p>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.</p> <ul style="list-style-type: none"><li>Provide personalized training programs for efficient growth</li><li>Support job training for professional workforce</li></ul>		

## 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	Employees*	9,600 persons(1,271 in Korea, 8,329 overseas)
Date of Establishment	March 22, 1967	Overseas Worksites	100 corporations and offices in 45 countries
CEO	Si-Bo Joo	Address	(21998) 165, Convensia-daero, Yeonsu-gu, Incheon, Rep. of Korea
Major Business	Trade, resources development, manufacturing & processing, infrastructure development & operation	Tel.	+82-2-759-2114

\* As of Dec. 31, 2020

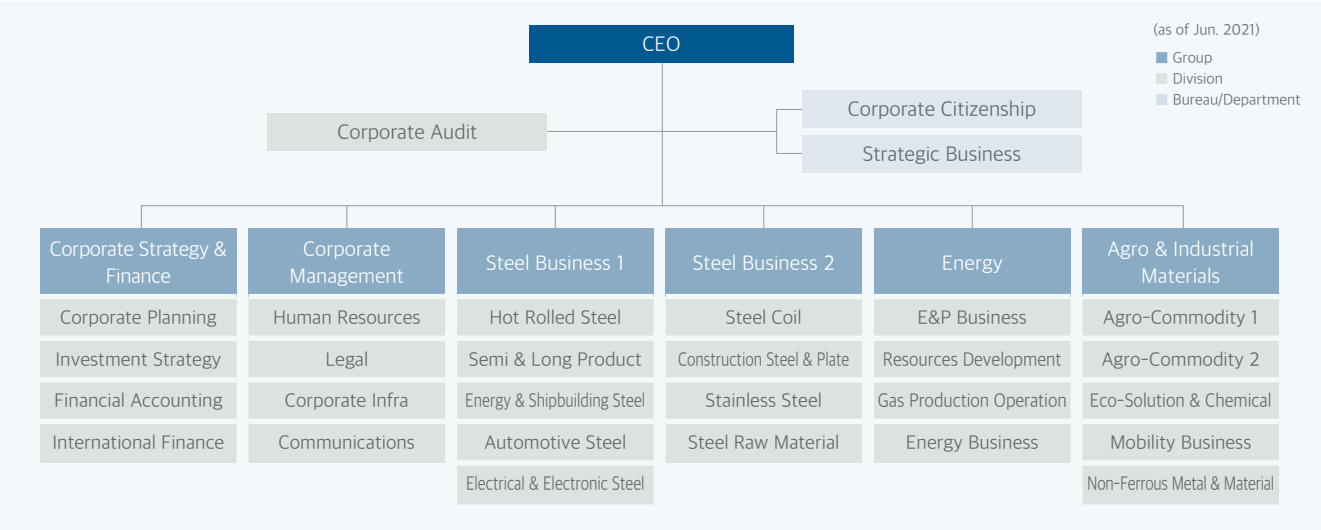
### Vision

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

<b>2021</b>	<b>Jan.</b>	Signed a phase 3 EPCIC contract for the Shwe Project in Myanmar	<b>2016</b>	<b>Jan.</b>	Became a member of the Federation of Oils, Seeds and Fats Association (FOSFA)
	<b>Mar.</b>	Issued ESG bonds as the first trading company in Korea Recognized for excellence in the anti-corruption area by the UN Global Compact		<b>Mar.</b>	Changed the company name to POSCO DAEWOO
	<b>Jun.</b>	Recognized for the 2021 Best Labor-Management Culture by the Ministry of Employment and Labor		<b>Jul.</b>	Signed a contract to supply 30MW photovoltaic modules in the US Initiated production at the East Sea-2 gas field
<b>2020</b>	<b>Feb.</b>	Discovered new deep-water gas reserves in Block A-3, offshore Myanmar	<b>2015</b>	<b>Jan.</b>	Moved the Headquarters to Songdo, Incheon
	<b>Mar.</b>	Became the first Korean business to announce the sustainable palm oil business policy (NDPE policy)		<b>Jul.</b>	Became a member of the Grain and Feed Trade Association (GAFTA) in London, the UK
	<b>Apr.</b>	Split off POSCO SPS as a subsidiary		<b>Aug.</b>	Signed a contract to build a police communications and CCTV network in Papua New Guinea
	<b>Oct.</b>	Initiated the import of feed wheat into the Korean market through the Ukrainian grain terminal Received the Grand Prize in the Best ESG Companies category by the Korea Corporate Governance Service for 2 consecutive years		<b>Nov.</b>	Signed a contract with GM Uzbekistan to supply automotive components for final assembly
<b>2019</b>	<b>Feb.</b>	Signed a contract to acquire a grain terminal in Ukraine	<b>2014</b>	<b>Jan.</b>	Signed a contract on the 60MW independent power generation project in Papua New Guinea
	<b>Mar.</b>	Changed the company name to POSCO INTERNATIONAL		<b>Feb.</b>	Signed a contract to build a 3,200MW combined cycle power plant in Algeria
	<b>May</b>	Completed Factory 2 of the Rice Processing Complex in Myanmar		<b>Aug.</b>	Signed an equity investment contract for a copper mine in Wetar, Indonesia
	<b>Sep.</b>	Completed a grain terminal in Ukraine		<b>Sep.</b>	Achieved the highest level of AAA under the Strategic Materials Trader Compliance Program (first in the industry)
	<b>Dec.</b>	Completed a photovoltaic power generation system on Manaung Island in Myanmar	<b>2013</b>	<b>Jun.</b>	Initiated production under the Shwe Project in Myanmar
<b>2018</b>	<b>Jun.</b>	Signed a phase 2 EPCIC contract for the Myanmar Shwe Project	<b>2012</b>	<b>Mar.</b>	Signed a contract for the General Hospital H. Adam Malik facility improvement project in Indonesia
	<b>Aug.</b>	Opened the steel trading platform ‘Steel For You’		<b>Oct.</b>	Initiated the production of bituminous coal in Narrabri, Australia
	<b>Nov.</b>	Signed an MoU with PetroleumBRUNEI to expand the LNG value chain business Signed MOUs with six major grain-consuming companies in China to cooperate on grain sales		<b>Nov.</b>	Signed a contract to build a 1,200MW combined cycle power plant in Algeria
<b>2017</b>	<b>Mar.</b>	Launched POSCO DAEWOO as a consolidated company (merger with POSCO P&S)	<b>2011</b>	<b>Sep.</b>	Launched palm oil plantation business in Indonesia
	<b>Jun.</b>	Initiated the commercial operation of a 34MW power plant in Lae, Papua New Guinea	<b>2010</b>	<b>Nov.</b>	Incorporated into POSCO Group
	<b>Sep.</b>	Opened a hotel in Myanmar		<b>Dec.</b>	Surpassed KRW 15 trillion in sales (on a consolidated basis)

## Business Overview



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 to 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 automobiles, 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:** Heavy plate products

**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 plant 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-oiled(PO) steel sheets, checkered plates

**Cold-rolled Steel** - Cold-rolled steel is known for its exceptional malleability and aesthetically-pleasing surface finish, and 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

**Colored Galvanized Steel** - Colored galvanized steel refers to the hot-dip zinc-coated steel whose surface has been coated or printed with highly durable polyester resins, laminates or Polyvinylidene Fluoride(PVDF).

**Main Items:** Colored steel sheets for construction, colored steel sheets for home appliances

**Electrical 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 electrical and electronic 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 value-added steel recognized for its exceptional corrosion resistance, and is used in a wide array of industries including automobiles, home appliances and construction.

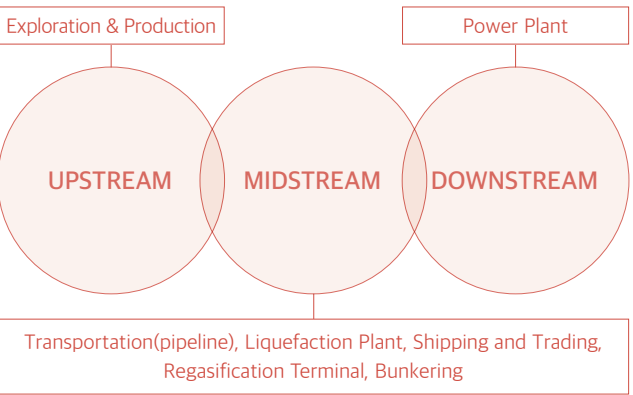
**Main Items:** Hot-rolled/cold-rolled stainless steel, stainless steel plates, pipes

**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



Building on our successful experiences and business capabilities gained through the Shwe Project in Myanmar, we are committed to the exploration, development and production of new blocks as well as existing ones under operation. We are also constantly expanding our gas value chain business spanning liquefaction plants, LNG trading, bunkering, receiving terminals, pipelines, and IPP(Independent Power Producer).



### UPSTREAM

Oil and gas resources development serves as one of our key growth drivers. Not only did we directly perform the entire Exploration & Production(E&P) process from exploration and development to production and sales at the Shwe Project in Myanmar, but also we are engaged in oil and gas development projects in Korea and across the world, including Block 11-2 in Vietnam, Block 8 in Peru, the Oman LNG plant, and the Donghae-2 gas field in Korea. Currently, Phase 2 development is underway at the Shwe Project in Myanmar to ensure its stable gas production and sales, and we are fully committed to the successful completion of Phase 3 development following the signing of the EPCIC contract. We made new gas discovery through Mahar-1 exploration well, located in Block A-3 offshore Myanmar, and are planning for appraisal wells in order to fully assess the discovery. To secure additional reserves, we are engaged in new exploration and acquire development/production gas field assets. Evaluations are currently being made on prospective areas across Asia and Australia, and work is underway to be awarded new blocks by participating in international bids and conducting joint study activities.

### MIDSTREAM / DOWNSTREAM

Leveraging our capabilities as an overseas project developer and a professional trader, we are expanding LNG trading based on POSCO Group-wide captive LNG demand and the Gwangyang LNG Terminal. We are also proactively tapping into overseas LNG infrastructure and LNG bunkering markets including receiving terminals and liquefaction plants in alignment with LNG trading. We became the first Korean trader to initiate LNG trading in 2017, and are promoting the integrated procurement of LNG and increasing LNG trading volume at the Group-wide level since we became solely responsible for the Group's LNG trading operations. To explore LNG infrastructure and IPP business aligned with Group-wide energy strategies and is expected to generate synergy, we are taking a leading role in developing the entire LNG value chain business ranging from Group's joint receiving terminals and liquefaction plants to pipelines and Gas-to-Power business.

As domestic and international environmental regulations are expected to boost demand for LNG fuel for vessels, we are considering LNG bunkering infrastructure by joining consortiums and aligning with Group affiliates.

### Green Business

To contribute to attaining the goal of Net Zero by 2050 of POSCO Group, we are reviewing investments in introducing carbon-neutral LNG and low-carbon LNG liquefaction assets in the short-term while planning to launch CCS(Carbon Capture & Storage) and green/blue hydrogen businesses by leveraging E&P technology over the mid-to-long term. In so doing, we aim to establish a new green business model along the value chain and pioneer the 2050 Net Zero initiative.





AGRO

To secure sustainable future agro resources, we are engaged in grain trading and agro resources development. We are the sole Korean trader that has joined the Grain and Feed Trade Association(GAFTA) and the Federation of Oils, Seeds and Fats Association(FOSFA), and represent the largest agro-resources trading business in Korea.

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-size palm plantation and make equipment investments 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

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 86,000 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.



ECO-SOLUTION & CHEMICAL

We supply a wide array of products from petrochemicals to polyesters and polymers 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.

Green & Bio Chemicals

We are a stable supplier of synthetic rubber, natural rubber, carbon black and other major rubber-related materials used for general industrial applications including tires, machinery and components, and shoes to global leading companies. Building on our international trading knowledge accumulated over the years, we also engage in the import, export and triangle business of chemical fertilizers(Urea, DAP, NPK, etc.) and inorganic chemicals.

We supply synthetic fiber intermediates(Paraxylene, PTA, MEG, PET, etc.) and synthetic resins to the global market. Leveraging our strategic partnerships with major global players, we are building Korea's largest supply and sales network of synthetic fiber intermediates as a domestic general trader, and are generating solid profits across the both upstream and downstream sectors. In addition, we continue to expand our overseas markets for functional 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 materials 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.



MOBILITY

As the only general trading company in Korea operating a dedicated organization in automotive component trading, we have been supplying the automotive components to over 250 customers across 70 countries. Also, we have been engaging in the sales and marketing of EV traction motor cores and HEV fuel cell separators manufactured by POSCO SPS, our subsidiary that provides steel processing services. This enables us to serve as an active green mobility parts supplier in the EV and FCEV markets, and we are currently expanding our new e-mobility business in alignment with domestic and international investments. In non-ferrous metal business, we are broadening our presence in the domestic and international markets through trading, and are responding to the rapidly-shifting market landscape by launching rechargeable battery and future mobility materials businesses.

Mobility

Our Mobility Business Division has achieved international quality management system certification specialized in the automobile industry as a dedicated export organization and is providing automotive components to global customers with its independent SQA (Supplier Quality Assurance) organization tasked with product quality improvement and assurance, customized technical service provision, and supplier support. This enables us to supply the key EV parts such as drive units and traction motor cores and other electric/electronic components to major car OEMs and tier-1 vendors in the advanced markets of the US, Japan and Europe while broadening our business territories further into FCEV-exclusive parts to preemptively respond to the fast-changing automobile market.

By cooperating with leading automotive components and equipment makers in Korea and abroad, we are also engaged in ultra-high-speed EV charging infrastructure business and smart logistics business that leverages e-mobility. In addition, we explore greater opportunities into the global market and seek out new business opportunities, by establishing strategic partnerships with these suppliers and making joint investments for local modular supply.

Non-ferrous Metals

We are building a vertically-aligned business structure from raw materials to finished products for non-ferrous metals that serve as basic industrial materials. Our flagship products include copper, nickel and aluminum, and we are expanding our markets in Korea and abroad in the construction steel, automobile and electric/electronic products that are the three major consumers of such metals. Meanwhile, we are focusing on rechargeable batteries and future mobility materials as our future growth drivers and aim to emerge as a global materials company on the strength of years of trading experience and expertise on non-ferrous metals.



POSCO SPS

POSCO SPS(Steel Processing & Service) is Korea's No.1 steel processing company created through the split & merger of POSCO INTERNATIONAL's steel processing business divisions in April 2020. Under the vision of becoming a 'Global Top Steel Processing Solutions Provider', the company is operating three divisions specializing in stainless steel, eco-friendly motor core production, and plate processing and steel structure manufacturing and sales dedicated for each type of steel. POSCO SPS is committed to building a total steel value chain and delivering the greatest possible value.

Stainless

Stainless steel is highly value-added steel recognized for its exceptional corrosion resistance. POSCO SPS delivers products that satisfy segmented customer requirements for perfect flatness and quality through steady R&D efforts made in line with the emerging lightweightness and small form factor trends. The company is accelerating its development of new precision materials such as stainless window molding materials to keep pace with the green mobility era, and is specifically focused on improving its material(poss470FC) production capacity for fuel cells that are often referred to as the 'heart of the HEV'.

Motor Core

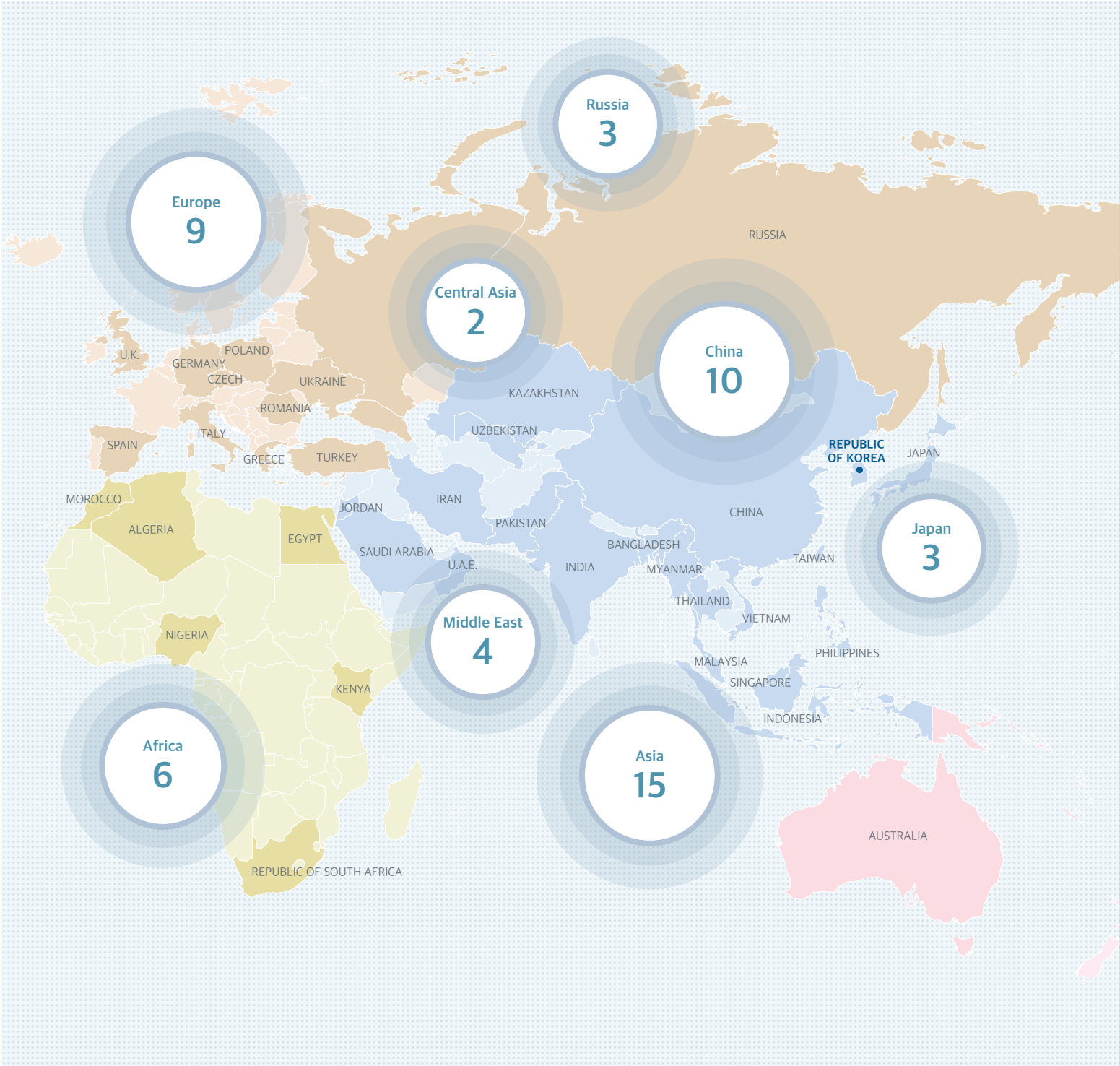
A motor core is a key component of electric motor and is used for automobiles, home appliances, industrial devices and other varying power tools. POSCO SPS's flagship product is traction motor cores mounted on EVs and they are manufactured through EMFree(Embossing Free) technology independently developed by the company. POSCO SPS is committed to emerging as a global leading company in the traction motor core business that is expected to enjoy growing demand in line with the penetration of EVs. The company set a goal of reaching four million units in traction motor core supply and posting 20% or higher in global market share by 2025, and is currently expanding its domestic production line to reach two million units in production capacity by 2022.

Plate Fabrication Processing

The company processes and supplies plates for shipbuilding and construction. In particular, its Gwangyang Factory 1 provides end-to-end services ranging from inventory warehousing and plate raw materials to cutting and lamination, and participates in mega-sized projects in Korea and abroad for shipbuilders. POSCO SPS also teams up with POSCO Engineering & Construction to lay the basis to manufacture and install steel structures in their finished product form by serving the entire construction process and delivering sophisticated solutions in so doing.

# 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

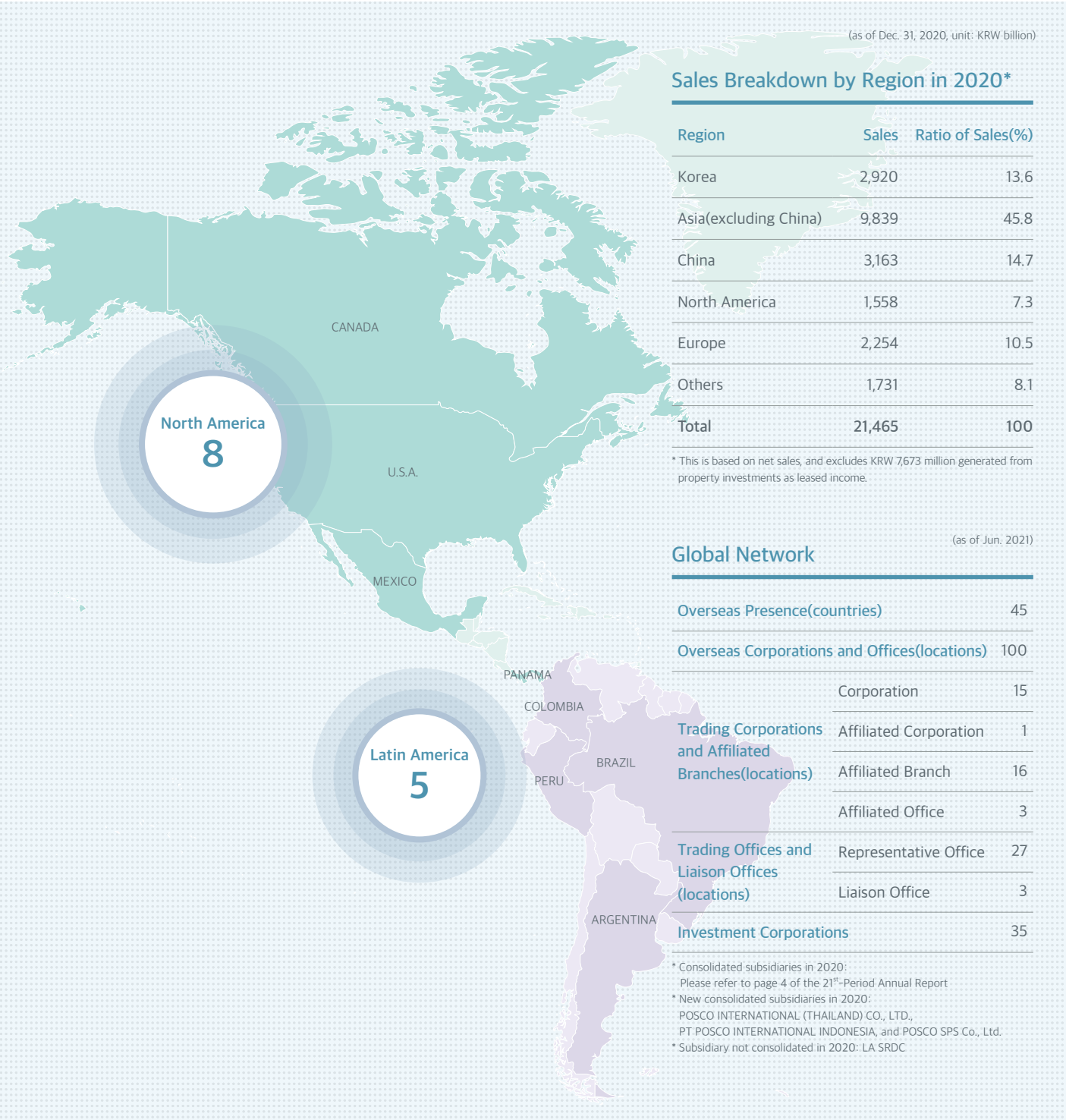
KRW 21,465 billion

Overseas Presence

45 countries

Overseas Corporations and Offices

100 locations



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

## Sales Breakdown by Region in 2020\*

Region	Sales	Ratio of Sales(%)
Korea	2,920	13.6
Asia(excluding China)	9,839	45.8
China	3,163	14.7
North America	1,558	7.3
Europe	2,254	10.5
Others	1,731	8.1
Total	21,465	100

\* 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)	
Corporation	15
Affiliated Corporation	1
Affiliated Branch	16
Affiliated Office	3
Trading Offices and Liaison Offices(locations)	
Representative Office	27
Liaison Office	3
Investment Corporations	35

\* Consolidated subsidiaries in 2020: Please refer to page 4 of the 21<sup>st</sup>-Period Annual Report  
\* New consolidated subsidiaries in 2020: POSCO INTERNATIONAL (THAILAND) CO., LTD., PT POSCO INTERNATIONAL INDONESIA, and POSCO SPS Co., Ltd.  
\* Subsidiary not consolidated in 2020: LA SRDC



## Governance

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 his expertise to contribute to decision-making at the BOD level and fulfill our corporate social responsibility as a result.

Director	Name (Gender)	Position	Career	Expertise	Date of Initial Appointment	Termination of Mandate	Committee Affiliation
Inside Director	Si-Bo Joo (Male)	<ul style="list-style-type: none"><li>CEO</li><li>Chair of the BOD</li><li>Chair of the Outside Director Candidate Recommendation Committee</li></ul>	<ul style="list-style-type: none"><li>Curr. President, POSCO INTERNATIONAL</li><li>Fmr. Head of Energy Group, POSCO INTERNATIONAL</li><li>MS in Earth Resources and Environmental Engineering, Hanyang University</li></ul>	General management of business administration	Mar. 30, 2020	Until the regular General Shareholder Meeting in 2022	<ul style="list-style-type: none"><li>BOD</li><li>Outside Director Candidate Recommendation Committee</li></ul>
	Min-Yong Noh (Male)	<ul style="list-style-type: none"><li>Head of Corporate Strategy &amp; Finance Group</li></ul>	<ul style="list-style-type: none"><li>Curr. Head of Corporate Strategy &amp; Finance Group</li><li>Fmr. Head of Corporate Audit, POSCO</li><li>MBA, Korea University</li></ul>	Internal accounting control management, general business administration	Mar. 18, 2019		
Non-Standing Director	Tak Jeong (Male)	-	<ul style="list-style-type: none"><li>Curr. Head of Marketing Division, POSCO</li><li>Fmr. Head of Steel Business Division, POSCO</li><li>BA in Arabic, Hankook University of Foreign Studies</li></ul>	General business administration	Mar. 13, 2017	Until the regular General Shareholder Meeting in 2022	<ul style="list-style-type: none"><li>BOD</li></ul>
Outside Director	Soo-Young Kwon (Male)	<ul style="list-style-type: none"><li>Chair of the Audit Committee</li></ul>	<ul style="list-style-type: none"><li>Curr. Professor, Business School of Korea University</li><li>Fmr. Dean of Business School, Korea University, 33<sup>rd</sup> President of the Korean Accounting Association</li><li>PhD in Accounting, University of Washington</li></ul>	Financial and accounting expert, general business administration	Mar. 18, 2019	Until the regular General Shareholder Meeting in 2023	<ul style="list-style-type: none"><li>BOD</li><li>Outside Director Candidate Recommendation Committee</li></ul>
	Heung-Soo Kim (Male)	-	<ul style="list-style-type: none"><li>Curr. Standing advisor to Kim &amp; Chang(law firm)</li><li>Fmr. Head of Dongfang CJ in Shanghai</li><li>CEO of SMG-CJ Home Shopping</li><li>MBA, KAIST(Korea Advanced Institute of Science and Technology)</li></ul>	General business administration	Mar. 18, 2019		<ul style="list-style-type: none"><li>Audit Committee</li></ul>
	Jong-Ho Hong (Male)	-	<ul style="list-style-type: none"><li>Curr. Professor, Graduate School of Environmental Studies, Seoul National University</li><li>Fmr. Director of the Institute for Sustainable Development, Seoul National University</li><li>Head of the Korea Environmental Economics Association</li><li>PhD in Applied Economics, Cornell University</li></ul>	Environmental expert, general business administration	Mar. 30, 2020	Until the regular General Shareholder Meeting in 2022	
	In-Sook Shim (Female)	-	<ul style="list-style-type: none"><li>Curr. Professor, Law School, Chung-Ang University</li><li>Fmr. Member of the Sanction Review Committee, Financial Supervisory Service</li><li>Member of the Special Commercial Law Committee, Ministry of Justice</li><li>LLM, Harvard Law School</li></ul>	Legal expert, general business administration	Mar. 30, 2020		

(as of Mar. 2021)

### 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 set meeting schedule 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.

Date	Agenda Item	Approval
Feb. 14, 2020	Approving the 20 <sup>th</sup> financial statements(4 items)	Approved
Mar. 13, 2020	Convening the 20 <sup>th</sup> General Shareholder Meeting and deciding on its purpose(9 items)	Approved
Mar. 30, 2020	Appointing the CEO(5 items)	Approved
Apr. 2, 2020	Approving the acquisition of POSCO E&C's share in the Myanmar hotel and paid-in capital increase(3 items)	Approved
Jun. 26, 2020	Loan switching for the Ukraine grain terminal(2 items)	Approved
Sep. 22, 2020	EPCIC work for Phase 3 development of the Myanmar Shwe Project(2 items)	Approved
Oct. 27, 2020	Extending the payment guarantee for POSCO ASSAN TST	Approved
Nov. 17, 2020	Evaluation drilling in Mahar prospects, Block A-3 offshore Myanmar and new exploratory drilling(2 items)	Approved
Dec. 14, 2020	Approving the 2021 business plan(6 items)	Approved

### 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.

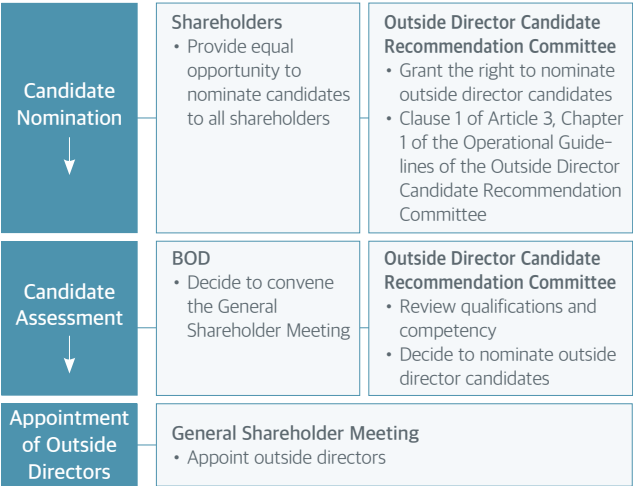
Committee	Major Role
Audit Committee	Manage audit operations in conformity with Article 542-11 of the Commercial Law, the Articles of Incorporation, and other relevant regulations
Outside Director Candidate Recommendation Committee	Review the qualifications of outside director candidates and deliberate on their nomination in accordance with Clauses 4 & 5 of Article 542-8 of the Commercial Law

(as of Mar. 2021)

### Outside Director Appointment Process

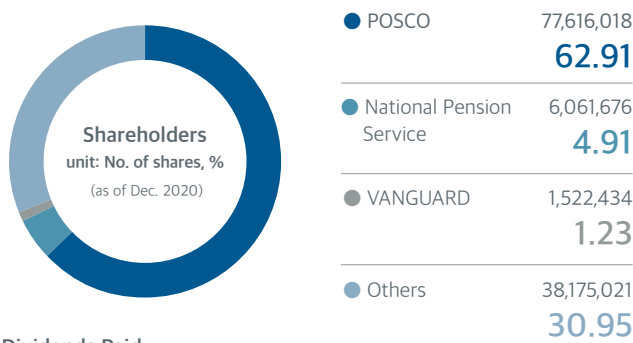
The Outside Director Candidate Recommendation Committee nominates candidates based on their independence, industrial experience, and previous career in accordance with the qualifications set by the Commercial Law and other relevant regulations. Those candidates who have been sanctioned previously for 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 diversify 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 require 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 123,375,149, and the number of outstanding shares was 123,374,891, excluding 258 treasury shares. The largest shareholder is POSCO with 62.91% of the total, and other minority shareholders own 14.73% of the total.



(on a consolidated basis)



## 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 company-wide risks that may occur 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 undertakings, and focuses 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 landing 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/insured 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 customers aligned with our vision of corporate development, and its approval and operation are subject to rigorous deliberations to carefully analyze potential general risks. This is followed by continuous monitoring on change in customers' credit status or the occurrence of loans whose maturity has expired to minimize credit risks.

### Investment Committee

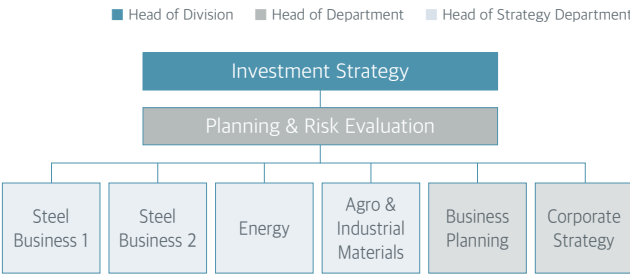
The company-wide Investment Committee addresses risk factors concerning the undertaking and management of investment business. The committee performs business feasibility reviews by investment type and conducts assessments to minimize potential risks while monitoring approved investments for their compliance with the set business plan and their potential risks. In accordance with applicable guidelines, the committee consists of one chairperson, five standing, and one to two non-standing members. The chairperson and standing members are appointed for their work experience on finance, accounting, and legal affairs, and non-standing members come from business implementation and sales organizations to establish the committee's expertise.

### Investment Review Process

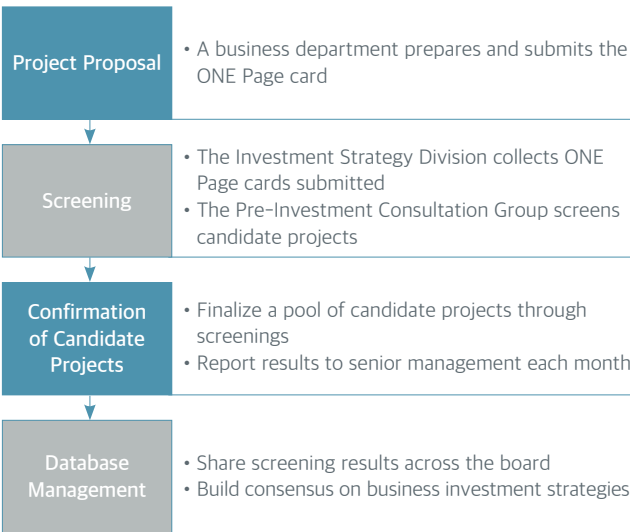
#### Creating a Pre-Investment Consultation Group

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', 'Comparative 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 consultation 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



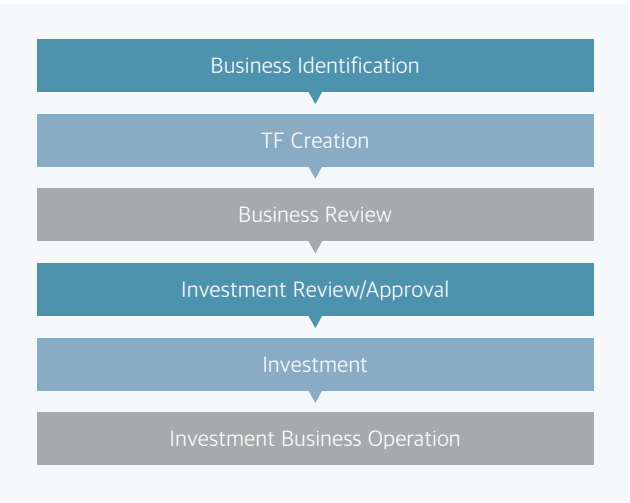
#### Operational Process of the Pre-Investment Consultation Group



### Strengthening the Risk Management System for High-Priority Business

We have revised our investment business management guidelines to tighten our risk management system in alignment with POSCO Group's investment process. High-priority business was re-defined to apply more stringent review standards to the businesses proposed to the BOD for consideration, M&As, and other high-risk and large-scale investment businesses. For high-priority business, a task force(TF) is set up from the initial review phase to identify risks and develop countermeasures, and such risks are thoroughly managed all the way to the business operation phase. In addition, relevant procedures are being improved by monitoring investment business risks on an on-going basis and setting and stipulating performance assessment indicators. To render our investment operations more efficient and help employees better understand such business, we upload guidelines including amended provisions on our work guide app for their integrated management.

#### Risk Management Process for High-Priority Business



### New Credit Management System

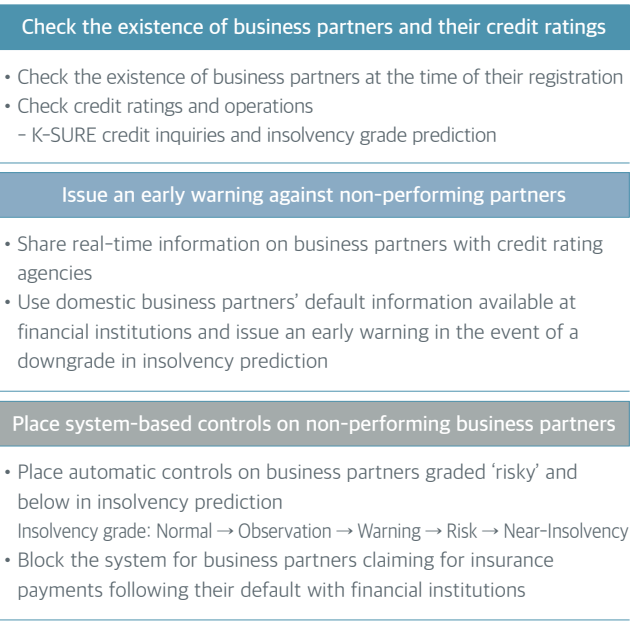
Our new credit management system grants different credit ratings on credit transaction partners in comprehensive consideration of such information as their national data, credit ratings assigned by external credit rating agencies, and their track records in doing business with the Company. This enables 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.

#### Early Warning System Operation



### 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.

### 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 the errors made in making import/export declarations to minimize relevant risks. In particular, our business(investment) 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.

## 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 internalizing 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 Substance, Execution and Practical. In particular, Corporate Citizenship project performance has been included in our executive/organizational 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 group-level organizational appraisal process to encourage their engagement in practicing the Corporate Citizenship philosophy.

#### Progress Made 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 Office in consideration of the appropriateness of KPIs and effectiveness for beneficiaries. In June 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 Office, and all our executives are committed to bring these projects to completion.

#### Corporate Citizenship Project Assessment Process

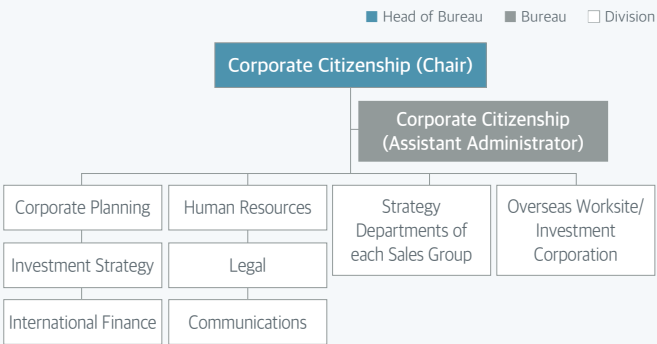
Project Identification(Feb.)
• Select projects that could change organizational culture and work practices
Interim Review(Aug.)
• Check progress against the set plan, difficulties and stakeholder feedback
Project Assessment(Oct.)
• Confirm the attainment of the set goal • Survey beneficiaries of major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

Creativity	<b>Boldness and innovation of the projects identified</b> Original and innovative projects that have not been tried yet
Value of Co-existence	<b>Performance in contributing to the Company and stakeholders through project undertaking</b> Projects that continue to generate financial/nonfinancial outcomes for the Company and stakeholders
Social Impact	<b>Impact and scalability of projects on the industrial ecosystem</b> Projects that have far-reaching impact across the industrial ecosystem







#### 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 from the long-term perspective to address climate-related issues in a more systemic manner.

#### Organizational Chart of the ESG Council



### Our Performance in 6 Focus Areas of Sustainability Management

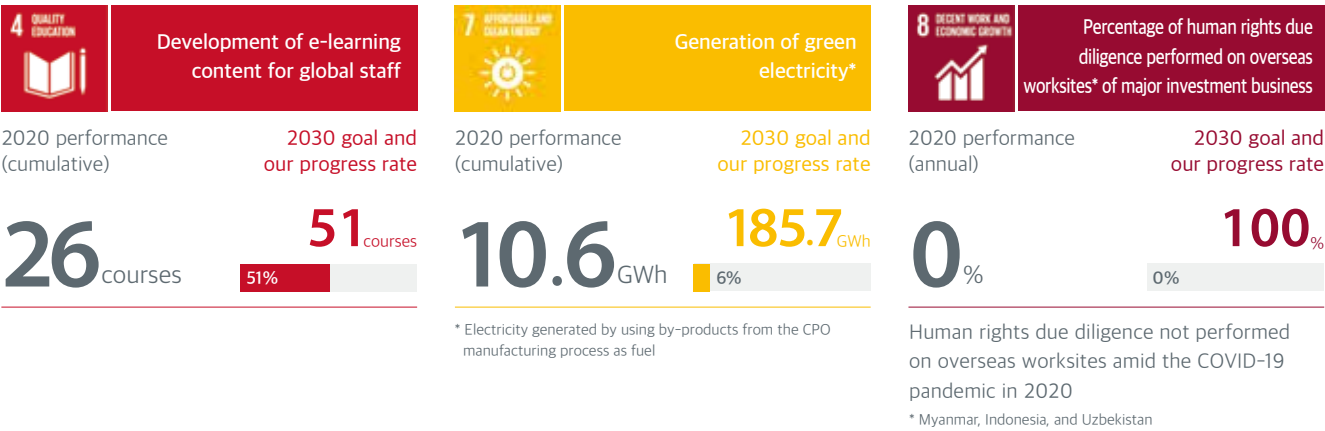
Focus Area		Indicator	Unit	2018	2019	2020
 Enhancing Business	We advance our business model and build new growth drivers to evolve into a Globally Integrated Corporation	Sales of steel and steel raw materials	1 million tons	27.8	27.6	26.5
		LNG handling volume	10,000 tons	47	159	280
		Grain handling volume	10,000 tons	430	545	800
 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.	Reports submitted and handled under the grievance mechanism	No. of cases(%)	19(100)	20(100)	54(100)
		Trainees who completed ethics management training	No. of persons	3,903	4,291	8,788
		Monitoring through the ethics counseling center	No. of occasions	54	60	52
		Fair trade training <sup>1)</sup>	No. of occasions	38	50	7
		Violation of personal data protection	No. of cases	0	0	0
 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.	Training hours per employee(HQ) <sup>2)</sup>	No. of hours	61.1	62.7	68.3
		Training expenses per employee <sup>3)</sup>	KRW	1,149,215	1,858,591	1,417,781
		Total training hours for global staff	No. of hours	3,280	5,702	1,328
		Global staff attending offline training	No. of persons	110	133	290
		Female employees in manager and higher positions	%	7.0	6.8	8.8
 Respecting Employees	We value work & life balance based on respect for human dignity to help our employees lead a better life, and create a healthy workplace.	Male employees who returned to work after parental leave	No. of persons(%)	1(25)	2(50)	4(80)
		Female employees who returned to work after parental leave	No. of persons(%)	6(100)	12(80)	14(100)
		LTIFR	%	0	1.38	0.55
		Worksites that received human rights due diligence	No. of worksites	3	3	0
		P-GWP score	Point	74	84	83
 Communicating with Stakeholders	We ensure transparent communication and serve public interest as a corporate citizen who sets an example in fulfilling corporate social responsibility and obligation.	CSR expenses	KRW 100 million	10.2	10.7	13
		Volunteer hours	No. of hours	22,202	16,888	24,070
		Employee volunteers	No. of persons	1,079	1,312	1,346
 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	Energy consumption	TJ	1,391	1,243	1,236
		Total GHG emissions <sup>4)</sup>	tCO <sub>2</sub>	69,098	62,604	60,446
		Direct GHG emissions(Scope 1)	tCO <sub>2</sub>	17,294	13,631	12,835
		Indirect GHG emissions(Scope 2)	tCO <sub>2</sub>	51,810	48,979	47,611
		Water consumption	Ton	547,779	520,269	503,263
		Mangrove forests created (cumulative) <sup>5)</sup>	Acre	1,852	2,062	2,272
		Waste generation	Ton	2,915	2,539	2,984
		Emission of air pollutants(NOx)	Ton	36	25	25

\* Based on the HQ and POSCO SPS  
\*\* The 2020 data on energy consumption and GHG emissions represent the first certification outcomes from the Ministry of Environment, and may vary from final certification outcomes.  
1) The number of training sessions declined from the previous year as COVID-19 restricted offline training in 2020(online fair trade training amounted to 17,680 hours in 2020).  
2) The data on training hours for 2018 and 2019 were re-calculated based on the HQ in consideration of the split-off of POSCO SPS in April 2020.  
3) The data on training expenses per employee for the year 2018 were corrected due to change in data calculation criteria.  
4) Discrepancies between scope-specific emissions and total emissions are attributable to the calculation principle of summing emissions after truncating decimal places at the worksite level.  
5) The data were corrected due to change in data calculation baseline date.

## Contribution to the UN SDGs

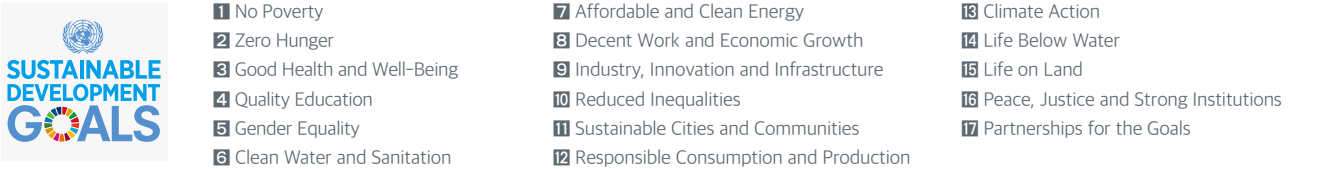
The United Nation’s Sustainable Development Goals(UN SDGs) embody the 17 universal goals whose attainment will materialize sustainable development for all. POSCO INTERNATIONAL fully concurs with the UN SDG’s slogan ‘Leave No One Behind’, and is fulfilling its role as a global corporate citizen in partnership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

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



### SDGs Mapping by Stakeholder Group

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



5

6

7

Affordable and Clean Energy

8

Decent Work and Economic Growth

9

10

11

12

13

Climate Action

14


















Life Below Water

15

16

17

### 2020 Activity and Achievement for the SDGs

Focus Area	SDGs	2020 Activity and Achievement		Reporting Page
Enhancing Business		<ul style="list-style-type: none"><li>• Brought in feed wheat into Korea for the first time through the Ukraine grain terminal</li></ul>	<ul style="list-style-type: none"><li>• Established a reliable grain supply system and contributed to food security by creating farming/ processing/logistics infrastructure</li></ul>	10, 54-55, 141
		<ul style="list-style-type: none"><li>• Signed an agreement to establish an LNG bunkering joint venture with 5 companies including the Korea Gas Corporation</li></ul>	<ul style="list-style-type: none"><li>• Remained certified under the environmental management system program at the Shwe Project in Myanmar</li><li>• Expanded the future mobility business</li></ul>	52-53, 57, 107, 111
		<ul style="list-style-type: none"><li>• Signed an MOU with a Korean small/mid-size iron ore company to expand exports to China</li></ul>	<ul style="list-style-type: none"><li>• Signed an MOU with Seoul Techno Holdings to help startups to advance into overseas markets</li></ul>	46, 51
		<ul style="list-style-type: none"><li>• Formed a public-private partnership with the Rural Development Administration for K-Agriculture to elevate Myanmar's rice industry</li></ul>	<ul style="list-style-type: none"><li>• Added eco-friendly PosMAC as traffic signal support materials adopted by Seoul City</li></ul>	12, 50
Reinforcing Ethics Management		<ul style="list-style-type: none"><li>• Provided fair trade consulting to business partners</li><li>• Convened the Fair Trade Compliance Council and rewarded top-performing groups and practicing leaders</li><li>• Conducted department-level fair trade self-reviews</li></ul>	<ul style="list-style-type: none"><li>• Named a Company with Compliance Program(CP) Excellence by the Fair Trade Commission</li><li>• Introduced preliminary agent appointment reviews to prevent transactional corruption</li><li>• Conducted pre-audits on private contracts</li></ul>	70-71
		<ul style="list-style-type: none"><li>• Conducted ethics training and counseling(monitoring)</li><li>• Launched activities to prevent ethical risks at overseas organizations</li></ul>	<ul style="list-style-type: none"><li>• Operated a whistleblowing mechanism to report unethical practices</li></ul>	65-66
Promoting Talent Development		<ul style="list-style-type: none"><li>• Expanded e-learning for global staff</li><li>• Operated a total of 1,134 courses based on the HQ</li></ul>	<ul style="list-style-type: none"><li>• Operated internal language learning courses for 16 languages</li></ul>	77-81
Respecting Employees		<ul style="list-style-type: none"><li>• Reached 8.8% in the ratio of female employees in manager and higher positions</li><li>• Reached 100% in the completion of anti-sexual harassment training</li></ul>	<ul style="list-style-type: none"><li>• Increased the ratio of male/female employees returning to work after parental leave</li></ul>	83
		<ul style="list-style-type: none"><li>• Responded to labor and human rights issues at textile factories in Uzbekistan</li><li>• Updated the human rights due diligence checklist applicable across overseas worksites</li></ul>	<ul style="list-style-type: none"><li>• Provided safety training tailor-made to respective worksites</li></ul>	82, 86, 139
		<ul style="list-style-type: none"><li>• Improved the compensation system for expatriates</li><li>• Exceeded the set target in the employment of people with disabilities</li></ul>	<ul style="list-style-type: none"><li>• Gave precedence to socially-vulnerable individuals in the recruitment process</li></ul>	74, 76, 83
		<ul style="list-style-type: none"><li>• Implemented practice guidelines for the protection of and respect for human rights</li></ul>	<ul style="list-style-type: none"><li>• Declared the NDPE policy as the first Korean business to do so and published progress reports for 2020</li></ul>	82, 132-133
Communicating with Stakeholders		<ul style="list-style-type: none"><li>• Operated the plasma project for the economic independence of local people living near the palm plantation in Indonesia</li></ul>	<ul style="list-style-type: none"><li>• Engaged in virtual volunteering for the less privileged</li></ul>	102, 130
		<ul style="list-style-type: none"><li>• Implemented medical CSR programs for local people in Indonesia</li><li>• Promoted the eye health of the less privileged in Uzbekistan</li></ul>	<ul style="list-style-type: none"><li>• Provided healthcare support for local communities in Ukraine</li><li>• Provided prompt COVID-19 support for local communities</li></ul>	101, 130, 144
		<ul style="list-style-type: none"><li>• Supported education for youth from multicultural families and immigrant youth</li><li>• Provided scholarships to science and engineering talent in Uzbekistan</li></ul>	<ul style="list-style-type: none"><li>• Supported the production of tactile learning aids for students with visual impairments</li></ul>	100
		<ul style="list-style-type: none"><li>• Donated self-powered water sterilizers to Ayeyarwaddy Wakema Township in Myanmar</li><li>• Constructed a tap water facility in the village of Selil, Merauke, Indonesia</li></ul>		101, 130
Advancing Eco-friendly Management		<ul style="list-style-type: none"><li>• Generated green energy at PT. BIA in Indonesia</li><li>• Engaged in the production and trading of green products</li></ul>	<ul style="list-style-type: none"><li>• Reduced energy losses through process improvement</li></ul>	106-107, 112
		<ul style="list-style-type: none"><li>• Worked to create mangrove forests in Myanmar and Indonesia</li><li>• Responded to the government's GHG emissions reduction regulations</li></ul>	<ul style="list-style-type: none"><li>• Identified GHG emissions reduction ideas and translated them into action</li><li>• Undertook the cook stove project in Myanmar</li></ul>	106, 112-113



## Total Impact Measurement and Management(TIMM)

As a corporate citizen, POSCO INTERNATIONAL endeavors to recognize its positive or negative social and environmental impact in addition to attaining its business goals, and to consider such impact in its business conduct and decision-making process. We adopted PwC’s Total Impact Measurement and Management(TIMM) methodology to evaluate the impact generated from our financial and non-financial performance during the year 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 or social change concerning activities). Impact assessments are conducted either on business outcomes from the company-wide perspective or outcomes of a single program in the case of such specific areas as CSR. To perform such impact assessments, we used the disclosures published by the Company based on applicable laws and regulations, statistics from governmental/international organizations, and domestic/overseas research findings. Relevant evidence was separately presented in detail to ensure the credibility and objectivity of the assessment process and its results. POSCO INTERNATIONAL will strive to evaluate its social impact in a more refined manner to consider such impact in its entire business conduct and decision-making process.

	DIRECT IMPACT	INDIRECT IMPACT	INDUCED IMPACT
<div><div></div>Positive Impact</div> <div><div></div>Negative Impact</div>	Impact generated from the business conduct of POSCO INTERNATIONAL	Impact generated from the business conduct of business partners	Impact generated from the daily lives of employees at the Company and business partners
<b>Economy</b> Current or future impact on GDP(Gross Domestic Production)	<div>Rising income of employees</div> <div>Increasing tax income (paid by the Company)</div>	<div>Rising income of partner employees</div>	<div>Increasing consumption of employee family members</div> <div>Increasing tax income (paid by employees)</div>
<b>Society</b> Impact on the betterment of life for members of society	<div>Capacity building of employees</div> <div>Work-life balance</div> <div>Improved quality of life for community members<sup>3)</sup></div> <div>Employee health and safety</div>		<div>Increasing CSR investments<sup>1)</sup></div> <div>Increasing welfare &amp; benefits<sup>2)</sup></div>
<b>Environment</b> Impact on the natural environment and the value of human life	<div>GHG emissions reduction in local communities<sup>4)</sup></div> <div>Air pollutant emissions<sup>5)</sup></div> <div>GHG emissions<sup>6)</sup></div> <div>Waste discharge<sup>7)</sup></div>	<div>GHG emissions reduction through green products<sup>8)</sup></div>	<div>GHG emissions from employee households<sup>9)</sup></div>

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

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

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

4) UNEP, THE IMPORTANCE OF MANGROVES TO PEOPLE: A CALL TO ACTION / The Economic Value of Forest Ecosystem Services in Myanmar and Options for Sustainable Financing (2013)

5) W.KipViscusiandClaytonJ.Masterman,2017,"IncomeElasticitiesandGlobalValuesofaStatisticalLife",\*J.BenefitCostAnal.,8(2):226-250/PwCmethodologydocument, Valuing corporate environmental impacts(2015) / National Air Pollutant Emissions Service, National Institute of Environmental Research(2017) / OECD Environmental Performance Reviews: Korea 2017

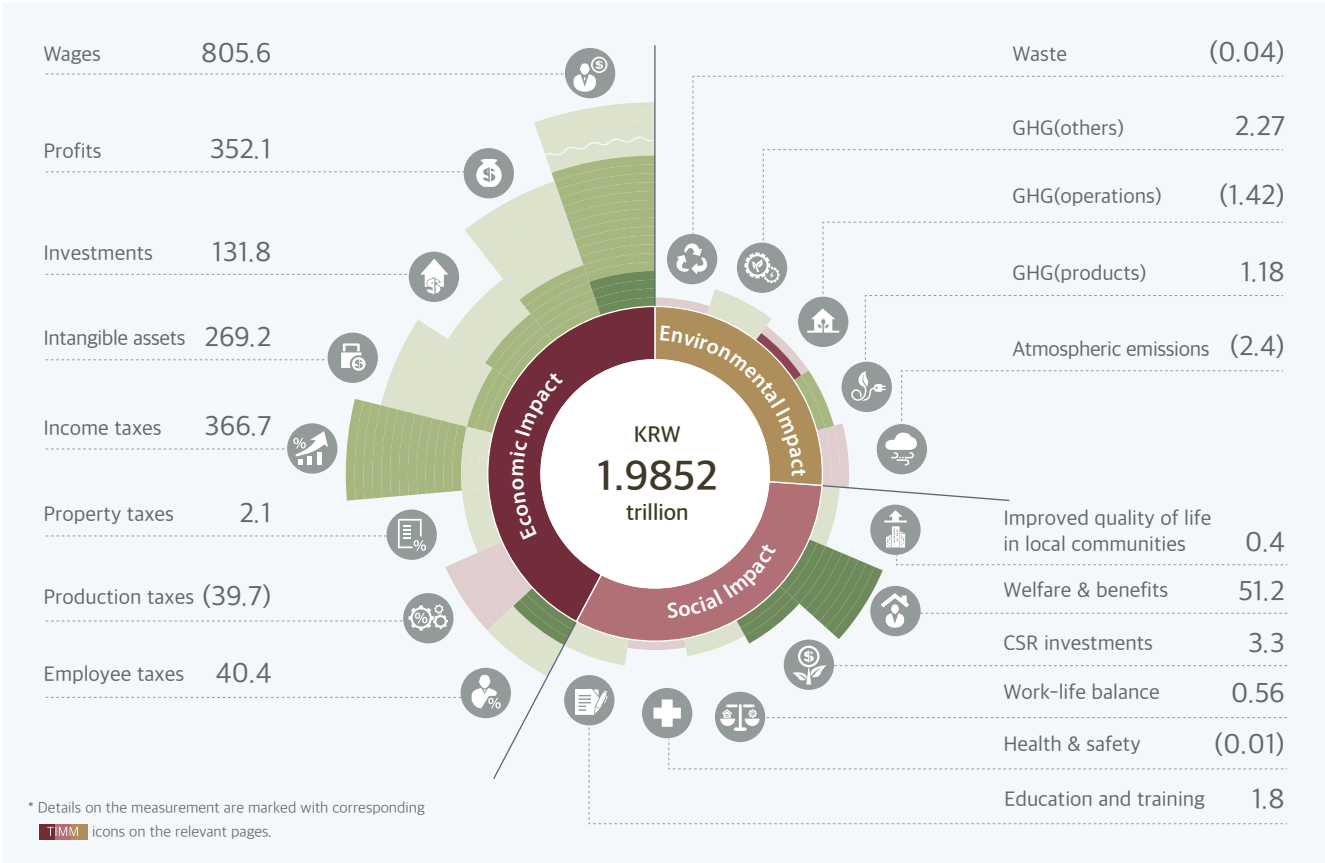
6) PwC methodology document, Valuing corporate environmental impacts(2015) / GHG emissions scenarios IPCC

7) W. Kip Viscusi and Clayton J. Masterman, 2017, "Income Elasticities and Global Values of a Statistical Life", \*J. Benefit Cost Anal., 8(2):226-250 / PwC methodology document, Valuing corporate environmental impacts(2015)

8) 2018 Automobile Energy Consumption Rate Analysis, Korea Energy Agency / 2020 Automobile Mileage Statistics, Korea Transportation Safety Authority

9) 2015 air emissions in the household sector(GHG), Korean Statistical Information Service

### 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.

#### CASE STUDY

### 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 matters and black carbon as well as GHG emissions. This also reduced the time that local people spent on preparing firewood by more than 50%<sup>3)</sup> 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

 KRW **161** million

#### Improved quality of life for Manaung Islanders

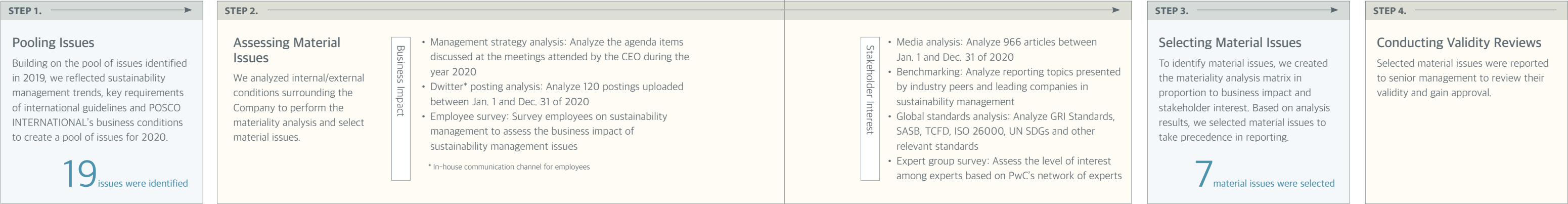
 KRW **408** million



## 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



### 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 Respecting Employees, which represent stakeholder expectations that employees are the source of corporate competitiveness that are duly entitled to safe and satisfactory work conditions. Meanwhile, 'Responding to climate change' also emerged as a new material issue, and we are willing to share with our stakeholders our activities to efficiently use energy and reduce GHG emissions.



Material Issues in 2020	Total Ranking	Change in Ranking
Expanding and changing the business structure	1	-
Respecting human rights and prohibiting discrimination	2	▲4
Creating a great work environment	3	▲7
Securing and managing sustainable suppliers	4	-
Reinforcing employee health and safety	5	▲11
Facilitating active stakeholder communication	6	▼1
Responding to climate change	7	▲4

#### 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
- Endorsing environmental initiatives
- Ensuring fair performance evaluation and reasonable compensation
- Improving the soundness of corporate governance
- Reducing environmental impact at workplace
- Promoting biodiversity and environmental protection
- Improving customer satisfaction

### Material Issues and The Reporting Boundary

6 Focus Areas	Material Issue	Stakeholder <sup>1)</sup>	GRI	SASB <sup>2)</sup>	TCFD Recommendation <sup>3)</sup>
		123456			
Enhancing Business	Expanding and changing the business structure	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>	GRI 201 Economic Performance	-	Strategy, Risk Management
Respecting Employees	Respecting human rights and prohibiting discrimination	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>	GRI 412 Human Rights Assessment	-	-
Respecting Employees	Creating a great work place	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>	GRI 401 Employment	-	-
Reinforcing Ethics Management	Securing and managing sustainable suppliers	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>	GRI 102 Organizational Profile	Supply Chain Management	-
Respecting Employees	Reinforcing employee health and safety	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>	414 Supplier Social Assessment	Employee Health & Safety	-
Communicating with Stakeholders	Facilitating active stakeholder communication	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>	GRI 102 Stakeholder engagement	-	-
Advancing Eco-friendly Management	Responding to climate change	<div><div></div><div></div><div></div><div></div><div></div><div></div></div>	GRI 305 Emissions	Greenhouse Gas Emissions	Metrics, Targets

Impact of material issues on stakeholders was categorized into Most Significant(■), Significant(■), Less Relevant(■)

1) 1 Shareholders/investors, 2 Customers, 3 Suppliers, 4 Employees, 5 Local communities/civil organizations, 6 Governments/international organizations

2) Material issues defined by the Sustainability Accounting Standards Board

3) Task force on Climate-related Financial Disclosure

# SUSTAINABILITY MANAGEMENT STRATEGY

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.

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 competitiveness of our strategic business and consistently improve our business model as a Globally Integrated Corporation to drive customers' growth and development.

**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.

**POSCO INTERNATIONAL**

## RISKS & OPPORTUNITIES

### RISKS

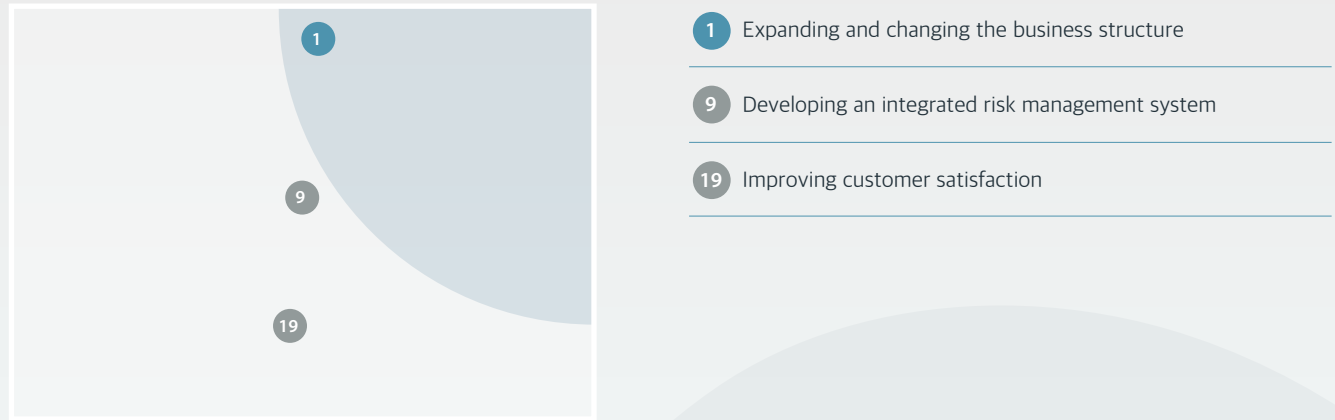
- Degrading trade and commercial environments amid the spread of COVID-19
- Fluctuations in international economic indicators(F/X, commodity prices)
- Shifting trends in international trade CPTPP<sup>1)</sup>, RCEP<sup>2)</sup>
- Aggravating commercial environments in line with sluggish demand in the 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

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


## POSCO INTERNATIONAL's TOPIC



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

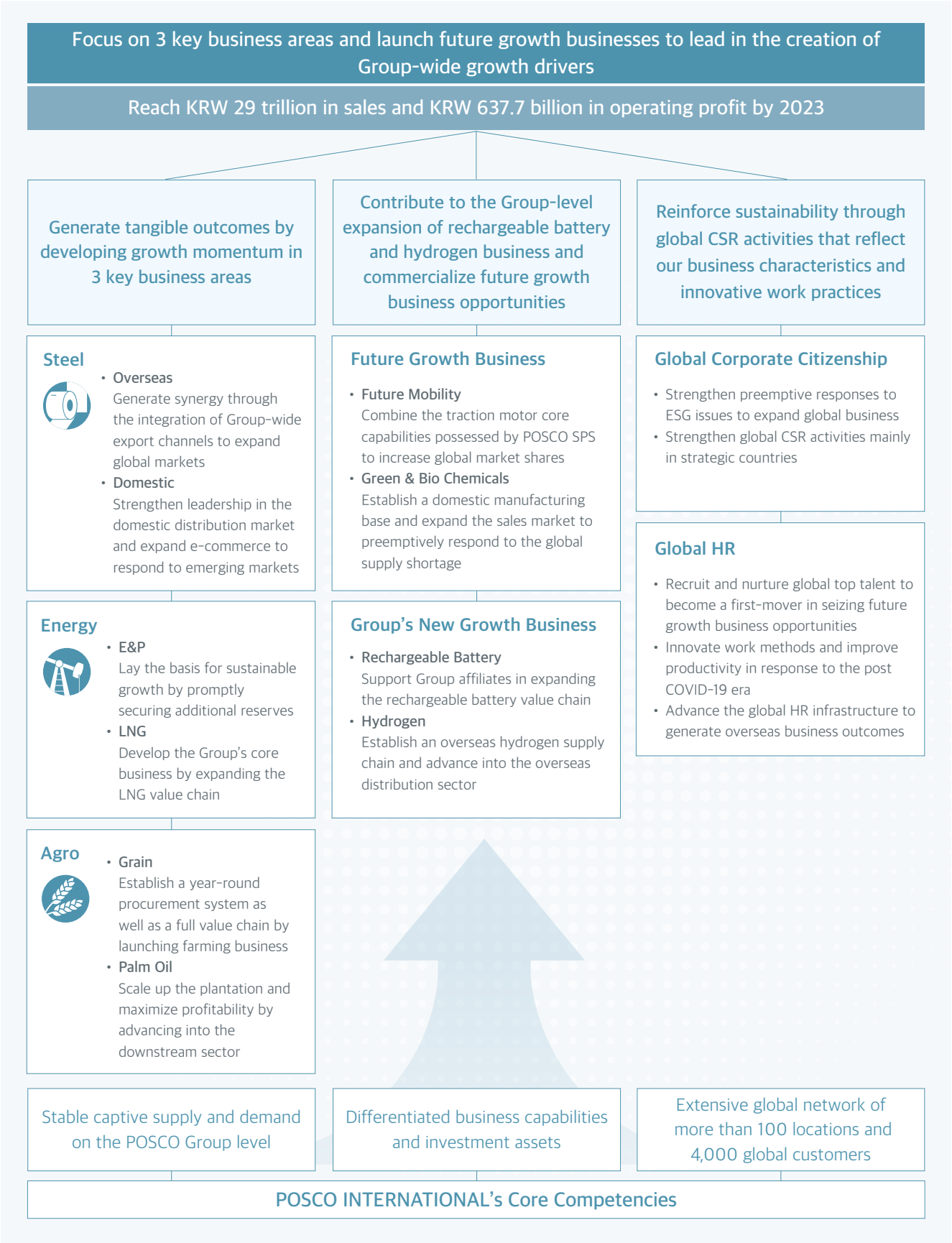
Issue	GRI Topic	Relevance to Financial Performance	Relevance to Non-financial Performance
1	201: Economic Performance	• Improve on the low growth/profitability inherent in our structure as a Globally Integrated Corporation	• Increase business longevity by rapidly responding to changing business conditions
9	102: Strategy	• Avoid monetary losses by preventing risks concerning trade and investment business	• Improve corporate credibility by increasing non-financial risk management capacity
19	201: Economic Performance	• Increase sales by reinforcing the global network and sales basis	• Strengthen trust-based relationships with customers

OUR COMMITMENTS

Focus Area	2020 Plan	2020 Achievement	Evaluation	2021 Plan	Mid/Long-term Target
<div> Steel Business Group 1</div>	<ul style="list-style-type: none"><li>• Realign regional organizations and personnel to strengthen POSCO products' marketing capability in strategic markets</li><li>• Continue to explore joint overseas market entry models through collaboration with competitive Korean SMEs</li><li>• Develop business launching strategies through the newly-created 'e-Mobility Industry Strategy Task Force'</li></ul>	<ul style="list-style-type: none"><li>• Served as an advance guard in the global market to reach 7.62 million tons in sales and expanded the market served by posting 800,000 tons in sales in strategic emerging markets in Southwest Asia and Latin America</li><li>• Expanded the sales of green mobility materials including automotive HSS(High-Strength Steel) and the high energy efficiency electrical steel sheet Hyper NO</li><li>• Posted 120,000 tons in sales through collaboration with competitive Korean SMEs by supporting them in advancing into global markets</li></ul>	<div></div>	<ul style="list-style-type: none"><li>• Continue to expand the business boundary in the global market to increase the sales of POSCO products</li><li>• Engage simultaneously in selling and investing in new growth drivers(future mobility, wind/PV generation)</li><li>• Pursue shared growth through continued win-win partnerships with competitive SMEs in Korea and abroad</li></ul>	<ul style="list-style-type: none"><li>• Strengthen Group-wide marketing synergy to continuously expand POSCO brand's global steel markets</li><li>• Develop investment-linked trading and continuously develop new business opportunities to expand value chains across steel-consuming industries</li><li>• Secure new growth drivers by continuously developing new growth businesses and tapping into emerging strategic markets</li></ul>
<div> Steel Business Group 2</div>	<ul style="list-style-type: none"><li>• Strengthen the sales of POSCO products (target: 2.75 million tons)</li><li>• Diversify the business portfolio by expanding the cross trade of steel raw materials and developing new items</li><li>• Collaborate with domestic steel processors to expand export-driven business models and pursue shared growth</li></ul>	<ul style="list-style-type: none"><li>• Reached 2.92 million tons in sales by increasing market shares in the distribution market and expanding conversion sales</li><li>• Tapped into new markets by diversifying the raw material portfolio (closing the first cross trade deal on iron ore, iron scraps and others) and delivering the combination sales of slags and clinkers</li><li>• Acted on the Corporate Citizenship philosophy by increasing the sales of WTP steel in the global PV market and the sales of steel structures to Japanese construction companies through collaboration with SME customers</li></ul>	<div></div>	<ul style="list-style-type: none"><li>• Increase market shares through marketing tailor-made to respective markets and products</li><li>• Increase the cross trade of steel raw materials and expand the supply base to overseas Group affiliates</li><li>• Establish and expand the business of the steel e-commerce platform to respond to the contactless era</li></ul>	<ul style="list-style-type: none"><li>• Reinforce the basis for domestic steel sales and increase market shares</li><li>• Lay the basis for overseas business by increasing the cross trade of steel raw materials</li><li>• Expand iron scrap sourcing and supply capacity in line with POSCO's commitment to carbon neutrality and reinforce expertise as a raw material supplier to other Group affiliates</li><li>• Establish a sustainable profit structure through preemptive responses to changing market conditions</li></ul>
<div> Energy</div>	<ul style="list-style-type: none"><li>• Ensure the stable operation of the Shwe Project in Myanmar</li><li>• Succeed in exploring Block A-3 offshore in Myanmar</li><li>• Set Phase 3 development plans of the Shwe Project in Myanmar</li><li>• Participate in mid/small-sized development assets, new exploration business and LNG-linked asset ownership</li><li>• Expand LNG trading volume</li><li>• Develop LNG-linked mid/small-scale IPP business</li></ul>	<ul style="list-style-type: none"><li>• Posted 200Bcf in gas sales through the stable operation of the Shwe Project in Myanmar</li><li>• Found new gas discovery through Mahar-1 exploration well located in Block A-3</li><li>• Completed FEED* and Field Development Plan for Phase 3</li><li>• Submitted an LNG/IPP-integrated project proposal to the Myanmar government</li><li>• Reached 2.8 million tons in LNG trading volume</li></ul> <p>* Front End Engineering Design: Basic design performed prior to initiating the main part of development work</p>	<div></div>	<ul style="list-style-type: none"><li>• Ensure the stable operation of the Shwe Project in Myanmar</li><li>• Initiate production well drilling in Phase 2 and EPCIC* work for Phase 3</li><li>• Generate successful appraisal on Mahar gas discovery in Block A-3</li><li>• Participate in mid/small-sized development assets, new exploration business and LNG-linked asset ownership</li><li>• Sign long-term LNG sales contracts for Group's captive demand and engage in short-term spot trade</li></ul> <p>* EPCIC: Engineering, Procurement, Construction, Installation &amp; Commissioning</p>	<ul style="list-style-type: none"><li>• Complete Phase 2 &amp; 3 development of the Shwe Project in Myanmar</li><li>• Secure additional reserves</li><li>• Secure captive LNG demand to expand LNG procurement and sales</li><li>• Diversify the trading portfolio and Group-wide LNG business</li><li>• Expand the scope of IPP business</li></ul>
<div> Agro</div>	<ul style="list-style-type: none"><li>• Reach 8 million tons in agro handling volume</li><li>• Reach 100,000 tons in annual CPO production capacity</li><li>• Declare the NDPE policy</li><li>• Reach 1.3 million tons in turnover at the Ukraine grain terminal</li></ul>	<ul style="list-style-type: none"><li>• Posted 8 million tons in agro sales</li><li>• Exceeded the set target by posting 120,000 tons in CPO sales(120%)</li><li>• Declared the NDPE policy and published an implementation report in 2020</li><li>• Generated surpluses in the first year of operating the Ukraine grain terminal</li><li>• Increased the sourcing of Ukraine-produced grains by 1 million tons from 2019(1.4 million tons → 2.4 million tons)</li><li>• Brought the first shipment of 68,000 tons of feed wheat into Korea for Nonghyup Feed through the Ukraine grain terminal</li></ul>	<div></div>	<ul style="list-style-type: none"><li>• Reach 9 million tons in agro handling volume</li><li>• Reach 140,000 tons in CPO sales</li><li>• Achieve RSPO certification and publish NDPE implementation plans and reports for 2021</li><li>• Establish an inland procurement value chain in connection with the Ukraine grain terminal<ul style="list-style-type: none"><li>- Continue to build grain production/purchase/distribution assets and capabilities</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Establish a system to attain the mid/long-term goal of reaching 10 million tons in agro handling volume</li><li>• Expand the palm oil business and advance into the downstream sector</li><li>• Build a sustainable palm oil business model</li><li>• Diversity the business model within grain-producing nations to achieve stability in supply/demand of raw grains</li><li>• Build strategic partnerships with domestic/international customers to stabilize sales accounts</li><li>• Strengthen the portfolio through investments in grain infrastructure and import markets in the Americas</li></ul>
<div> Future Growth Business</div>	<ul style="list-style-type: none"><li>• Develop new markets for key products and identify new functional and green &amp; bio chemical business opportunities</li><li>• Diversify the product portfolio for major suppliers</li><li>• Increase EV traction motor core orders and expand battery pack-related investment business</li><li>• Expand Group-wide business and future mobility lightweight materials business</li><li>• Expand public procurement business in strategic countries</li></ul>	<ul style="list-style-type: none"><li>• Reached 1 million tons in sales of key products(synthetic fiber intermediates, rubber products) by tapping into Europe, Americas and other new markets</li><li>• Posted 13,000 tons in sales of green &amp; bio chemicals (biodegradable plastics, recycled materials)</li><li>• Expanded the scope of trading from general-purpose products into high-functional and eco-friendly ones</li><li>• Expanded overseas market entry with competitive Korean SMEs and posted KRW 220 billion in landing long-term orders for future mobility components</li><li>• Reached nearly 90% of the set non-ferrous metal business target at the Group-wide level in 2020(nearly KRW 140 billion)</li><li>• Expanded the copper business reliably by developing copper anodes, a new item of upstream toll processing</li><li>• Signed three contracts with the Indonesian National Police</li></ul>	<div></div>	<ul style="list-style-type: none"><li>• Expand the markets served by reinforcing the synthetic fiber value chain and increase the sales of functional green &amp; bio chemicals (PBAT, PLA, rPET, and rPSF, sales target: 22,000 tons)</li><li>• Review ways to advance into bioplastic manufacturing business</li><li>• Diversify the future mobility components portfolio and increase long-term orders granted(target: KRW 280 billion)</li><li>• Expand business for lightweight automotive components and materials and Cu/Al-based future mobility materials</li><li>• Establish a domestic market for lightweight future mobility materials(Al-based alloy steel)</li><li>• Establish an African-sourced supply chain for naturally-based cathode materials for POSCO Chemical</li><li>• Increase the handling capacity of cathode substrate materials for rechargeable batteries</li></ul>	<ul style="list-style-type: none"><li>• Expand investment-linked compounding and green &amp; bio chemicals business</li><li>• Lead the automotive components &amp; materials and future mobility business</li><li>• Strengthen the value chain-linked business and Group-wide synergy</li><li>• Maximize synergy through strengthened Group-wide collaboration on cathode/anode raw materials and materials</li><li>• Advance into the copper-based electrification materials segment on the basis of the internal competency of motor core business</li><li>• Launch business optimized for traders in the future mobility materials sector</li></ul>

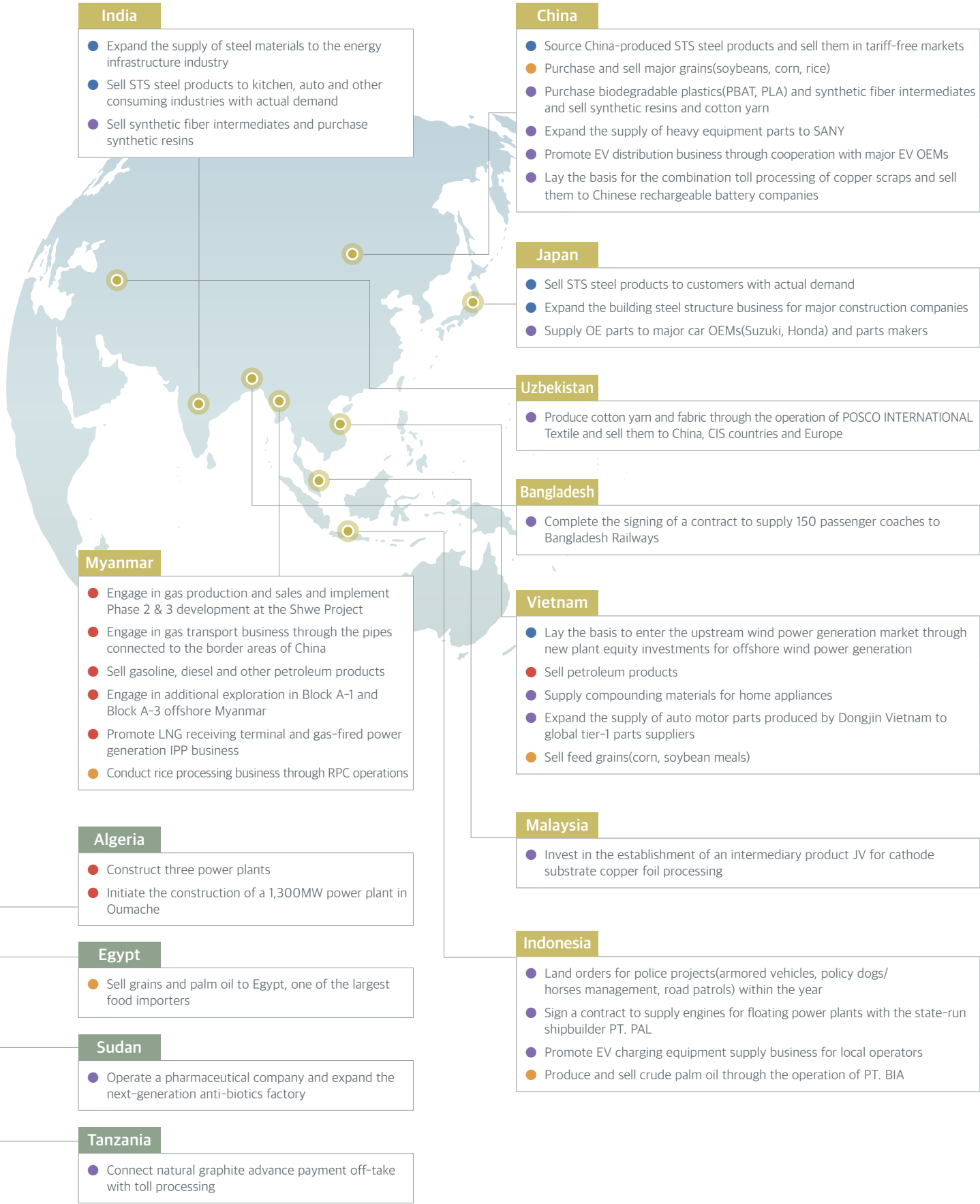
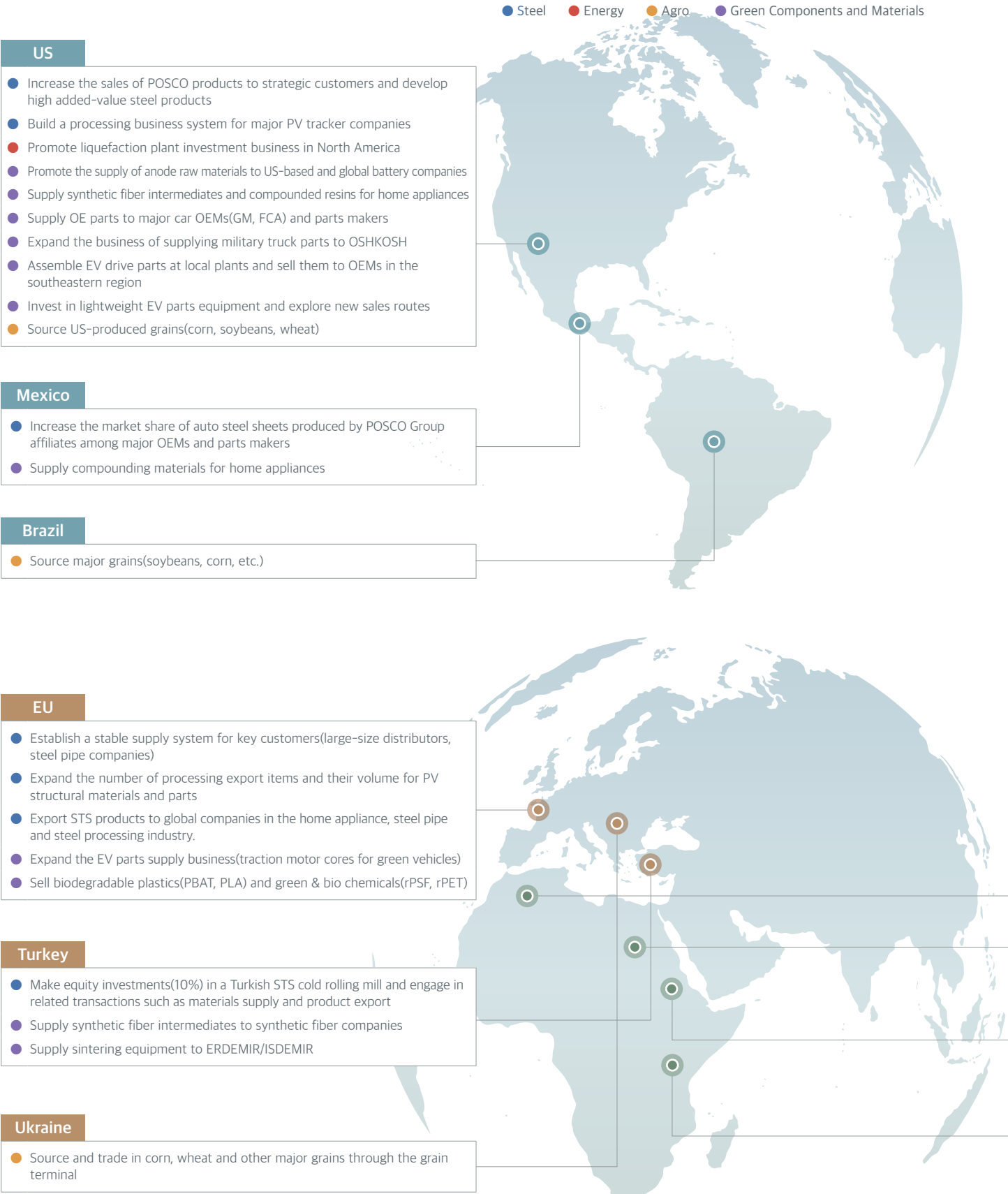


## Mid-term Strategic Direction





Status of Business Operations by Strategic Country



## 2020 Business Performance

The accelerating globalization of the world economy and the blurring boundaries of different industries through the convergence of business-es are providing general traders with greater growth opportunities than ever based on diversity and openness. 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 Corporation, 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.

First,

We have created a growth roadmap for our three key business areas to lay the basis for the creation of a balanced profit structure.

Our steel business secured alternative markets in such emerging strategic markets as Southwest Asia, Lat-in 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 preempt-ively respond to the 2050 carbon neutral economy while building an online trading platform to expand the domestic e-commerce customer base to flexibly respond to internal/external market changes. Our energy business proceeded to attain the target of securing additional reserves as planned by discovering Mahar prospects in Block A-3 offshore Myanmar, and is engaged in consultations to secure new promising gas fields by taking advantage of oil prices declining amid the economic downturn. In line with the con-tinuously increasing global LNG demand, we are expanding our trading volume and establishing our value chain including receiving/export terminals according to our growth roadmap. Our agro business has reached eight million tons in annual trading volume, emerging as a new growth driver for both us and POSCO Group. Our Ukraine grain terminal initiated its operation at the end of 2019 and expanded its operating volume in 2020 earlier than planned based on stable operations. This also allowed us to supply 60,000 tons of feed corn for the domestic market to contribute to our national food security. Our plan is to expand the value chain to inland storage and transport facilities to complete an efficient grain procurement system in the Black Sea region. Meanwhile, our Indonesian palm oil business has exceeded the set sales target and is now fully generating profit. We adopted the NDPE policy and has followed procedures to achieve RSPO certification to render our palm oil business sustainable.

Second,

We have improved our profitability through reinforced risk management and financial soundness even amid global uncertainties.

As the scale of our business has expanded with various global partners, unexpected risks and insolv-en-cy issues have also inevitably increased. Before the break out of COVID-19, we stringently evaluated the credit ratings of our customers and managed bond risks by setting the size and duration of loans. In making investment decisions, we also perform far more stringent validations on profitability and market scalability and review strategic suitability. This enabled us to dramatically reduce non-recurring losses and asset impairments that had occurred for years and to improve profitability as a result. In addition, we improved on inefficiencies in our financial structure through re-financing with a focus on strengthening fi-nancial soundness in relation to our Myanmar hotel business, Ukrainian grain terminal and other overseas investment assets. The Headquarters also established management stability with 164% in debt-to-equity ratio by reducing borrowings and managing working capital expenses.

Third,

We, as a global corporate citizen, have continued to fulfill our social responsibility and advance sustainability management.

We continue to support local communities facing difficulties amid the COVID-19 pandemic. We donated di-agnostic kits and medical devices to healthcare institutions in Myanmar, Ukraine, Indonesia and Uzbekistan in addition to local children centers and immigrant youth education institutions in Yeonsu-gu, Incheon, Ko-rea where we are located. Our Pro Bono volunteer group consists of employees who bring their expertise in law, finance and other expert areas to serve as mentors for social enterprises to help with their substan-tial growth. Our global marketing collaboration portal helps us collaborate with Korean SMEs and venture firms in their advancement into overseas markets. This enabled a Korean venture company to export its COVID-19 diagnostic kits, and a subsidiary of Seoul Techno Holdings to sign a contract with us to validate the commercialization of oil and gas exploration data processing technology to facilitate the domestic E&P market, expanding the value of collaboration and win-win partnership along the way. Last but not least, we were rated A+, and honored with the Grand Prize in the Best ESG Companies cate-gory by the Korea Corporate Governance Service for two consecutive years. We were also ranked No. 1 in the general trader category in the Korean Sustainability Index and awarded the Sustainability Management CEO Award at the Korea Sustainability Awards 2020 hosted by the Korean Standards Association.

## Statements from the Heads of Groups

We will identify ESG risks in implementing our strategy to grow three key business areas to prepare for such risks and strengthen the sustainability of the Company.

**Min-Young Noh**  
CFO, Corporate Strategy & Finance Group

In 2021, we will create new growth momentum by fully following up on our growth roadmap and advancing into future growth businesses 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-debt financing. The sound financial structure established as such will surely contribute to the sustainable growth of the Company. The funds that we raised by issuing ESG bonds as the first to do so in the trading industry will go to renewable energy, future mobility parts and other green businesses. We will also contribute to win-win cooperation funds that intend to support SMEs and shared growth to practice our management philosophy. Furthermore, we will thoroughly identify and proactively prepare for ESG risks that may arise in implementing our diverse growth strategies so that all our employees are fully aligned to improving the sustainability of the Company.

We will disseminate a corporate culture of creativity and innovation and provide a safe, great workplace even amid the on-going rapid transformation.

**Sung-Su Han**  
CAO, Corporate Management Group

We are committed to providing a safe, great workplace by disseminating a corporate culture of creativity and innovation amid the rapidly-shifting business landscape. In 2021, we are re-deploying our ERP system and introducing global collaboration solutions to improve our IT environment and adopt innovative work practices, elevating the work efficiency of our employees. We flexibly respond to changing conditions by recruiting top global talent, developing training content for locally-hired staff, and providing real-time online training while developing talent who will lead our entry into new markets. We will continue to strengthen the fairness and transparency of our HR system and increase the employment of people with disabilities to assist them in gaining independence, practicing the Corporate Citizenship philosophy in so doing. Potential company-wide legal risks will be identified and preemptively managed, and full efforts will be made to resolve disputes to minimize potential losses. We will also reinforce the engagement of internal/external stakeholders and communication with our employees to strengthen our stakeholder communication strategy and improve our corporate value.

We will evolve into a global top steel trading organization through qualitative and quantitative growth of the Company.

**Key-In Lee**  
COO, Steel Business 1 Group

We supply semi-finished products, hot-rolled steel, automotive steel, green energy steel and other diverse steel products with a focus on POSCO products to our partners across the globe, and all our employees are doing their utmost to deliver total steel solutions along the global value chain. Under the vision of 'Global Top Steel Business Maker', we will establish a network of 66 locations across 38 countries by 2030 to reach 17 million tons in steel handling volume. To this end, we will optimize POSCO's export channels and flexibly operate our market to raise our dominance in the global steel market while creating a stable profit base through the integration of qualitative and quantitative growth and pursuing shared growth with suppliers and customers. To tap into new markets, we will quickly dominate new steel-consuming industries, invest in future promising areas, and further our advancement into emerging strategic markets. We will also deliver social value through win-win partnerships with competitive Korean SMEs.

We will proactively respond to the shifting market landscape including the emerging green and contactless trends to brace for a sustainable future of the steel industry.

**Byung-Hwi Kim**  
COO, Steel Business 2 Group

We ensure the stable sales of cold/hot-rolled steel coils and plates in the domestic market, export STS products, and supply steel raw materials to POSCO and overseas manufacturing locations to improve their competitiveness in raw materials. We help competitive Korean SMEs facing difficulties in landing orders in overseas markets to increase processing exports and pursue shared growth to practice Corporate Citizenship. We will continue to increase our market share through tailor-made marketing by leveraging our global sales base while broadening our business territory from the sales of materials to processing and sales of multi-materials. In the green age, we will identify green energy projects and other new sources of steel demand, and increase the sourcing of steel scraps and develop green minerals in line with POSCO's carbon neutrality initiative. As contactless business models are emerging in the post COVID-19 era, we aim to expand online marketing through Steel Trade, our open market platform, to lead the domestic steel e-commerce market.

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

**Heung-Bum Yi**  
COO, Energy Group

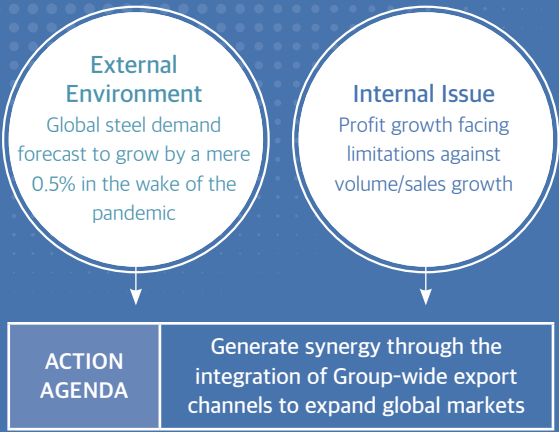
In accordance with the motto 'Green With POSCO' of POSCO Group, we aim to build a new green business model along the entire value chain to achieve carbon neutrality by 2050. We are considering the introduction of carbon-neutral LNG and investment in decarbonization and liquefaction assets in the short term, and are working to demonstrate Carbon Capture and Storage through our E&P technology and embrace green/blue hydrogen. Even amid COVID-19, we reliably operated the Shwe Project, and work is underway to develop Phase 2 & 3 of the project to maintain production. The new discovery in Block A-3 has paved the way to secure additional reserves, and we will secure new assets to reach 2.5Tcf in gas reserves by 2030. With regards to LNG trading, we have established an integrated portfolio based on captive demand from Group affiliates and spot trading volume under the Group-wide integrated LNG procurement system, and will secure affiliated infrastructure assets to strengthen our competitiveness in LNG sourcing. We will remain agile in responding to shifting conditions and contribute to the Company's growth into a future-oriented integrated energy company.

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

**Kyeong-Ryoung Koo**  
COO, Agro & Industrial Materials Group

We will move preemptively in implementing our agro business growth roadmap and solidify the basis for our strategic business. To this end, we will establish an inland procurement value chain in Ukraine, and extend the operation of our grain terminal to inland logistics, storage, processing and production to consistently strengthen our business. We will also acquire new palm oil plantations to expand our palm business. Such strategy has enabled 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 traction motor core orders, diversify our EV parts portfolio, and expand new business through investments in rechargeable battery materials to broaden our future mobility parts and materials business while becoming a first mover in the biomaterials market and laying the basis for green business in so doing. Our collaboration with competitive Korean SMEs in the green mobility sector will enable us to generate substantial outcomes and lead the creation of a green industry ecosystem, practicing Corporate Citizenship.

# STEEL

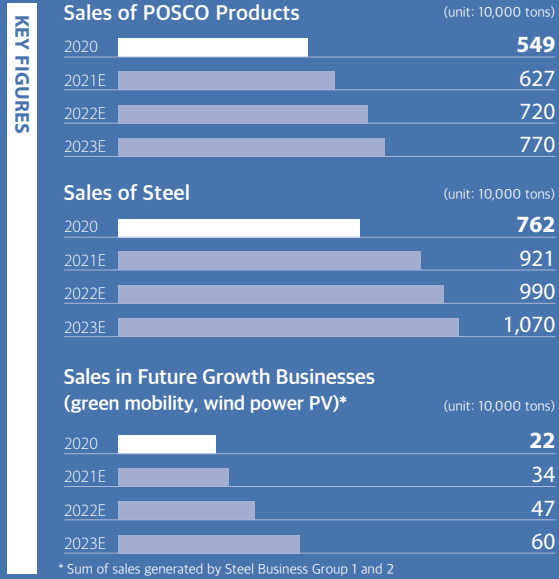


### Our Competitive Advantage

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 into overseas markets to build win-win business relationships and practice our Corporate Citizenship philosophy.



## STEEL BUSINESS GROUP 1



Advance marketing and strengthen collaborative partnerships to play a greater role within the global steel value chain

### 2021-2023 Implementation Plan

- Expand global markets for the POSCO brand
  - Develop marketing strategies aligned with Group affiliates and strengthen their execution to serve as an advance guard in expanding the markets served by the POSCO brand
- Strengthen partnerships with steel companies through cross-trade cooperation
  - Continue with strategic partnerships to maintain cross trade markets to protect POSCO products and markets against complementary goods
- Advance business by reinforcing marketing competencies
  - Improve the business group's growth potential and profitability by combining internal competencies and developing combination deals within the value chain

### 2021 Action Plan

- Increase the sales of POSCO products by strengthening Group affiliates' overseas cooperation network
  - Develop markets for POSCO products in 8 strategic markets with the steel marketing organization playing a central role in China, the US and other key locations, and strengthen collaborative synergy with Group affiliates
- Continue to form global steel partnerships with major steel companies by location/product on the basis of MOU signing
- Expand the Company's influence within the value chain by leveraging the commerce/logistics/marketing competencies of overseas corporations

### 2020 Achievement

#### Re-defining our role by optimizing POSCO's export channels and laying the basis to maximize synergy with Group affiliates

We have successfully reached six million tons in transactions aligned with Group affiliates in 2020 as a result of efforts made to respond to global market uncertainties and intensifying sales competition and to improve the marketing efficiency of Group affiliates. Steel Business Group 1's own mid/long-term development strategy was also developed by defining its '2030 growth roadmap' and conducting research on 'establishing the role of POSCO INTERNATIONAL and strengthening its sales competencies' with the POSCO Research Institute.



Build a preemptive response system for the future green energy industry

- Strengthen business execution capabilities along the entire industry value chain from the supply of steel materials and components to investment business by combining internal competencies for the green mobility industry
- Strengthen strategic partnerships with suppliers and increase orders awarded for new wind power projects to reinforce marketing competencies for the upstream wind power industry
- Advance investment-linked trading on the basis of PV material supply business and expand entry into the value chain

- Create Electrified Vehicles Steel & Parts Group under the direct leadership of the business group
  - Combine company-wide capabilities for the green mobility industry
  - Implement comprehensive response strategies from materials supply to production investment
- Maximize the sales of materials based on long-term contracts in the wind power industry, and review investments made with strategic suppliers
- Promote upper-tier(developer, EPC) collaboration in the PV value chain to gain certification for POSCO materials and establish a supply base

#### Creating a task force to develop strategies in response to the future green mobility industry to pave the way to advance into the industry

We create a task force to develop strategies in response to the future green mobility industry in order to combine our relevant capabilities and move quickly in seizing new business opportunities. 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.



Identify investment businesses, improve operational competencies and strengthen cooperation with competitive Korean SMEs

- Expand the business territory through investment in the value chain of consumer industries made with global strategic customers, and acquire improved value creation competencies
  - Focus on the identification of investment needs in steel-consuming future industries and improve investment/operation competencies
- Continue to tap into overseas markets in connection with competitive Korean SMEs and make joint efforts for market advancement and investment to practice the Corporate Citizenship philosophy

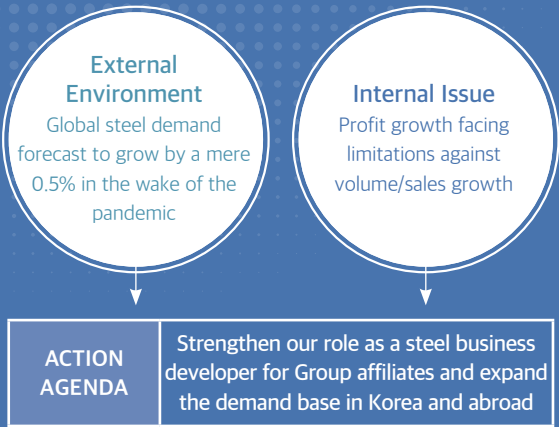
- Identify customer needs for logistics, processing or JIT and create greater value by leveraging the overseas steel network
- Identify investment opportunities and tap into new markets with strategic customers
  - Make joint advances into the hydrogen, parts and other industries
- Expand business with competitive Korean SMEs to broaden shared growth activities
  - Reach 150,000 tons in sales linked with such competitive SMEs as Haewon MSC and Hwan-young Steel IND

#### 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 Haewon 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.



# STEEL



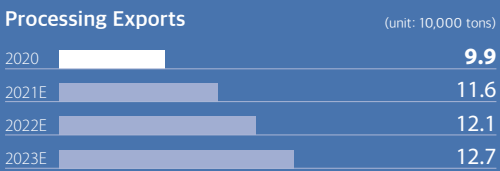
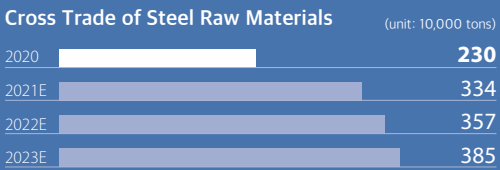
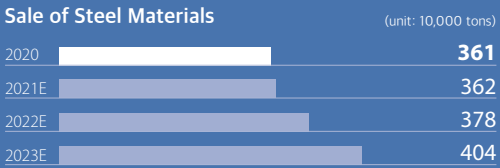
### Our Competitive Advantage

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 us 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 scraps 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 competencies to land orders overseas in exploring sales opportunities and building independent capabilities.

KEY FIGURES



## STEEL BUSINESS GROUP 2



Strengthen the sales base

### 2021 - 2023 Implementation Plan

- Increase market shares through tailor-made marketing by market/product
  - Expand tailor-made services through the supply of 'POSCO-produced+imported' packages and support for export market development
  - Increase the sales of construction steel through the use of processing capabilities and the supply of multi-materials
  - Strengthen the sales base to meet actual consumption needs

### 2021 Action Plan

- Expand the business territory through the sales of multi-material packages
  - Increase sales by expanding customers who purchase multiple items and landing combination orders for steel materials in connection with construction projects
- Expand processing export business through collaboration with competitive Korean small-sized manufacturers, and develop overseas markets for Korean customers
  - Pursue shared growth with competitive Korean SMEs through collaboration for high value-added processing exports including overseas construction/energy projects
- Expand business aligned with POSCO's STS production locations in Korea and abroad, and reinforce strategic partnerships with overseas STS mills
  - Export specialty products through collaboration with POSCO SPS
- Expand the operation of regional key processing centers to broaden the sales base for POSCO products

### 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 JinWoo Industrial, a Korean traffic signal system and structure manufacturer. We will build on this achievement to increase the adoption of PosMAC for traffic light supports, street 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.



Expand the construction steel value chain



Identify new growth drivers



Increase the cross trade of steel raw materials for business expansion

- Expand the sales of construction steel to tap into the construction market as the greatest steel customer (extend the value chain)

- Expand online marketing to lead the domestic steel e-commerce market
- Identify demand for steels and raw materials for new growth businesses in preparation for the green era

- Expand items for customers and suppliers to expand the steel raw material business
- Strengthen expertise in raw materials by increasing transactions diversified in supply sourcing for Group affiliates

- Increase package sales by leveraging large-scale project order-winning and sourcing capabilities
  - Strengthen responses through diverse product categories, target market expansion and concentrated marketing of conversion to direct material procurement of EPC
  - Strengthen interior/exterior material sales capabilities by providing composite material total solutions(non-combustible materials, titanium, glass)
- Develop manufacturing and processing demand by leveraging collaboration models with domestic customers
  - Increase package sales by expanding PV project supply items, and develop new global major customers
  - Develop overseas processing demand in Japan, Latin America and Australia through steel structure companies

- Develop content to expand steel e-commerce users
  - Establish a customer-friendly e-commerce platform
- Advance into the steel coil downstream sector and strengthen cooperation with competitive SMEs
  - Increase the application of PosMAC green steel materials for traffic facilities among local governments
- Identify new sales bases for offshore wind power and other future growth industries
- Review joint investment into Chinese iron ore and Japanese steel scrap yards
- Expand high value-added STS markets (mobile, home appliances) and develop STS demand for future industries

- Expand trade diversified in supply sourcing for POSCO and Group affiliates
  - Diversify the supply portfolio(minerals recognized for economic feasibility) to improve Group-wide synergy
  - Increase the sourcing of steel scraps to respond to low-HMR operations\*
- Develop new iron ore/scrap accounts and expand cross trade

\* Operational technology to opt for low-priced steel scraps over molten iron to reduce carbon emissions

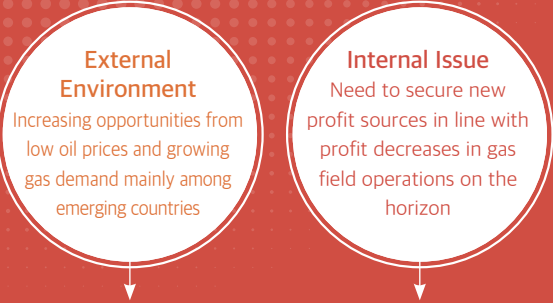
#### Paving the way for Korean resources businesses to advance into China

We diversified our customers and suppliers based on our domestic and international network, and expanded our steel material business in so doing. In partnership with Handuk Iron Mine & Construction, a domestic iron ore company who were facing difficulties in disposing of surplus volumes, we conducted usability tests with five steel companies and focused on identifying potential customers in China with our trading corporation in Beijing. This led to the signing of the first contract to export 5,000 tons of iron ore to China and paved the way for competitive Korean SMEs to advance into the Chinese market.

#### Landing a package order for INNOVILT exterior products for Pangyo Alphadom City

As buildings increasingly pursue the values of sophistication, non-structuredness, eco-friendliness, and reliability, the market of steel curtain walls and other high-end exterior materials is poised to enjoy a CAGR of more than 10%. We landed a package order for INNOVILT-branded steel curtain walls and exterior materials for the Pangyo Alphadom City Culture Valley Project. Building on our successful track records in winning orders for Parc 1 Yeouido and then Alphadom City, we will fulfill our role as a leader in the increasingly thriving construction steel market.

ENERGY



ACTION AGENDA	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
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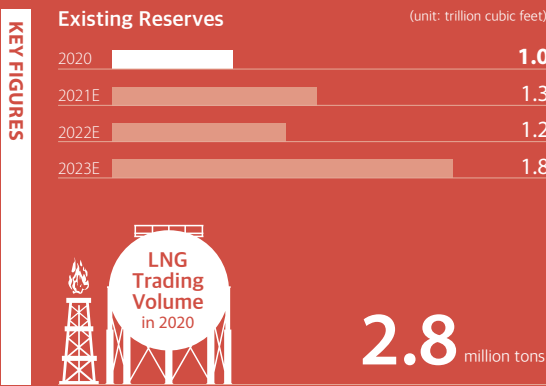
Our Competitive Advantage

We made Mahar 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 Rakhine state to lower GHG emissions and help improve the quality of life for community members, pursuing win-win partnerships with local communities.

KEY FIGURES



UPSTREAM (Existing)



2021-2023 Implementation Plan		
<div>Exploration</div> <ul style="list-style-type: none"><li>Generate successful assessment of Mahar gas discovery</li></ul>		
<div>Development</div> <ul style="list-style-type: none"><li>Complete Phase 2 development and proceed to Phase 3 as planned(to be completed in 2024)</li></ul>		
<div>Production/ Operation</div> <ul style="list-style-type: none"><li>Continue to generate profits through the stable operation of the Shwe Project in Myanmar</li></ul>		
2021 Action Plan		
<div>Exploration</div> <ul style="list-style-type: none"><li>Appraisal of Mahar discovery in Block A-3 offshore Myanmar and initiate new exploratory drilling</li></ul>		
<div>Development</div> <ul style="list-style-type: none"><li>Spud in drilling on 8 production wells in Phase 2 and initiate offshore EPCIC work</li><li>Sign an EPCIC contract for Phase 3 development and initiate work</li></ul>		
<div>Production/ Operation</div> <ul style="list-style-type: none"><li>Maximize gas sales through the stable operation of the Shwe Project in Myanmar</li></ul>		
2020 Achievement		
<div>Stable operation of Shwe Project in Myanmar and Success in Mahar gas discovery</div> <p>In the face of the COVID-19 pandemic, we doubly made sure to prevent infections and protect the safety of our employees, which enabled us to reliably operate the Shwe Project without major safety incidents(LTI) and exceed the initial target to post 200Bcf in sales. Harnessing our deep sea exploration capabilities accumulated through years of conducting E&amp;P business, we have identified new gas reservoirs in Block A-3 offshore Myanmar. The drill stem test performed in the Mahar exploration well showed that the productivity is expected to yield nearly 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 Mahar discovery, which will surely accelerate the completion of POSCO Group's energy value chain.</p>	<div>Securing new exploration and development assets</div> <p>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 gas fields across Indonesia, Malaysia and Australia, and our goal is to elaborate on our business plans and obtain exploration rights in 2021.</p>	<div>Integrating LNG supply to POSCO Group affiliates</div> <p>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.</p>

UPSTREAM (New Venture)

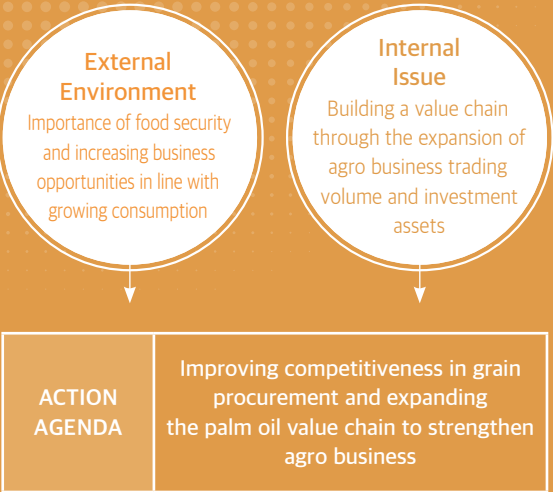


MID / DOWNSTREAM





AGRO



Our Competitive Advantage

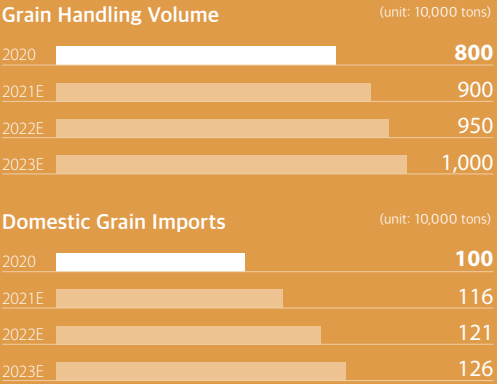
We are diversifying our markets mainly in Korea, China, Southeast Asia and MENA countries to expand our agro business trading volume. We have established our palm oil plantation development and mass-production system and are increasing sales in Indonesia, and our Rice Processing Complex(RPC) in Myanmar has initiated the operation of Factory 2 to 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 grain terminal to prepare for the increasing 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.

\* International certification for sustainable palm oil production

KEY FIGURES



VALUE CHAIN

Grain

Farming

- Complete the value chain in Ukraine
  - Establish an inland procurement value chain in alignment with the grain terminal (storage in grain-producing areas, transport facilities)
- 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

Oil & Oilseeds

Farming

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

- Scale up the business by acquiring palm plantations based on proactive responses to environmental and social issues
- Build a sustainable palm oil business model by raising the bar in implementing the NDPE policy

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 41,000 tons of this delivery were imported 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 food into Korea in the event of global food crisis, thereby growing our agro business into a significant contributor to national food security.

Execution Period : 2021 Mid-term Long-term

Inland Logistics/Export Processing

Trading/Import Distribution

Import Processing

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

- Continue with quantitative growth by upward adjusting the target volume for 2021
  - Develop new accounts including items, markets 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
- 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

- Normalize the RPC business in Myanmar
  - Ensure stringent purchase and production records management and systemize cost management(ERP deployment)
  - Build an optimal raw grain procurement system through the analysis of raw grains for their purchase performance during harvest
  - Promote long-term sales contracts with COFCO in China and secure stable operational volume
- 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)

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

CPO Extraction

Refining/BD

Import Distribution

- 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 biodiesel sectors to expand the value chain and secure stable sales accounts

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

PT. BIA announcing and implementing the NDPE policy

In March 2020, we became the first Korean company to announce the NDPE policy that set 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 mass-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 grating 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.

\* Preserve forests and ecosystems by implementing environmental conservation programs that offset the forest losses identified through the Land Use Change Analysis(LUCA)



# FUTURE GROWTH BUSINESS

Future Mobility, Green & Bio Chemicals, Hydrogen



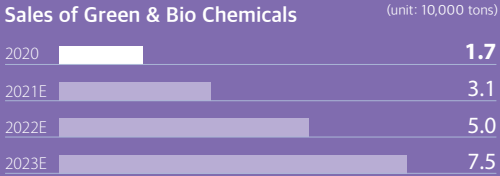
### Our Competitive Advantage

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 brace for 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 bioplastics and rPET, 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.

KEY FIGURES



## FUTURE MOBILITY



### 2021-2023 Implementation Plan

- |                       |  |
|-----------------------|--|
| Automotive Components | <ul style="list-style-type: none"><li>• Increase orders for future mobility businesses<ul style="list-style-type: none"><li>- Expand the traction motor core business and increase new EV components business with emerging OEMs</li><li>- Develop FCEV components business (metal separators, fuel cells, etc.)</li></ul></li><li>• Identify and nurture new businesses related to EV battery packs</li><li>• Increase exports with suppliers with core competencies<ul style="list-style-type: none"><li>- Maximize orders overseas based on the network in North America and Europe</li></ul></li></ul> |
| Non-Ferrous Metals    | <ul style="list-style-type: none"><li>• Advance into rechargeable battery recycling process material business(black powder for cathode precursors)</li><li>• Increase the supply of aluminum lightweight component materials</li><li>• Launch business for copper rectangular wires used for traction motors in the future mobility sector</li><li>• Establish a J/V to manufacture raw materials for copper foil</li></ul>  |

### 2021 Action Plan

- |                       |  |
|-----------------------|--|
| Automotive Components | <ul style="list-style-type: none"><li>• Increase orders awarded for future mobility business<ul style="list-style-type: none"><li>- Identify new customers for traction motor cores</li></ul></li><li>• Supply drive and electronic components to emerging OEMs</li><li>• Secure production bases of competitive SME suppliers by cooperating with overseas investment</li></ul>                     |
| Non-Ferrous Metals    | <ul style="list-style-type: none"><li>• Establish business bases to recycle process scraps and end-of-life battery materials in Europe and the Americas</li><li>• Build supply bases to Korean tier 1/2 future mobility lightweight component makers</li><li>• Launch initial-phase promotions on copper rectangular wires for OEMs and tier 1 component makers in Europe and the Americas</li></ul> |

### 2020 Achievement

#### Expanding future mobility parts business

Our Mobility Business Division won long-term future mobility parts supply contracts worth more than KRW 220 billion in 2020. We specifically cooperate with competitive SME suppliers in order to develop overseas customers continuously, 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 team up with Korean SME suppliers and Group affiliates to broaden our new business for metal separators and other FCEV components.

## GREEN & BIO CHEMICALS



- Advance into value chain-linked business in connection with ammonia trading
- 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 (PBS, PBAT, PLA)
- Establish and strengthen recycled raw materials(rPET, rPC) value chains in the key locations of North America, Japan and Europe
- Develop and expand Group-wide business
  - Businesses aligned with slag fertilizers, plastics, lightweight automotive composite materials, ammonia, graphene, etc.

- Strengthen supplier partnerships to increase the sales of functional rubber(SBS, LATEX)
- Increase the trading of ammonia and other industrial raw materials
- Develop future growth businesses in relation to green & bio chemicals
  - Invest in bioplastic production JVs
- Develop global business partners for rPET<sup>1)</sup>/rPSF<sup>2)</sup>
  - Develop business partners for rPET for food applications in developed nations(Europe, the US)
- Expand markets through the vertical integration of synthetic fiber intermediate business(PX-PTA-PET)
- Increase the global sales of made-in-China PBAT and PLA

1) Recycled PET  
2) Recycled Polyester Staple Fiber

#### Securing growth drivers to increase the sales of green & bio chemicals

Our Eco-Solution & Chemical Division generated solid profits by increasing the sales of upstream/downstream products of polyester, its existing main product item, as well as rubber products. We are securing new growth drivers by establishing a supply and sales network for green & bio chemicals, including but not limited to biodegradable plastics and recycled materials, in line with the emerging green trend.

## HYDROGEN



- |                |  |
|----------------|--|
| Green Hydrogen | <ul style="list-style-type: none"><li>• Develop promising suppliers mainly in regions with abundant renewable energy sources<ul style="list-style-type: none"><li>- Expand the territory of development from the Middle East and Australia to North and Latin America</li><li>- Develop supply business for third parties and Group affiliates by securing volume</li><li>- Strengthen procurement competencies by concurrently conducting logistics business</li></ul></li><li>• Identify new promising companies<ul style="list-style-type: none"><li>- Identify and collaborate with high-tech ventures and competitive SMEs in relation to hydrogen production/storage</li></ul></li></ul> |
| Blue Hydrogen  | <ul style="list-style-type: none"><li>• Develop regional suppliers who possess LNG and ammonia infrastructure facilities<ul style="list-style-type: none"><li>- Focus on development in Southeast Asia and the Middle East</li><li>- Solidify our position in the blue hydrogen sector by strengthening independent CCS* competency</li></ul></li></ul>  |

\* Carbon Capture and Storage

- |                |   |
|----------------|---|
| Green Hydrogen | <ul style="list-style-type: none"><li>• Develop leading businesses in the Middle East and Australia<ul style="list-style-type: none"><li>- Develop regional leading businesses to focus competencies on</li></ul></li><li>• Concurrently conduct development-focused business<ul style="list-style-type: none"><li>- Focus on in-house development in addition to equity participation in developing business</li><li>- Develop new hydrogen business in Southeast Asia</li></ul></li><li>• Develop business in Southeast Asia and Latin America in addition to existing business areas</li></ul> |
| Blue Hydrogen  | <ul style="list-style-type: none"><li>• Elaborate on demonstration business in Southeast Asia<ul style="list-style-type: none"><li>- Compare businesses by country and make choices</li><li>- Coordinate Group-wide R&amp;D and hydrogen supply schedules in line with demonstration business</li></ul></li><li>• Review CCS commercialization<ul style="list-style-type: none"><li>- Analyze CCS competencies and develop business models</li></ul></li></ul>  |

#### Expanding hydrogen business

Our Energy Business Division has signed an MOU with Origin Energy of Australia to jointly develop green hydrogen business, and is currently developing detailed implementation plans. In addition, consultations are underway with Petronas, a state-run energy company in Malaysia, to cooperate on blue hydrogen business on multiple fronts. We are expanding such partnerships into Russia, the Middle East, and North/Latin America.

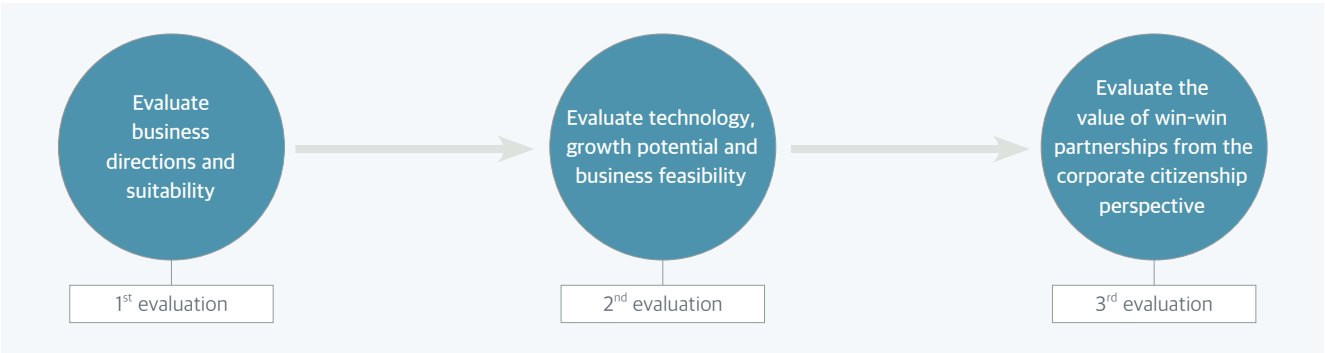
## Support for SMEs and Venture Businesses

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 mutually-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



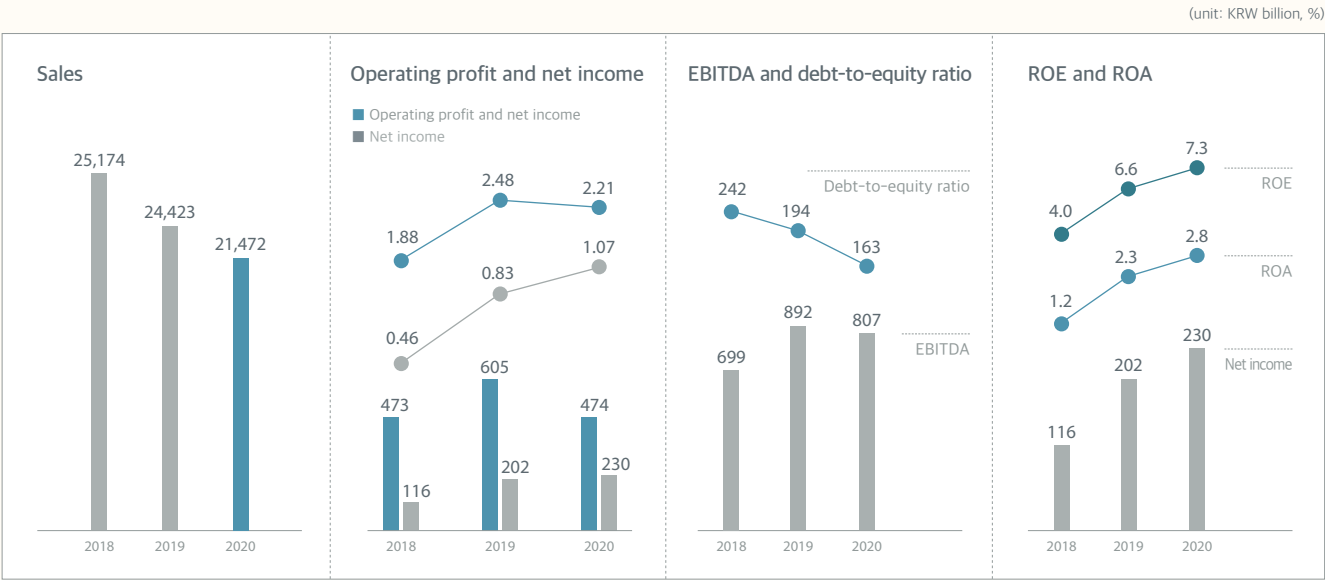
#### Support Provided and Operational Performance

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.

Collaboration Partner	Support Service	2020 Achievement
Social venture firms in future business areas(future mobility, bio, healthcare)	Joint business development	Companies that joined the portal <b>281</b> companies
SMEs and venture firms cooperating with POSCO Group for shared growth	Support for branch establishment	
POSCO INTERNATIONAL's business areas(steel, energy, agro, chemical/parts and materials)	Buyer brokerage	Collaboration partners <b>119</b> companies
	Overseas business training	
	Overseas office spaces	
	Locally-based export counseling (interpretation/transport)	
	Exhibition support	
	Introduction to overseas standards/certification agencies	

## 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 1.1186 trillion thanks to our continued efforts to reduce our working capital. In line with decreasing borrowings, our debt-to-equity ratio fell by 30.43%p from the previous year. In addition, growth in net income led to year-on-year increases in such profitability indicators as ROE and ROA.



#### Distribution of Economic Value TIMM (as of Dec. 31, 2020, on a consolidated basis, unit: KRW million)

Stakeholder	Category	2018	2019	2020
Shareholder & investor	Total cash dividends	74,025	86,362	86,362
	Interest expenses	146,164	141,244	98,489
Government	Income tax expenses	70,756	134,461	103,676
Local community	Donations	1,889	1,098	1,836
Supplier	Cost of goods sold	23,285,363	22,157,555	19,154,607
Employee	Employee wages	210,929	245,720	274,412

**Jay JH Ryu**, Senior research fellow at Mirae Asset Securities

**INTERVIEW**

The growing scale of ESG bond issuance can be positively viewed from the capital market perspective. Such bonds are issued to serve specific purposes, and investors naturally grow their expectations on improved transparency in the execution of funds. This demands that issuers stringently manage their fund implementation since any failure to do so may result in a downgrade in credit ratings in the financing market and make it difficult for such companies to secure additional funding over the long haul. This is why meticulous designs and execution plans should be in place even from the financing phase. One of the reasons why ESG bonds issued in Korea are mostly environment-related green bonds is that these bonds present relatively clear issuance standards. As guidelines for social bonds or sustainable bonds are clarified, this will further expand the ESG financing market. If the increased issuance of ESG bonds results in greater transparency in fund execution, this will eventually create a virtuous cycle where credit ratings improve for the issuer company and shareholder value is elevated.

[POSCO INTERNATIONAL became the first in the trading industry to issue ESG bonds in March 2021, and plans to use the funds raised for renewable energy and EV parts business. When a private sector company issues ESG bonds as such, what would be its positive impact on the company and society at large in the mid to long-term?](#)

TCFD Report

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

Governance

**a** Describe the board's oversight of climate-related risks and opportunities.

**b** Describe management's role in assessing and managing climate-related risks and opportunities.

At POSCO INTERNATIONAL, work is underway to create the ESG Council to engage in integrated company-wide discussions to systematically respond to climate-related risks over the mid/long-term.

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.

**Organizational Chart of the ESG Council**

Head of Corporate Citizenship Bureau(Chair)

Corporate Citizenship Bureau (Assistant Administrator)

Corporate Planning

Investment Strategy

International Finance

Human Resources

Legal

Communications

Strategy Departments of each Sales Group

Overseas worksite/ investment corporation

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

Strategy

**a** Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

**b** Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

**c** Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

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

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

Area

Risk

Opportunity

Steel

**Transition risk**

■ Increasing purchase prices in line with rising manufacturing costs for steel makers that stem from tightening carbon regulations on the steel industry

■ Strengthening sales competitiveness through the reliable procurement of GIGA Steel and other lightweight, high-performance steel from POSCO

■ Growing demand for steel equipment in response to the expanding global wind/PV business

■ Increasing sourcing and sales of steel scraps in response to low-HMR operations

■ Supply of low carbon minerals(pyroxene) that contribute to reducing carbon emissions and improving the productivity of the furnace

Energy

**Transition risk**

■ Declining demand for natural gas in response to growing demand for renewable energy from the long-term perspective(2050)

■ Expanding natural gas/hydrogen business on the basis of the government's 9th electricity/hydrogen roadmap policy

■ Expanding natural gas business for its relatively smaller environmental impact compared to other fossil fuels

■ Decreasing carbon emissions from hydrogen/CCS business

Agro

**Transition risk**

■ Increasing expenses in complying with the NDPE policy for palm oil business, RSPO, ISPO and other applicable regulations

■ Increasing possibility of countries taking protective measures in line with growing market fluctuations and decreasing production

**Physical risk**

■ Change in food production and production areas in line with abnormal weather events and global warming

■ Growing demand for traders that have established highly efficient storage and transport processes(contributing to the reduction of land and water consumption for producers)

■ Reducing by-product treatment expenses and energy costs through by-product-based biomass energy production

■ Securing carbon emission credits through the introduction of by-product-based biomass energy sources

■ Attracting government incentives based on performance in using by-products and used oil

Green Mobility

**Transition risk**

■ Weakening market competitiveness in line with failure to promptly develop technology amid intensifying technology competition

■ Increasing technology business expenses in line with growing demand for new technology in the automobile industry

■ Increasing development of and investment in green automotive components for their sustainable growth potential

■ Increasing business opportunities for parts, products, and services that meet the needs of the shifting automotive industry structure

■ Increasing demand for green mobility and parts

■ Increasing associated business opportunities including ESS aligned with the improved recycling of end-of-life EV batteries

■ Possibility to secure country-level subsidies for hydrogen/electric vehicles

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

TCFD Recommendations

Governance	1	3	Risk Management
Strategy	2	4	Metrics and Targets

1

The organization's governance around climate-related risks and opportunities

2

Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

3

How the organization identifies, assesses, and manages climate-related risks

4

Metrics and targets used to assess and manage relevant climate-related risks and opportunities

Risk Management

**a** Describe the organization's processes for identifying and assessing climate-related risks.

**b** Describe the organization's processes for managing climate-related risks.

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

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

**Risk and Opportunity Identification Process**

STEP 1. →

STEP 2. →

STEP 3. →

STEP 4. →

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

**Implementation Plan**

Business planning(1 year)

Mid-term strategy(3-5 years)

Investment review(long-term)

Reflect climate-related risks and opportunities in developing business plans at respective business groups

Reflect climate-related risks and opportunities in developing company-wide, Group-level mid-term strategies

Reflect climate-related risks and opportunities in reviewing investment decisions including business feasibility assessments

Metrics and Targets

**a** Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

**b** Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

**c** Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

To manage climate-related risks and opportunities, we are monitoring the GHG emissions and energy consumption of POSCO SPS as well as the Headquarters. Our total GHG emissions and total energy consumption amounted to 60,446tCO<sub>2</sub>e, and 1,236TJ respectively in 2020.

**GHG Emissions**

(unit: tCO<sub>2</sub>e)

Category	2018	2019	2020
Scope 1	17,294	13,631	12,835
Scope 2	51,810	48,979	47,611
Total <sup>1)</sup>	69,098	62,604	60,446

**Energy Consumption**

(unit: TJ)

Category	2018	2019	2020
Direct energy(fuel)	329	236	240
Indirect energy(electricity, steam)	1,067	1,013	996
Total <sup>1)</sup>	1,391	1,234	1,236

**Plan** We will raise funds by issuing ESG bonds, which will then to go PV, biomass and other renewable energy businesses and EV parts business. In March 2021, we became the first-ever trading company in Korea to issue ESG bonds.

\* Based on the Headquarters and POSCO SPS  
\*\* The 2020 data represent the first certification outcomes from the Ministry of Environment, and may vary from final certification outcomes.  
1) The sum of emissions and consumption each shows discrepancies due to trimming at the last digits.



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 raised 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.

POSCO INTERNATIONAL

OUR COMMITMENTS

Focus Area	2020 Plan	2020 Achievement
<div><div><div></div></div><div>Anti-corruption</div></div>	<ul style="list-style-type: none"><li>Launch campaigns to eliminate four unethical practices (bribery, embezzlement, information manipulation, and violation of sexual ethics)</li><li>Establish a culture of shared growth by registering and managing private-sector stakeholders</li><li>Expand ethics assessments and surveys on corporate culture that respects human dignity</li><li>Expand training to eliminate four major unethical practices for expatriates and global staff</li></ul>	<ul style="list-style-type: none"><li>Proceeded campaigns to eliminate four major unethical practices</li><li>Improved the process to register and manage private-sector stakeholders</li><li>Expanded ethics assessments and surveys on corporate culture that respects human dignity to overseas organizations (20 overseas corporations and 28 overseas offices)</li><li>Provided high-risk organizations with ethics awareness improvement training(16 organizations)</li></ul>
<div><div><div></div></div><div>Fair Trade</div></div>	<ul style="list-style-type: none"><li>Review the acquisition of ISO 37001</li><li>Implement pre-audits on private contracts</li></ul>	<ul style="list-style-type: none"><li>Performed pre-audits on private contracts(309 contracts in total)</li><li>Reviewed subcontract transactions to prevent the risk of regulatory violations</li></ul>
<div><div><div></div></div><div>Information Security</div></div>	<ul style="list-style-type: none"><li>Work to achieve ISMS certification</li><li>Elevate the level of data protection management at overseas corporations and offices</li><li>Ensure security for the virtual remote work environment</li></ul>	<ul style="list-style-type: none"><li>Achieved ISMS certification</li><li>Assisted overseas corporations and offices in elevating the level of their data protection management</li><li>Engaged in security enhancement activities for the virtual remote work environment</li></ul>

RISKS & OPPORTUNITIES

RISKS

- Increasing risks in line with tightening domestic and international regulations in relation to ethics management and fair trade
- Increasing risks from the failure to responsibly manage the supply chain

OPPORTUNITIES

- Establishing an ethical management system and improving corporate reputation through preemptive response to relevant regulations
- Strengthened quality and competitive edge in products and services through the establishment of a sustainable value chain
- Reinforced ethics management giving rise to new investment momentum

POSCO INTERNATIONAL'S TOPIC

11

4

12

4

Securing and managing sustainable suppliers

11

Complying with the Code of Ethics and Practice Guidelines

12

Complying with international norms and country-specific regulations

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

Issue	GRI Topic	Relevance to Financial Performance	Relevance to Non-financial Performance
4	414: Supplier Social Assessment	<ul style="list-style-type: none"><li>Increasing competitiveness of suppliers having impact on the quality and sales of products and services</li><li>Increase opportunities for order-winning and business expansion through responsible supply chain management</li></ul>	<ul style="list-style-type: none"><li>Pursue shared growth through improved sustainability of suppliers</li><li>Improve brand awareness through suppliers' fulfillment of due diligence obligation</li></ul>
11	205: Anti-corruption	<ul style="list-style-type: none"><li>Pay a fine in the event of regulatory violations</li><li>Suffer disruptions on business operations (e.g. suspension of operations) when the issue concerned is highly critical</li><li>Expand investment opportunities through improved trust</li></ul>	<ul style="list-style-type: none"><li>Suffer degradation in corporate reputation and brand value when conducting business in an unethical way</li><li>Prevent corruptive incidents within the organization and elevate employees' sense of pride and belonging</li></ul>
12	205: Anti-corruption	<ul style="list-style-type: none"><li>Pay a fine in the event of regulatory violations</li><li>Suffer disruptions on business operations (e.g. suspension of operations) when the issue concerned is highly critical</li></ul>	<ul style="list-style-type: none"><li>Suffer degradation in corporate reputation and brand value in the event of regulatory non-compliance</li></ul>

Evaluation	2021 Plan	Mid/Long-term Target
<div></div>	<ul style="list-style-type: none"><li>Expand ethics training for domestic/overseas organizations to raise ethics awareness</li><li>Extend the scope of ethics assessments and surveys on corporate culture that respects human dignity to include global staff at overseas organizations</li></ul>	<ul style="list-style-type: none"><li>Establish a global top-tier compliance culture</li><li>Develop a systemic prevention process to strengthen anti-graft and anti-corruption practices</li><li>Create a culture of Corporate Citizenship to promote trust and creativity through ethics risk management</li></ul>
<div></div>	<ul style="list-style-type: none"><li>Self-evaluate CP assessment items and improve on shortcomings to achieve grade A or above in CP assessments</li><li>Strengthen Fair Trade Compliance Council activities to practice fair trade and nurture internal fair trade experts</li></ul>	<ul style="list-style-type: none"><li>Strengthen the status review on signing of private contracts and making transactions with stakeholders and subcontractors</li><li>Strengthen prevention of subcontracting risks and consultation support for manufacturing worksites</li></ul>
<div></div>	<ul style="list-style-type: none"><li>Maintain ISMS certification through systemic information security management</li><li>Elevate the level of information security at overseas corporations and offices(Level 2)</li><li>Boost security for the virtual remote work environment</li><li>Establish a DDoS(Distributed Denial of Service) response system</li></ul>	<ul style="list-style-type: none"><li>Continue to improve the information security management system to ensure the security of customer and personal data</li><li>Respond to information security issues in line with changes in market conditions, regulatory requirements and IT environments</li></ul>

## Anti-corruption

POSCO INTERNATIONAL recognizes ethics management as a key pillar for corporate competitive-ness 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

#### Core Value



#### Operational Directions

Establish a Global Top-tier Corporate Culture of Compliance	
Preemptive Response to Risks	<ul style="list-style-type: none"><li>• Check risks</li><li>• Perform pre-work consultations</li><li>• Survey on a corporate culture that respects human dignity</li><li>• Offer counseling on ethical dilemmas</li></ul>
Shift in Employee Awareness	<ul style="list-style-type: none"><li>• Offer training on ethics and fair trade</li><li>• Launch campaigns on ethics and fair trade</li><li>• Provide tailor-made training to high-risk organizations</li></ul>
Cultural Dissemination	<ul style="list-style-type: none"><li>• Establish a culture of compliance with ethics and fair trade</li></ul>

#### 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



#### 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 so doing.

#### Practice Guidelines

Our Practice Guidelines that set the course of action for our employees to properly comply with the Code of Ethics 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.

✔ Practice of Ethics and Compliance with Law
✔ Duty of Good Faith and Fair Dealings towards Investors
✔ Protection of Environment and Preservation of Ecosystems
✔ Work-Life Balance for Employees
✔ Building Win-Win Relationships with Business Partners
✔ Protection of and Respect for Human Rights
✔ Creation of Customer Value and Building Trust
✔ Contribution to the Country and Society
✔ <Appendix> Management and Operation of the Code of Ethics

#### Internal Control Policy

The Corporate Audit Department I constantly manages any non-compliance with applicable regulations and guidelines through the mechanism 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 Headquarters and overseas organizations by career level and department through online/offline trainings and campaigns.

#### Ethics Management Training Provided in 2020

(unit: No. of training courses and persons)			
		Courses	Attendance
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	1,105
	Ethics campaign	7	7,698
Overseas Worksites	Ethics training for locally-hired employees	1	137
	Ethics awareness improvement training for high-risk organizations	5	19
	e-learning on business ethics	1	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

(unit: No. of cases)			
Category	2018	2019	2020
Code of Ethics	1	12	34
Fair trade	39	32	12
Anti-graft Act	2	1	1
FCPA*	9	8	1
Others(workplace bullying, etc.)	3	7	4

\* Foreign Corrupt Practices Act

#### Prevention of Ethical Risks at Overseas Worksites

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 worksites.

### Unethical Behavior Reporting System

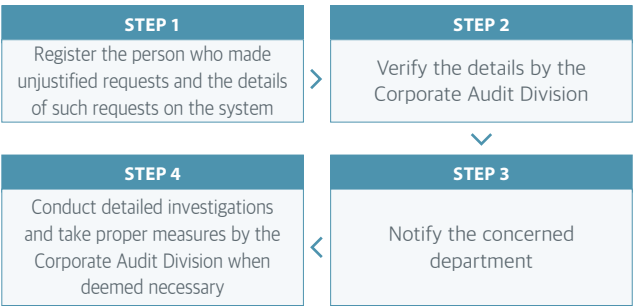
#### Clean POSCO INTERNATIONAL System

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 he/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 in so doing. Through such endeavors, the Company will surely become a corporate citizen trusted by stakeholders for its fair business conduct.

#### Protection of Whistleblowers

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

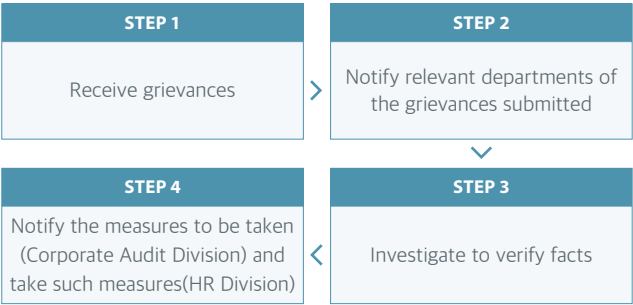
#### Operational Procedures of the Clean POSCO INTERNATIONAL System



Counseling and Reporting through the Grievance Mechanism

We operate the grievance mechanism for both internal and external stakeholders to freely raise their grievances on unjustified business practices on the part of our employees, unreasonable requests taking advantage of one’s dominant position, corruptive 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 disadvantages that may occur. Once a grievance is submitted, the relevant department takes proper measures and provides feedback.

Grievance Mechanism Procedures



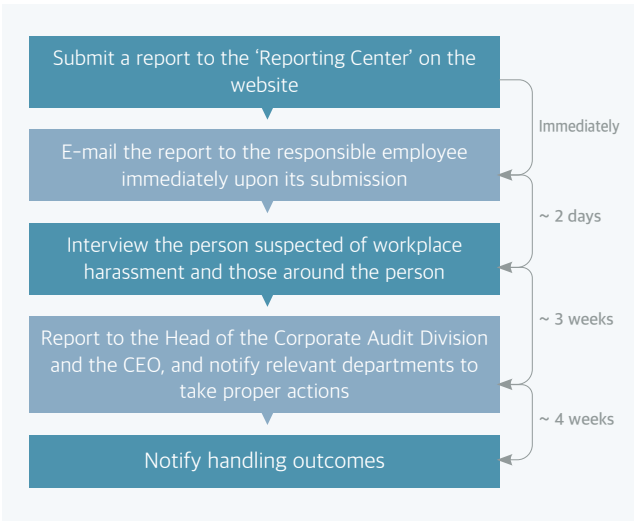
Grievances Submitted and Handled Under the Grievance Mechanism in 2020

Category	(unit: No. of cases, %)	
	Grievance	Handling Rate
HQ (including overseas organizations)	52	100
STS Division	1	100
TMC Division	0	-
Plate Fabrication Division	1	100
Total	54	100

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 treatment they experienced due to workplace harassment related to POSCO INTERNATIONAL. When a submitted report is confirmed to be valid, this is briefed to the Head of the Corporate Audit Division and the CEO in principle, 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 shorted 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.

Handling Procedures of the Workplace Harassment Report Center



Reporting Channel

Cyber Channel	Visit our official website(www.poscointl.com), go to Business Ethics and click on Reporting Center
Phone/Fax/Visit (Corporate Audit Division)	Tel: +82-2-759-2343 Fax: +82-2-2076-2641
Post	Corporate Audit Division, POSCO INTERNATIONAL, 165, Convensia-daero, Yeonsu-gu, Incheon, Korea, 21998

Supplier Code of Conduct

POSCO INTERNATIONAL is fully aware that responsible supply chain management forms an essential part of its corporate responsibility. We manage the environmental and social issues of our supply chain in accordance with the POSCO Group Supplier Code of Conduct, and provide our corporate resources to support the competency development of our supply chains and to pursue shared growth.

Supplier Code of Conduct

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



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 quality competencies. 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 impact 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 and implement countermeasures. In 2021, we established our own ‘Responsible Mineral Management Guidelines’ 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 Terminology
- Article 4. Organization, Responsibility and Mandate
- Article 5. Work Procedure
- Article 6. Documentation and Archiving

Responsible Mineral Management Process

We define the criteria for Conflict Affected and High Risk Areas(CAH-RAs), 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 CAHRA status, and verified for their RMI<sup>1)</sup> conformance through third-party due diligence. If they are evaluated non-conformant, they could be de-listed from our supplier registration system. For registered suppliers, we request their consent to ban the use of 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 C(M)RT<sup>2)</sup> 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 registration pool.

1) Responsible Minerals Initiative: A global consultation body formed to promote responsible mineral sourcing and supply chain management and to track down the origin of conflict minerals and perform monitoring and certification of producers using such minerals  
2) CMRT(Conflict Mineral Report Template)/CRT(Cobalt Report Template): Standardized templates created by the RMI to identify detailed information on responsible mineral sourcing



# Information Security

## Information Security System

In line with the increasing severity of data breaches, stakeholders’ demand for information security is also growing. POSCO INTERNATIONAL appoints the Chief Information Security Officer(CISO) 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 CEO(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 composed of information security and personal data protection personnel and department-level managers, and committee meetings, held under the supervision of 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 each quarter, and met four times in 2020 to share data protection improvement tasks as well as plans to achieve ISMS certification and their outcomes, and to discuss measures to boost data protection in relation to remote work.

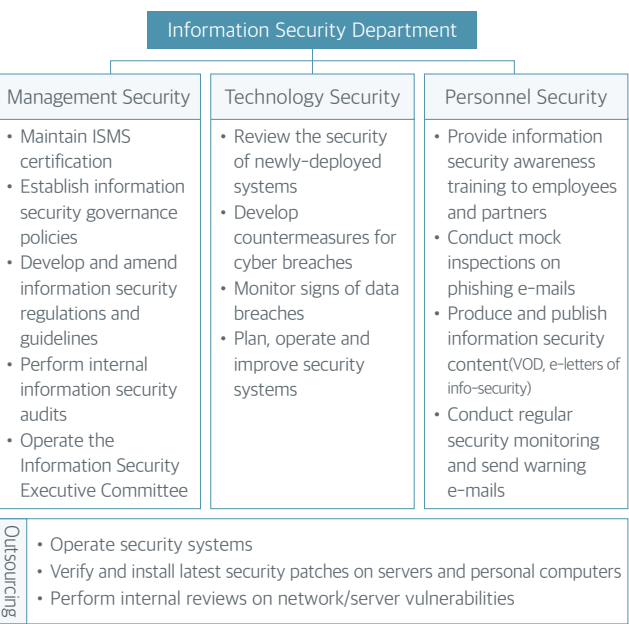
### Prevention of Security Breaches and Response Process

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.

## Improvement of Information Security Management at Overseas Corporations and offices

We are improving our information security management at overseas corporations and offices through the standardization of information security management activities. Standard information security management guidelines were developed, and information security items were added to management indicators for overseas corporations and offices. To ensure that employees at these overseas organizations safely use their personal computers and access the system, we have made it mandatory to install vaccine programs, perform regular assessments and use the Virtual Private Network(VPN).

Organizational Chart of Information Security Department



## 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, with the Working Committee developing 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 secu-

ity 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 receiving renewal audits every three years nearing the expiration of the certification. Furthermore, we will receive annual surveillance audits even during the validity period to take stock of our information security operations and make 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 obligated to complete annual online information security training, and offline training is also offered to new hires and returning expatriates. 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 regularly publish information security letters for employees and expatriates. 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 underscores the importance of creating a secure remote work environment. We have introduced an additional layer of authentication(QR code) in the user authentication process, and have reduced programs accessed 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

### 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 internally, the dedicated information security department makes instant responses in accordance with information security regulations.

INTERVIEW

Tae-Geon Kwon, Manager at the Information Security Department

What are the information security issues that are critical in the trading industry?

In line with the advancement of information technology, a large part of work domains is going online at most companies including traders. This in turn exposes us to increasingly diverse and far-reaching cyber attacks from the outside, including but not limited to e-mail scams and ransomware attacks. While the primary objective of such attacks was mostly to steal trade secrets in the past, we are witnessing various types of attacks today, such as e-mail frauds that steal internal information to intercept transaction payments, ransomware attacks to take a company’s critical information as hostage to ask for money, and theft of customer data to demand money for not exposing such data. As online business increasingly takes a large share of our operations, we have come to manage customer data in addition to our own internal data, and this highlights the need to create a reliable environment through information security activities. As the internal/external environments that surround us shift as such, we need to safely manage customer data as well as our own corporate data through systemic information security activities including regulatory compliance, and to prevent any damage that may occur in relation to information security.

What are the strengths of POSCO INTERNATIONAL’s information security system?

I would pinpoint system, flexibility and agility. For any company wishing to establish an information security system, their first and foremost priority is to identify the purpose of their business and set the direction of information security in alignment with this. In reflection of our business characteristics as a Globally Integrated Corporation, we are operating a systemic, flexible and agile information security system: 1) we quantify the importance of our information assets and external threats each year to develop countermeasures according to the level of risk and make improvements, and also develop area-specific response plans in the areas of management, technology and physical security, thereby ensuring systemic security operations; 2) we opt for segmented policies rather than ‘blanket’ security barricades to satisfy both information security requirements for information control and our business requirements as a trader to maintain 24/7 communication channels with external partners, ensuring flexible security operations in so doing; 3) we not only keep an eye on external trends but also swiftly identify and take measures for information security issues through our organically-aligned Group-wide information security response system.

# 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(CP) 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 compliance 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 varying 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 the course of their work.

### Core Elements of the Fair Trade Compliance Program

<b>Government Recommendation</b>	<ul style="list-style-type: none"><li>• Set and implement CP standards and procedures</li><li>• Announce CEO's commitment to and support for the CP</li><li>• Appoint the compliance manager to be responsible for CP operations</li><li>• Publish and use the compliance handbook</li><li>• Provide continuous and systemic CP training</li><li>• Build an internal monitoring system</li><li>• Take disciplinary actions on employees who violate fair trade-related regulations</li><li>• Evaluate effectiveness and take improvement measures</li></ul>
<b>Voluntary Operation</b>	<ul style="list-style-type: none"><li>• Create a fair trade compliance council</li><li>• Assess operational performance</li></ul>

### 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.



Fair Trade Compliance Council

## 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.



Named a Company with Compliance Program Excellence

## Fair Trade Internal Monitoring System

### Fair Trade Pre-work Consultation

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 preventive 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 according to our internal regulations. This supervision system allows us to prevent regulatory non-compliance from reoccurring, and no disciplinary actions were taken in 2020.

### Pre-audit on Private Contracts

We perform pre-audits on private contracts to establish fair trade practices. When a subcontractor is selected or purchases 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.



Information activity for 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, innovate our corporate culture, and rationalize 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.

### POSCO INTERNATIONAL

## RISKS & OPPORTUNITIES

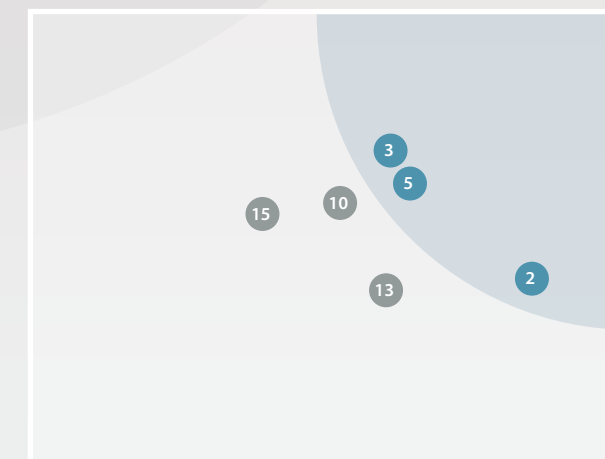
### RISKS

- 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



2 Respecting human rights and prohibiting discrimination

3 Creating a great work place

5 Reinforcing employee health and safety

10 Developing global talent(including global staff)

13 Ensuring the diversity of employees

15 Ensuring fair performance evaluation and reasonable compensation

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

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



OUR COMMITMENTS

Focus Area	2020 Plan	2020 Achievements	Evaluation	2021 Plan	Mid/Long-term Target
<div><p>Talent Recruitment and Development</p></div>	<ul style="list-style-type: none"><li>Set plans to develop a regular job rotation program</li><li>Increase employees' acceptance by improving the appraisal system</li><li>Introduce internships aligned with recruitment</li><li>Promote self-initiated career development</li></ul>	<ul style="list-style-type: none"><li>Created a job rotation program and internal transfer</li><li>Improved the effectiveness and acceptance of the appraisal system (mandated appraisal interviews three times a year, provided appraiser training, and improved the expatriate appraisal system)</li><li>Conducted a pilot run of recruitment-aligned internships to strengthen the personality and competency verification process</li><li>Strengthened employees' expert knowledge and working-level competency(created 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)</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Establish a stable job rotation system</li><li>Improve the appraisal system in line with changing work conditions(remote work)</li><li>Expand recruitment-aligned internships and strengthen their verification</li><li>Support methodologies to generate business outcomes and spread a conducive learning atmosphere</li><li>Establish the Design Thinking course(new business, project organization), and self-initiated learning(job training, know-how sharing)</li><li>Develop additional training content for global staff</li></ul>	<ul style="list-style-type: none"><li>Develop and recruit <math>\pi</math>-type talent* talent</li><li>Strengthen self-initiated career development</li><li>Strengthen the development of global staff</li><li>Build an English-speaking global work environment</li><li>Develop business talent who meet the needs of a Globally Integrated Corporation</li></ul> <p>* Convergence-oriented talent who owns cross-disciplinary expertise</p>
<div><p>Respect for Human Rights and Diversity</p></div>	<ul style="list-style-type: none"><li>Improve the compensation system for expatriates<ul style="list-style-type: none"><li>Improve on allowances and rent support by considering local living conditions, strengthen support for employees assigned to remote areas</li></ul></li><li>Increase the recruitment of people with disabilities(reach 3.1% by the end of 2020)</li></ul>	<ul style="list-style-type: none"><li>Improved the compensation system for expatriates<ul style="list-style-type: none"><li>Improved allowances and housing rental fees by considering local conditions</li><li>Improved treatment and HR benefits for employees working in remote areas</li></ul></li><li>Exceeded the set target of employing people with disabilities(3.2%)</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Create a great work place through innovative work programs</li><li>Increase the employment of people with disabilities through direct recruitment</li><li>Stabilize the early settlement of the compensation system for expatriates</li></ul>	<ul style="list-style-type: none"><li>Operate a compensation system that contributes to performance generation</li><li>Advance the global labor and compensation management system</li><li>Create a great work place</li><li>Reach 3.5% in employment of people with disabilities by 2025</li></ul>
<div><p>Workplace Safety</p></div>	<ul style="list-style-type: none"><li>Improve on old equipment and safety equipment</li><li>Improve employees' amenities</li><li>Improve the access control system for tighter security</li><li>Reach the set QSS performance indicator targets aligned with worksite-specific KPIs</li></ul>	<ul style="list-style-type: none"><li>Reinforced the health and safety management system<ul style="list-style-type: none"><li>Created a workers' council through the Plate Fabrication Division's Occupational Health and Safety Committee</li></ul></li><li>Improved on old equipment and safety equipment</li><li>Met QSS performance indicator targets aligned with worksite-specific KPIs<ul style="list-style-type: none"><li>STS Division: Improved on 34 daily tasks, 23 high risk manual work areas, and 3 improvement leader tasks</li><li>TMC Division: Improved on 22 daily tasks and 122 safety vulnerability areas</li><li>Plate Fabrication Division: Improved on 25 daily tasks, 135 safety vulnerability areas, and 3 improvement leader tasks</li></ul></li><li>Provided safety training to employees<ul style="list-style-type: none"><li>Provided safety training 8 times by inviting external instructors at the STS Division</li></ul></li></ul>	<div></div>	<ul style="list-style-type: none"><li>Achieve ISO 45001 at the Plate Fabrication Division</li><li>Continue to identify potential risks</li><li>Strengthen safety management for high-risk work<ul style="list-style-type: none"><li>STS Division: Introduce a pre-authorization system to gain Division Head's approval prior to performing high-risk work</li><li>TMC Division: Improve on major work-related risk factors (being caught or jammed, fall from a height, musculoskeletal disorders)</li></ul></li><li>Improve employees' safety awareness and strengthen safety management for supplier employees<ul style="list-style-type: none"><li>STS Division: Continue to provide special safety training by inviting outside instructors, and conduct one-on-one safety interviews with workers</li><li>Plate Fabrication Division: Produce and distribute UCC on safety topics</li></ul></li></ul>	<ul style="list-style-type: none"><li>Focus on the prevention of fatal injuries</li><li>Create an injury-free work environment through self-initiated safety activities</li><li>Prevent injuries by reflecting the voice of employees in the field</li><li>Continue to improve on safe equipment operation and work methods</li><li>Prevent risks affecting newly-deployed processes and equipment</li></ul>
<div><p>Corporate Culture Improvement</p></div>	<ul style="list-style-type: none"><li>Strengthen senior management's communication with employees</li><li>Assess leaders for their level of executing 'work methods' and make improvements</li><li>Create leadership competency improvement programs</li><li>Set a masterplan to build a corporate culture of creativity and challenge</li></ul>	<ul style="list-style-type: none"><li>Facilitated vertical communication among organizations<ul style="list-style-type: none"><li>Letter to the CEO</li><li>Discussions with the CEO</li><li>Reverse mentoring</li></ul></li><li>Operated leadership assessment and competency development programs for leaders<ul style="list-style-type: none"><li>Assessed their work methods and provided individual feedback</li><li>Offered leadership coaching(action learning methodology)</li><li>Provided leadership card news</li></ul></li><li>Set the course to create a corporate culture of creativity and challenge</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Set and implement a masterplan to create a great work place<ul style="list-style-type: none"><li>Conduct in-depth employee interviews with a focus on Great Work Place</li><li>Create a corporate culture of creativity and challenge with a focus on employee motivation</li></ul></li><li>Provide opportunity for communication and solidarity between senior management and employees<ul style="list-style-type: none"><li>Hold theme-based communication meetings with the CEO</li><li>Expand reverse mentoring</li><li>Hold townhall meetings at the business group level</li></ul></li></ul>	<ul style="list-style-type: none"><li>Reach the standards of global leaders in corporate culture<ul style="list-style-type: none"><li>Reach the higher end of the 80-point range in GWP score</li></ul></li></ul>

# 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 produced exceptional outcomes under this program 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 helped 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

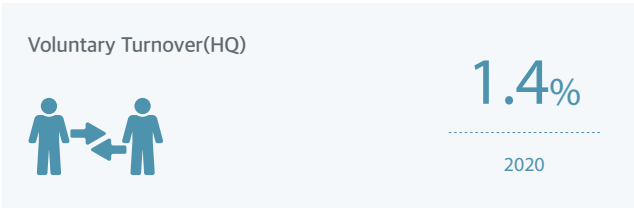
To promote the diversity of our workforce, we operate programs to give precedence to socially underprivileged individuals in the recruitment process, and this benefits applicants from multicultural or low-income families and those who are intellectually/physically challenged.

### 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 establish 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, from career levels and compensation to criteria for wage raises and recruitment processes to take into account their regional characteristics. Details of such consultations concern the introduction of performance-based compensation systems, the development of standards on pay raises in consideration of organizational performance and competitors' wage levels, and the adoption of personality/aptitude tests in the recruitment process.

Recruitment Data		(unit: No. of persons)
Worksite	2020	
HQ(including overseas organizations)	136	
STS Division	4	
TMC Division	46	
Plate Fabrication Division	6	
Total	192	
* As of Dec. 31, 2020		

Employee Data(HQ)				(unit: No. of persons)
Worksite			2020	
Domestic Worksite	Permanent	Male	907	
		Female	336	
	Contract	Male	15	
		Female	13	
	Subtotal		1,271	
	Overseas Worksite		8,329	
Total			9,600	
				* As of Dec. 31, 2020



## Appraisal and Compensation

### Basic Appraisal Policy

We operate the basic appraisal policy under the principles of objectivity and fairness so that individual employees are evaluated for their own work performance and competency. A group that consists of a small number of employees is evaluated separately to ensure fairness and prevent undue disadvantages while appraisal grades are segmented to better differentiate employees. We also operate development-driven appraisal programs to promote employee's competency development: two prime examples include a promotional point program, that quantifies addition/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 data aim to improve employees' acceptance of evaluation outcomes and further motivate them to advance into 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 expatriate appraisal 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 Headquarters. 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 global locations. This enabled us to provide a safe living environment for expatriates across all regions and countries, and to upward adjust treatment 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 hopeful 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 plan to 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 hour data for 2018 and 2019 were re-calculated based on the HQ in line with the spin-off of POSCO SPS into a subsidiary in April 2020.



\* Total training expenses fell as offline training declined while virtual online training increased amid the COVID-19 pandemic in 2020

### 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 response to rapidly-shifting external conditions 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

Training is conducted for group heads and section leaders to promote substantial change in the way 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 assessments are made on the way leaders work to understand perception differences between these leaders and their subordinates while leadership special lectures and workshops are hosted by area(organizational management, direction, reporting, meeting,

communication) to identify individual implementation tasks in the lecture/coaching phase. This is followed by professional leadership coaches providing continuous reviews and feedback on the identified tasks to encourage behavioral change.

### Training on the 4<sup>th</sup> Industrial Technology

AI expert courses are provided each year to nurture talented individuals and build future digital competitiveness in so doing. Attendees are selected through internal procedures to complete specialist courses on programming algorithms, data mining, and machine/deep learning through 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 regional expert program is designed to send talent to strategic regions to help them develop into regional experts knowledgeable about local languages and cultures. Under this program, seven employees and five employees were selected in 2018 and 2019 respectively and were sent to a total of six countries including China, Ukraine and Vietnam. In tandem with this, we operate the overseas study program, and have assisted 10 employees

in total in attending overseas universities as of 2020. The overseas internal transfer provides junior level employees with an opportunity to work at overseas locations(2-6 months) to improve their global competency while expanding our business including new business development. Since its launching, this program benefited 9 and 11 employees in 2019 and 2020 respectively. In 2020, however, only 2 out of 11 selected candidates were actually dispatched amid COVID-19, and this program will be fully resumed as this global pandemic completely subsides.

### 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 vision, and to help develop self-leadership for a positive and proactive professional life. These employees received celebrations 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 landscape, 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 proficiency grades of Chinese 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 semimonthly 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), Society(consideration and respect), and People(trust and creativity), 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 prior to their retirement. Our employees are provided with reemployment support service to fully endorse the enforcement ordinance of the Korean government's Employment Promotion for the Aged Act. Trainees receive two-day 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.

### Refresher Training

We provide training content on common job competencies to strengthen employees' work expertise and help them resolve issues or difficulties that may rise in the course of their work. Interviews were conducted to gather employee's ideas prior to designing training content(10 subjects(finance, law, investment and others) and 25 modules). Such content was then made available for anyone wishing to apply for and take courses, and is provided in real-time streaming format to promote learners' convenience.

### Sharing Business Cases

We arranged opportunities for employees to review previous cases of trade deals and engage in discussions. This resulted in improving employees' understanding on such cases and develop proper improvement measures. By sharing real-life cases, employees were able to better understand risks and share their ideas from diverse angles. Suggestions made through these discussions were all communicated to relevant departments to be used in improving our corporate policy.

### VOD Streaming

We leveraged an internal pool of experts to independently produce content that meets the pressing needs of employees in the areas of law or financing and is highly relevant to employees' work. Such content was made available on our in-house platform so that employees can learn at any given time and space. A total of 44 content modules were created with their number of views surpassing 5,000. In 2021, we plan to extend the breath of content to encourage even more employees to access.

### Training for Expatriates

Prior to assignment, our expatriates are provided with training focused on essential competencies concerning early local settlement, the discovery of new business opportunities, and leadership skills. Such training not only includes working-level OJT and rotation among relevant departments, language, leadership, businessman mindset, and trade business practices, but also preparations to make prior to departure, immigration-related issues and other details that could be helpful in quickly adapting to the new environment. Expatriates who finish their term and return to the Headquarters also receive training to take stock of the HQ's work system and the business environment that have changed during their stay overseas so that they quickly catch-up and generate performance.

### Internal Language Training

As a member of a Globally Integrated Corporation, our employees need to improve their language skills required for their business conduct. Not only do we operate quarterly in-house language tests and support our employee in paying for such tests, but also we provide all employees with internal language training including one-on-one phase-based learning and local language training for prospective expatriates. In 2020, 681 employees attended 37 courses addressing 16 languages in total, and employees benefited from their improved proficiency of local languages spoken in their responsible country.

Talent Development Goal and System

Develop Creative Business Leaders to Lead a Globally Integrated Corporation													
Goal													
Position	Mandatory Training					Selective Training	Elective Course						
						Job	Global	Others					
Executive (P11~8)	POSCO Insight		New CEO training New executive training		On-Boarding program for transferred executives and leaders	PLUM consilience training	Executive Forum	External CEO course	Support for the acquisition of qualifications(year-round)	PECT (year-round)	Congratulatory financial support for attaining the set goal in learning strategic country languages(year-round)		
Vice President (P7)			Executive development training									Leadership training for returning expatriates	Leadership School one-on-one coaching
Organizational Head/ Leader (P6~5)	Introductory group training for experienced hires	Introduction course for experienced hires	Training for expatriate candidates and local language learning	Training for returning expatriates									
Employee (P4~Pz)					Introductory group training for new hires	Introduction course for new hires	Mentoring for new hires provided 1 year following department assignment	Training for those promoted to Expert group	Case study and discussion on trading-related precautions	EMBA in China	Overseas master's degree/ MBA		



Global Staff Development

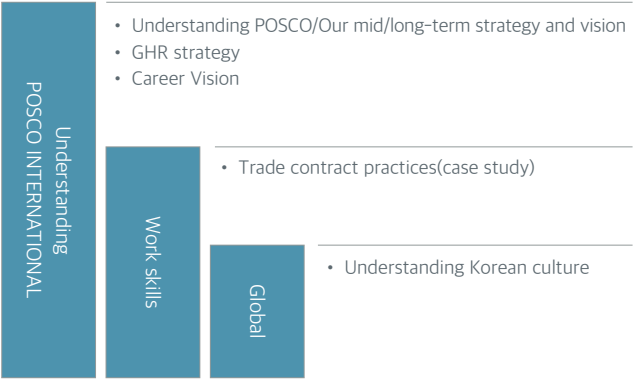
Talent Development Programs

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 existing offline training while quickly shifting to virtual online training to provide necessary training without causing any disruptions.

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.

Training Content for New Hires



HQ Offline Training

Our HQ 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 is also provided to selected global staff. In 2019, HQ offline training was attended by 52 new global staff members, 27 newly-appointed managers, and seven exemplary staff. Such training, however, moved online in 2020 amid COVID-19.

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 online discussions, leadership training, and understanding of different cultures, and each course is provided twice a day(day/night) in consideration of time differences. In 2020, three courses opened on such topics as communicating with Koreans, global business conditions in the pandemic era, and analysis of opportunities and risks.

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 discussions on varying topics, including but not limited to understanding the Company(POSCO Group history, management philosophy, POSCO INTERNATIONAL's vision and strategy, and GHR strategy) and global leadership(understanding Korean culture and career vision).

Global Staff Development Program Roadmap



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 invitation-based HQ training. This prompted us to operate internal e-learning programs to provide training content available at any given 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(Corporate 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(inquiry/expand 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 worksite 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 EP system that had been dualized between the HQ and overseas organizations was integrated into one single system to further promote communication.

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 global staff, this event is hosted 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 staff in real time the Company's news and to heed their voices. The Global Bulletin posts our CEO messages, news reports related to the Company, HR notices, upcoming trainings, and leadership materials all in English to provide global staff real-time access to corporate news. The HR Hot-Line serves as an official channel to receive all HR-related inquiries and/or suggestions concerning our global staff HR system and appraisal system as well as corporate culture from global staff through e-mail(globalhr@poscointl.com). The hot-line personnel maintain the confidentiality of those who submit their inquiries or suggestions and provide them with proper responses.

INTERVIEW

Akanksha Katoch, global staff from POSCO INTERNATIONAL India

How did you benefit in your working-level business practice from the deployment of an English-based IT system and a global work environment?

These have been quite helpful as I get to know what is going on in POSCO family, what is new in business area, and latest communication from the HQ HR department. The development of eHR or providing online applications has been a great initiative in reducing manual work and bringing 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 2019, and declaring the NDPE 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.

[Practice Guidelines for Protection of and Respect for Human Rights](#)

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 chains.

1 Relevant Risk

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.

2 Relevant Policies and Commitments

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 threat 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.

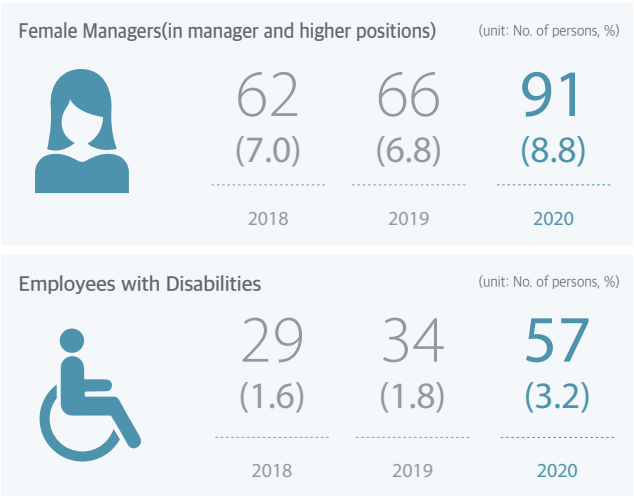
## Training to Prevent Human Rights Infringement

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.



## 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

**Improving Maternity Protection Programs** TIMM

In consideration of contingency management 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 1 million to KRW 2 million in line with the government's fertility policy to contribute to coping with low fertility rates.

Program	Before Revision	After Revision
Parental leave	1 year(legal standard)	Up to 2 years (up to 3 years in 2020 only)
Fertility treatment leave	1-day paid leave + 1-day unpaid leave	6-day paid leave + 4-day unpaid leave
Fertility treatment expenses	-	KRW 1 million per treatment(up to 10 times)
Prenatal checkup leave	Half day/month (paid leave)	1 day/month (paid leave)
Childbirth leave for fathers	3-day paid leave + 2-day unpaid leave	10 day paid leave
Childbirth grants	KRW 500,000 for the first child, KRW 1 million for the second child	KRW 2 million for the first child, KRW 5 million for the second child

Parental Leave Taken			(unit: No. of persons, %)		
Category			2018	2019	2020
Parental leave taken	Employees who took leave	Male	4	7	13
		Female	20	17	26
Return to work after parental leave	Employees who took leave	Male	4	4	5
		Female	6	15	14
	Employees who returned to work	Male	1	2	4
		Female	6	12	14
	Ratio of employees returning to work	Male	25	50	80
		Female	100	80	100



## 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.



2nd daycare center

## Workplace Safety

POSCO INTERNATIONAL is committed to keep all its employees safe and healthy. We build a robust safety management system and implement such a system across the entire workplace including partners and overseas worksites to disseminate a safety-first culture.

### Safety Management System

#### 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 worksites of our subsidiary POSCO SPS, have remained certified under the KOSHA 18001 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<sup>1)</sup>.

#### LTIFR and Severity Rate

Category	LTIFR <sup>2)</sup>	Severity Rate <sup>3)</sup>	Injury Rate <sup>4)</sup>	Near Miss Frequency Rate <sup>5)</sup>
HQ(including overseas organizations)	0	0	0	0
STS Division	0	0	0	0
TMC Division	3.44	0.41	1.38	20.0
Plate Fabrication Division	0	0	0	30.5

\* Based on the HQ and POSCO SPS  
1) TBM(Tool Box Meeting): Engage in on-site dialogue on safety measures with the supervisor playing a central role prior to initiating work  
2) No. of occupational injuries X 1,000,000 hours/Total hours worked per year  
3) No. of lost workdays X 1,000 hours/Total hours worked per year  
4) No. of occupational injuries X 200,000/Total hours worked per year  
5) No. of near miss incidents X 200,000/Total hours worked per year

#### POSCO SPS Safety Activity Program

STS Division	TMC Division	Plate Fabrication Division
<ul style="list-style-type: none"><li>• Hold Health and Safety Council meetings (monthly)<ul style="list-style-type: none"><li>- Including internal suppliers</li></ul></li><li>• Conduct one-on-one safety interviews between officers and their subordinates (weekly)</li><li>• Build a 24/7 safety supervision and monitoring system on high-risk work areas</li><li>• Host safety competitions (pre-work TBM, potential risk identification)</li><li>• Identify potential risks by process(weekly)</li><li>• Produce safety UCC and regularly watch safety tip videos</li><li>• Prevent chemical leaks by strengthening the safety of facilities handling harmful chemicals</li></ul>	<ul style="list-style-type: none"><li>• Hold Health and Safety Council meetings (monthly)</li><li>• Hold safety audit analysis meetings(monthly)</li><li>• Hold Occupational Health and Safety Committee meetings(quarterly)</li><li>• Offer offline training to raise suppliers' safety awareness(monthly)</li><li>• Conduct joint safety patrols with suppliers (quarterly)</li><li>• Operate win-win cooperation programs (year-round)</li><li>• Perform self-inspections on high-risk machinery and equipment by designated professional organizations (presses, cranes, pressure vessels, industrial robots)</li><li>• Perform precision safety assessments by research institutes and safety activities led by senior management</li></ul>	<ul style="list-style-type: none"><li>• Hold Health and Safety Council meetings (monthly)</li><li>• Hold Occupational Health and Safety Committee meetings(quarterly)</li><li>• Achieve ISO 45001 certification</li><li>• Upon identifying areas with safety vulnerabilities, perform complete inspections on similar areas and improve on vulnerable areas</li><li>• Take preventive activities in response to fire/explosion risks</li><li>• Produce safety UCC and use such content in offering safety training</li><li>• Undertake field-driven VM (Visual Management) activities</li><li>• Produce and distribute a safety video on POSCO's 6 safety rules</li></ul>

#### 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.



Firefighting drill attended by employees in preparation for emergency disasters

#### 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 participatory 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 CCTVs, 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 principle 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(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 departments and executives, and detailed targets and review procedures are operated in accordance with guidelines that reflect worksite-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 specified and is practiced to systematically enable employees to keep themselves safe. This methodology consists of work suspension, compliment, dialogue, agreement, dialogue 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 systemic 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 the 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 reoccurrence of such incidents and safety training was provided to employees, operators and drivers.



Before and after installing the collision avoidance device



Recommendation to use equipment when transporting materials



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.



Dedicated paper pipe insertion device

Back pressure device set-up jig

Identifying and Improving High-Risk Manual Work Areas

The STS Division identifies and improves high risk manual work areas to promote the safety of employees engaged in manual work. To prevent injuries such as being cut and jammed that are highly likely to occur given the characteristics of its work, the division has selected relevant items as the target of intensive safety management and improved on 35 issues on a total of 26 high risk areas. Updown cylinders were installed at the front and back end of the forming roll in transporting the tip of the strip from the Pay Off Rail(POR) to the welding machine to reduce the risk of the working being jammed due to the stream sagging that may occur during this transport process, and this helped the division protect workers from being jammed or cut.

Prevention of Noise-induced Illnesses

The STS Division ensures that its noise levels do not exceed the legal threshold across the entire process, which is verified by sharing work environment measurement outcomes with all employees. The division installed automatic earplug distributors at the entrance of its plant. The TMC Division operates noise-induced illness prevention programs to protect its workers from hearing impairments: earplug distributors were newly installed and all workers are mandated to wear earplugs when working, which helped reduce the noise level by 23dB. Furthermore, soundproof booths were installed for all presses along the entire process to improve the noise level by 30dB from 120dB to 90dB. The Plate Fabrication Division has also imposed an earplug mandate to prevent noise-induced illnesses affecting its employees.



Soundproof booth installed to prevent hearing impairment

Tailor-made Safety Training

POSCO SPS conducts safety training tailor-made to respective worksites 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 operator, 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 launches 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 each 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 also serve 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 protective equipment to all partners. In addition, respective processes performed by partners are evaluated for 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 Shwe Project in Myanmar, textile factories in Uzbekistan, and PT. BIA in Indonesia globally.

QSS Execution Direction



QSS Execution System

Support	
HQ (Corporate Culture Innovation Department)	Consultant (POSCO Group University)
<ul style="list-style-type: none"><li>Manage and support QSS activities by worksite</li><li>Support change management including training</li><li>Operate regular consultation meetings and performance sharing events</li></ul>	<ul style="list-style-type: none"><li>Perform on-site and facility assessments by worksite</li><li>Set the tone and lay the basis for innovation</li><li>Identify waste factors on the shop floor and coach on improvement and execution</li></ul>
+	
Execution	
Domestic and Overseas Worksites(3 in Korea, 3 overseas)	
<ul style="list-style-type: none"><li>Respond to on-site QSS assessments made by worksite</li><li>Develop and execute action plans in reflection of assessment outcomes</li><li>Discover and nurture working-level improvement leaders</li><li>Regularly share QSS outcomes</li><li>Benchmark each other among worksites(quarterly)</li></ul>	

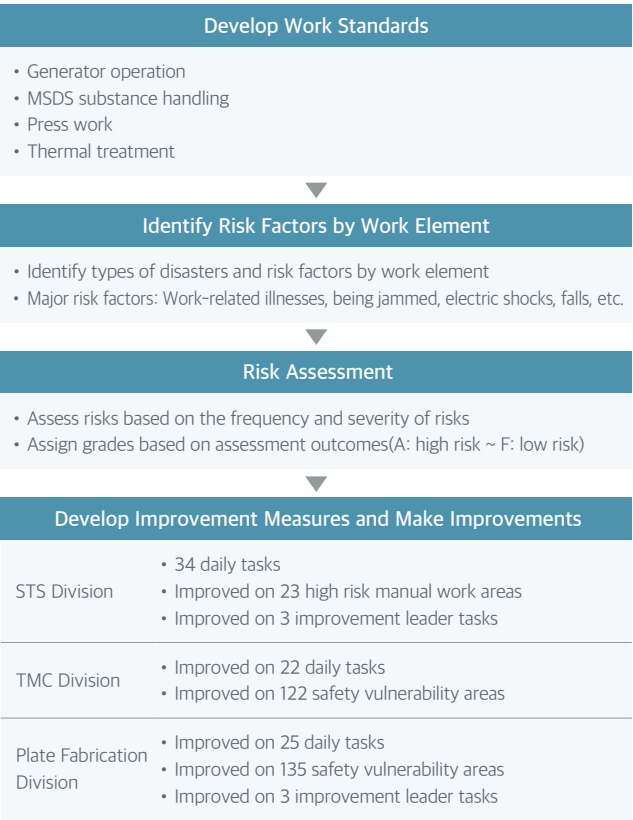
QSS Execution System

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 HQ-led 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 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(being 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 it the main target of improvement beginning with 5S activities in the second half of 2020. Improvement activities will be completed with the completion of a dust room.



Making QSS improvements by completing 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 5S activities to improve its work 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. 3 slitter 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.



Changing the layout of the equipment parts room

[Plate Fabrication Division] Automating the bevel equipment processing methodology

The existing beveling machines on the shop floor did not allow the bevel processing methodology of reverse-direction improvement. The division decided to modify parts of the machine to enable automatic reverse improvement work, 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.



Automating the beveling machine

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 activity 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 CAPL equipment and NG leaks. By preventing dust and impurities from entering precision material products, we made improvements on product quality and coil car oil leaks while reducing CAPL NG.

What is the main content of improvement leader training?

What are the areas where improvement leader training contributed to improving the efficiency of QSS activities and how helpful was it?

Won-Chang Lee, Staff at the STS Division

We are trained to pursue improvements on the waste factors and unreasonable 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 defining problems. The training was also significantly useful in improving on safety risk factors and organizing the surrounding environment to provide a safe workplace.

INTERVIEW

Making a Great Work Place

POSCO INTERNATIONAL is committed to creating an environment where its employees can unleash their potential to the fullest extent possible. To this end, we are improving our work methods and facilitating the Labor Management Council to build a sound organizational culture. We will proactively gather and reflect employee feedback through the P-GWP survey and by hearing the voice of our employees to deliver a truly 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)
HQ	Labor Management Council	7 members from labor and management respectively
STS Division	Labor Management Council	Ansan: 5 members from labor and management respectively Pohang: 3 members from labor and management respectively
	Labor Union(2units)	Ansan: 240 employees(76.7%) Pohang: 31 employees(83.8%)
TMC Division	Labor Management Council	4 members from labor and management respectively
	Labor Union(2units)	Cheonan: 61 employees(58%) Pohang: 84 employees(73%)
Plate Fabrication Division	Labor Management Council	3 members from labor and management respectively

Gathering Employee Feedback

We pay careful attention to the voice of our employees to reflect their feedback in our business operations. We support the activities of labor members of the Labor Management Council and include employee feedback in the council meeting agenda. Such efforts resulted in effective institutional improvements - paid leave on Day of Labor Management, welfare and benefits improvement, and the reduction of interest rates of the internal labor welfare funds as well as safety fund deposits. We conduct employee survey to provide flexible working environment including Flextime, work-from-home, and hub offices while operating a task force with the Human Resources Division to review their introduction and improvement of such systems.

HR and Labor Support for Overseas worksites

In 2020, COVID-19 posed structural limitations on on-site labor assessments and employee feedback collection. We provided our overseas corporations with advisory support on labor regulations in 2019. As this pandemic subsides, we will gradually extend the scope of our global labor management activities.

Making a Great Work Place

We conduct regular P-GWP(POSCO-Great Work Place) surveys and reviews to improve employees' job satisfaction. The points to be improved identified through these surveys are reflected in creating the action plans each year to become a Great Work Place. In 2020, training was provided to facilitate vertical and inter-organizational communication and to assess and improve leadership competencies for leaders.

P-GWP Survey

Each year, we conduct online P-GWP surveys and Focus Group Interviews(FGI) on employees to improve our corporate culture. While COVID-19 made it extremely difficult to engage in 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 90's and executives serving as mentors and mentees 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.

Annual Process of P-GWP

Online Survey	<ul style="list-style-type: none"><li>Analyze survey responses and identify superior/inferior factors</li><li>Analyze by career level and identify the level of organizational awareness</li><li>Identify key improvement factors for each component affecting GWP results</li></ul>
FGI of Employees	<ul style="list-style-type: none"><li>Target 20% of the total workforce</li><li>Interview by job group, function, and career level, and conduct verification analysis</li></ul>
GWP Direction Setting	<ul style="list-style-type: none"><li>Improve policies and systems to realize the vision, and elaborate on action guidelines</li><li>Announce to executives and leaders, and share with labor members of the Labor Management Council and employees</li><li>Present and review task-specific directions for relevant organizations and support execution</li></ul>

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 also made a remote work a new normal, and it has become irresistible project that we 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 employees' feedback. As such, we ensure that we bring greater flexibility and freedom into our work environment.

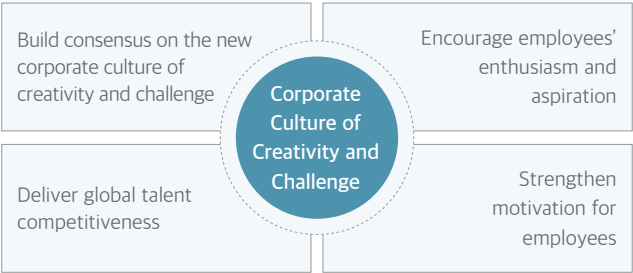
Assessing Leaders for Their Work Methods and Making Improvements

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 followership, 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, rather than merely a space to work. To gain competitive advantages in securing global talent, we will also take a multi-faceted approach to overseas business to recruit and nurture creative and enterprising global talent. Furthermore, we plan to provide HR-related incentives to further motivate our employees to push the boundary.

Directions 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 prevention activities as follows.

1. Develop contingency plans to prepare for the spread of infections and inform action guidelines and emergency response manuals for overseas organizations in response to COVID-19
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 donating relief supplies to help partners, tenant companies and local communities coping with this global pandemic, practicing our Corporate Citizenship philosophy.

Welfare and Benefits Programs

Major Welfare and Benefits Programs



Program	Description
 <b>Loan support</b>	<ul style="list-style-type: none"><li>• Reduced loan safety funds from 1% to 0.5%</li><li>• Reduced loan interest rates from 2% to 1.5%</li></ul>
 <b>Childbirth and childcare support</b>	<ul style="list-style-type: none"><li>• Temporarily extended parental leave from 1 year to 2 years in 2020</li><li>• Increased childbirth grants from KRW 1 million to KRW 2 million for the first child</li><li>• Introduced scholarship support worth KRW 1 million per year for children aged 1 to 3</li></ul>
 <b>Selective benefits</b>	<ul style="list-style-type: none"><li>• Provide welfare points each year for employees to choose the welfare and benefits programs as they wish</li></ul>
 <b>Club activity support</b>	<ul style="list-style-type: none"><li>• Operate activity clubs to build solidarity among employees and create a wholesome workplace atmosphere</li><li>• Operated a total of 21 in-house clubs in 2020, and provided grants and expense support to facilitate club activities</li></ul>
 <b>Resort use support</b>	<ul style="list-style-type: none"><li>• Provide the integrated management of condominium support for all Group affiliates on the welfare facility portal application of POSCO Group</li><li>* Temporarily suspend the operation of resort facilities across all Group affiliates as a proactive prevention measure to protect employees from infections amid the spread of COVID-19 since September 2020</li></ul>
 <b>Healthcare and medical expense support</b>	<ul style="list-style-type: none"><li>• Support annual health checkups for employees</li><li>• Provide health checkup support for employee spouses every two years since 2019</li><li>• Provide medical expense support for employees and their immediate family members</li></ul>

Retirement Pension Fund

We operate Defined Benefit(DB) and Defined Contribution(DC) plans for all employees to help them lead a stable life after retirement.

Retirement Pension Fund Operation

(unit: KRW 100 million, No. of persons)

Category		2018	2019	2020
<b>Funds under Management</b>	DB	1,177	1,330	1,403
	DC	1	1	1
<b>Subscribing Employees</b>	DB	1,355	1,411	1,453
	DC	14	14	21

休 Smile Counseling Center

We have operated the 休(Hyu: Relax) Smile Counseling Center since 2019 to help our employees alleviate their work-related stress and prevent and manage workplace conflicts. As COVID-19 forced people to stay at home and prolonged the school vacation of children, family members have come to spend more time together and this resulted in increases in counseling needs for family relationship and parenting issues. To facilitate counseling provided to employees and their families, Zoom, video calls, and virtual meeting applications were deployed to provide counseling through virtual means in addition to in-person counseling.

Remote Healthcare for Expatriates

We proactively respond to the risk of COVID-19 infections affecting our expatriates. A remote healthcare system was introduced for our expatriates in partnership with Inha University Hospital. This increased access to healthcare services in overseas regions and promoted healthcare and psychological well-being of both expatriates and their families.

Strengthening Support for Expatriates Working in Overseas Remote Areas

We improved work conditions for expatriates, and upgraded support programs for those assigned to host countries whose living conditions are substandard or those that are less preferred. In addition to grading locations by climate, residence, healthcare and other living conditions, we extended the definition of remote areas to include those that are not preferred due to their relatively poor living conditions and business performance. Remote area allowances were increased and a physical/psychological health care support system was created for expatriates working in such areas, and we are increasing incentives in terms of promotion, assignment and appraisal to motivate expatriates working in remote areas.



STAKEHOLDER

ENGAGEMENT

Communicating with Stakeholders

The emergence of stakeholder capitalism, which dictates that a firm needs to serve the needs of all its stakeholders - shareholders, investors, employees, suppliers, customers and local communities - underscores the importance of building win-win 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

SOCIETY WITH

PEOPLE WITH

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

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.

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

POSCO INTERNATIONAL

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

POSCO INTERNATIONAL'S TOPIC

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

Issue	GRI Topic	Relevance to Financial Performance	Relevance to Non-financial Performance
6	413: Local Communities	<ul style="list-style-type: none"><li>Improve corporate value through the provision of accurate information on business operations</li><li>Build a more stable management system by collecting stakeholder feedback</li></ul>	<ul style="list-style-type: none"><li>Build trust-based relationships with stakeholders</li></ul>
8	203: Indirect Economic Impact 413: Local Communities	<ul style="list-style-type: none"><li>Strengthen market dominance through improved reputation in local communities</li><li>Build a self-reinforcing economic structure by facilitating consumption in local communities</li></ul>	<ul style="list-style-type: none"><li>Build an ecosystem of sustainable growth through community development</li><li>Improve corporate reputation and brand value</li></ul>

OUR COMMITMENTS

Focus Area	2020 Plan	2020 Achievement	Evaluation	2021 Plan	Mid/Long-term Target
<div></div> <div>Communication with Stakeholders</div>	<ul style="list-style-type: none"><li>Strengthen the activity system of the CSR Committee</li><li>Strengthen communication with shareholders and investors by expanding IR programs</li><li>Strengthen communication with internal stakeholders by expanding content delivered through official employee communication channels</li></ul>	<ul style="list-style-type: none"><li>Expanded ad-hoc meetings through e-mail communication to ensure agility in responding to CSR issues</li><li>Strengthened IR activities for shareholders and investors to improve their understanding on our major business operations</li><li>Strengthened content delivered through official employee communication channels to create a sound culture of employee communication</li><li>Identified and planned ESG-related content delivered through employee communication channels to improve their awareness</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Launch the ESG Council</li><li>Continue to expand IR programs to strengthen communication with shareholders and investors</li><li>Strengthen the discovery of global content to reinforce communication overseas</li></ul>	<ul style="list-style-type: none"><li>Reinforce proactive communication with internal/external stakeholders</li><li>Establish an ESG management system along the supply chain</li></ul>
<div></div> <div>Social Contribution</div>	<ul style="list-style-type: none"><li>Launch Pro Bono activities leveraging employees' work experience to strengthen CSR activities</li><li>Launch healthcare activities for the health of local communities in developing countries</li></ul>	<ul style="list-style-type: none"><li>Launched a Pro Bono volunteer group that leverages employees' work experience</li><li>Assisted local communities in building resilience through swift COVID-19 support for developing countries</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Launch relay mentoring by leveraging business characteristics (employees → undergraduates → children at local children's centers)</li><li>Broaden the scope of Pro Bono volunteer group activities leveraging employees' expertise to contribute to local communities</li></ul>	<ul style="list-style-type: none"><li>Expand Pro Bono volunteer activities leveraging employees' work experience to resolve social issues and generate social values</li><li>Aid in the development of healthcare service infrastructure to support developing countries to build self-reliance in healthcare</li></ul>

## Stakeholder Communication

POSCO 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

Stakeholder	Major Issue	Major Communication Channel and Activity	Related Link
Shareholders & Investors	<ul style="list-style-type: none"><li>Shareholder value improvement</li><li>Stable economic performance</li><li>Corporate accessibility improvement</li><li>Transparent governance</li></ul>	<ul style="list-style-type: none"><li>Make disclosures/announcements through the general shareholder meeting and IR events</li><li>Conduct IR events including analyst meetings and conference calls</li><li>Publish the IR Letter through the website</li></ul>	<ul style="list-style-type: none"><li>Disclosures and announcements</li><li>IR materials</li></ul>
Customers	<ul style="list-style-type: none"><li>Maintenance of stable transactions</li><li>Increased price and quality competitiveness</li><li>Socially/environmentally-friendly product development</li></ul>	<ul style="list-style-type: none"><li>Collect feedback from responsible staff through interviews</li><li>Receive feedback through the website and e-mails</li></ul>	<ul style="list-style-type: none"><li>Feedback collection channels</li><li>Steeltrade</li><li>Business inquiries</li></ul>
Suppliers	<ul style="list-style-type: none"><li>Work condition improvement</li><li>Support for suppliers' capacity building</li><li>Communication facilitation including the sharing of market information</li></ul>	<ul style="list-style-type: none"><li>Hold Fair Trade Compliance Council meetings and management meetings</li><li>Support suppliers with quality and process improvement</li><li>Pursue global marketing collaboration with SMEs and venture firms</li><li>Collect feedback from responsible staff through interviews</li><li>Receive feedback through the website and e-mails</li></ul>	<ul style="list-style-type: none"><li>Feedback collection channels</li><li>Steeltrade</li><li>Global Marketing Portal</li></ul>
Employees	<ul style="list-style-type: none"><li>Employees' capacity building</li><li>Work-life balance</li><li>Fair evaluation and compensation</li><li>Facilitation of labor-management collaboration</li><li>Workplace safety</li></ul>	<ul style="list-style-type: none"><li>Conduct employee satisfaction surveys(P-GWP)</li><li>Hold remote meetings presided by the CEO</li><li>Conduct reverse mentoring</li></ul>	<ul style="list-style-type: none"><li>Power Harassment Report Center</li><li>Feedback collection channels</li></ul>
Local Communities/ Civic Organizations	<ul style="list-style-type: none"><li>Community development</li><li>Human rights protection</li><li>Resolution of social issues</li></ul>	<ul style="list-style-type: none"><li>Hold discussion meetings with local residents</li><li>Receive stakeholder inquiries concerning ESG issues</li><li>Receive feedback through the website and e-mails</li></ul>	<ul style="list-style-type: none"><li>Feedback collection channels</li><li>Receive feedback through e-mails</li></ul>
Governments/ International Organizations	<ul style="list-style-type: none"><li>Fair trade</li><li>Human rights protection</li><li>Environmental protection</li></ul>	<ul style="list-style-type: none"><li>Hold discussion meetings with local residents</li><li>Receive stakeholder inquiries concerning ESG issues</li><li>Receive feedback through the website and e-mails</li></ul>	<ul style="list-style-type: none"><li>Feedback collection channels</li><li>Receive feedback through e-mails</li></ul>

### Report Publication



We report our achievements in fulfilling economic, social and environmental responsibility each year. Such reports assist us in transparently disclosing our sustainability management activities and communicating our sustainability management in general to wide-ranging stakeholders.



PT. BIA provides regular safety training on major facilities, equipment and vehicles to prevent fires and safety incidents through the creation of its own safety management committee(P2K3), and publishes reports to disclose the outcomes of such activities.



This environmental and social impact assessment report is prepared to study the potential impact of Phase 3 development of the Shwe Project in Myanmar on the surrounding environment and local communities and to develop plans and measures to prevent and mitigate such impact.



PT. BIA publishes Environmental Management Plan(RKL) and Environmental Monitoring Plan(RPL) reports to disclose its achievements in environmental management performance, concerning plantation water quality, air, soil erosion, biodiversity and local CSR activities.

### Communication by Stakeholder Group

#### Communication with Shareholders and Investors

We reported on the financial aspect of sustainability management in accordance with the SASB(Sustainable Accounting Standards Board) framework to provide financially significant ESG information to shareholders and investors to assist them in making reasonable investment decisions. We also hold regular(4 times/year) and ad-hoc(roughly 10 times/month) IR events, and attend domestic and international conferences and forums organized by securities firms more than six times per year to share information on our major business operations and elevate the level of interest in and understanding of the Company among shareholders and investors. In particular, we expanded virtual audio/video conference calls to maintain communication with investors in the face of COVID-19 and the resulting restrictions imposed in 2020. While only five Korean companies published their corporate governance reports in English, we also joined them for the first time in 2020 to provide equal access to information to overseas shareholders and investors. We will further reinforce our communication by voluntarily expanding the scope of our English disclosures.

#### Communication with Employees

We collect employee feedback with the help of labor representatives appointed at the Labor Management Council and labor unions, and make necessary improvements accordingly. In addition, we perform employee satisfaction surveys(P-GWP) each year in order to identify their satisfaction with work life and reflect their feedback. Our official employee communication channel Dwitter serves to share our major activities and events and to host diverse participatory events in order to create a culture of wholesome communication.

#### Communication with Local Communities

The Shwe Project in Myanmar regularly holds public consultations and stakeholder meetings attended by leaders representing villages in the vicinity of the project site as well as officials from central and local governments. This serves to transparently share the project's progress status and its environmental and social impacts, and to proactively reach out to local residents by operating grievance boxes and conducting interviews with CSR staff. Our Indonesia corporation PT. BIA has also installed grievance boxes in all divisions with the plantation, collect feedback through communication with varying stakeholders, and holds regular public consultations to fully communicate information on its major business operations to local communities.



Kiwoom Securities' virtual company visit through Youtube broadcast



Mirae Asset Securities' virtual company visit through Youtube broadcast

### Stakeholder Interviews by Sustainability Management Focus Area

We have interviewed stakeholders who each represents the six focus areas of sustainability management on an annual basis since 2017 to proactively collect stakeholder feedback, and have disclosed their outcomes through our sustainability reports. We will continue to ensure that the invaluable feedback from stakeholders is integrated in our business operations from the long-term perspective.

Area	Interviewees and their Issue of Interest
Enhancing Business	<ul style="list-style-type: none"><li>Guozhong Du, Deputy General Manager Passenger Car Brand and Public Relations Division of BYD</li><li>Partnership, Business Sustainability (Reduction of Environmental Impact)</li></ul>
Reinforcing Ethics Management	<ul style="list-style-type: none"><li>In Kyu Choi, Director S&amp;S INC, Sales Team</li><li>Support for Ethics Management, Shared Growth</li></ul>
Promoting Talent Development	<ul style="list-style-type: none"><li>Wan-Kwon Bae, Manager at the Legal Division</li><li>Support for Employees' Capacity Building and Growth</li></ul>

Area	Interviewees and their Issue of Interest
Respecting Employees	<ul style="list-style-type: none"><li>Moon-Ju Kwon, Senior Manager Representative of Female Employees at the Labor Management Council(2020)</li><li>Great Work Place, Labor Relations</li></ul>
Communicating with Stakeholders	<ul style="list-style-type: none"><li>Mr. Charles Mahuze Representative of Plasma Plantation Cooperative at PT.BIA</li><li>Win-win Partnership with Local Communities, Stakeholder Communication</li></ul>
Advancing Eco-friendly Management	<ul style="list-style-type: none"><li>Hanah Chang, Manager Federated Hermes EOS, Engagement</li><li>Mitigation of Environmental Impact, ESG Risk Management</li></ul>

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 the ESG performance of its supply chain?

BYD Auto considers its business partners not as a mere supplier but as a companion who concurs with and jointly acts on our green philosophy. Most of our suppliers have already established and are implementing their ESG philosophy. We hope that POSCO INTERNATIONAL also 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 began doing business with POSCO INTERNATIONAL back in 2009. 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 ethics management?

By abiding by POSCO INTERNATIONAL's Supplier Code of Conduct, we were able to reinforce our own code of ethics in a substantial and concrete manner. In particular, the Company's advice on the Modern Slavery Act in relation to human rights enabled us to learn more about this unfamiliar topic and reflect this in our code of ethics to comply with international ethical norms as well as domestic ones. This in turn helped us to properly respond to the ESG assessments made by European car OEMs and to explore greater overseas market opportunities all while maintaining our existing business abroad.

Can you tell us about your expectations or recommendations for POSCO INTERNATIONAL to become a trusted corporate citizen?

As corporate social responsibility becomes increasingly significant, we pursue more than business relationships with POSCO INTERNATIONAL to maintain and expand mutually-beneficial and harmonious partnerships. As POSCO INTERNATIONAL has already established its own notion of corporate citizenship and embedded its implementation into business routines, we hope that the Company support us to grow further as a responsible member of society through sustained interest.

Reinforcing Ethics Management

As POSCO INTERNATIONAL's systemic 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 Kyu Choi**  
Director of Sales Team, S&S INC



Interview

Promoting Talent Development

As POSCO INTERNATIONAL's systemic 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.

**Wan-Kwon Bae**  
Manager at the Legal Division



What is the role of the 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 to make arbitration decisions to resolve disputes that occur in relation to contracts entered into between grain transaction parties. To become a Qualified 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 Globally Integrated Corporation, and its Legal Division also supports the development of legal professionals in the areas of litigation, resources development, investment, fair 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 raise 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 yet, 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 eight 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.

What is your role as a representative of female employees at the Labor Management Council? 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 on 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.

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)





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 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 2<sup>nd</sup> Plasma project. How do you evaluate the Company's communication with indigenous people in building Plasma plantations?

I believe the on-going 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 2<sup>nd</sup> 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.

Please introduce your company and your work with POSCO INTERNATIONAL.

Federated Hermes is a global leader in active, responsible investing with USD 625 billion<sup>1)</sup> assets under management. EOS at Federated Hermes is a leading stewardship provider advising on USD 1.5 trillion assets<sup>1)</sup>, 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 improvement to be made by the company in the upcoming year?

POSCO INTERNATIONAL has to mitigate its impact on climate change by avoiding deforestation and help protect biodiversity, which has been an area of our engagement with the company. It declared a 'No Deforestation, No Peat, No Exploitation (NDPE)' policy last year and has made significant steps to mitigating its environmental and community impact from the palm oil plantation operation in Indonesia. We were pleased to learn the company demonstrated its commitment to a sustainable palm oil business. We would like to see progress on the company implementing its NDPE policy, including preserving areas of high conservation value and high carbon stock. Furthermore, actions on ESG issues should be made through collaboration and communication with experts and all stakeholders. We expect POSCO INTERNATIONAL to continue its dialogue with local stakeholders in Indonesia and manage the process effectively to successfully implement its sustainable palm oil policy.

What are the possible improvements on sustainability reports to be made by the company in order to communicate with stakeholders more actively?

Sustainability reports help stakeholders understand organizational commitments, actions, and progress toward sustainability goals. We expect POSCO INTERNATIONAL to improve transparency of ESG-related risks and opportunities through comparable ESG reporting to communicate with stakeholders.

1) As of 31 March 2021

Advancing Eco-friendly Management

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.

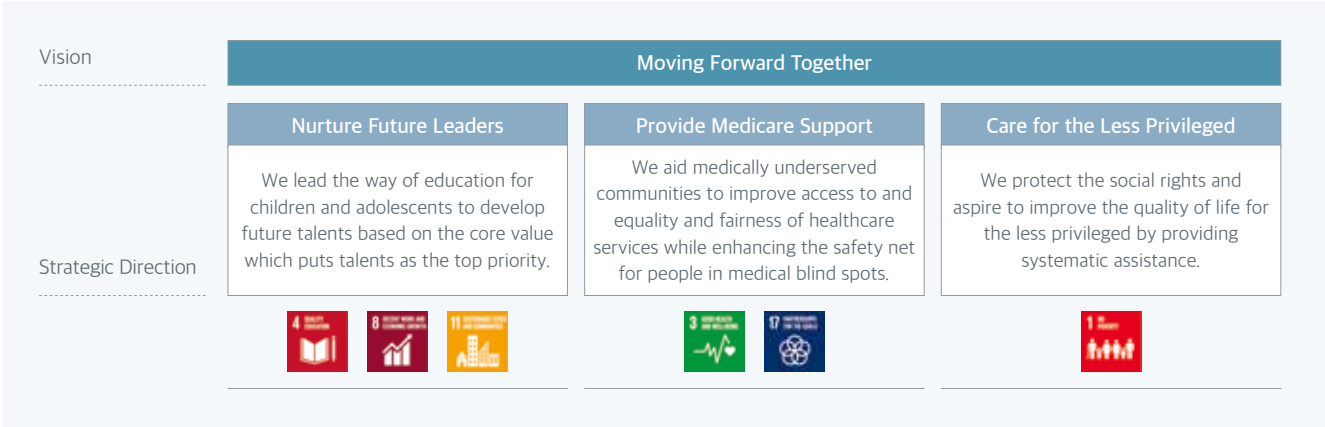
**Hanah Chang**  
Manager of EOS Engagement Team at Federated Hermes



Social Contribution

POSCO INTERNATIONAL is committed to translating its 'Society with POSCO' philosophy into action to pursue shared growth with local communities as a way to fulfill its corporate social responsibility. Under the social contribution vision of 'Moving Forward Together', three strategic directions were set to 'Nurture Future Leaders', 'Provide Medicare Support' and 'Care for the Less Privileged', and social contribution programs are undertaken in alignment with the UN's Sustainable Development Goals(UN SDGs).

Social Contribution Implementation System



Social Contribution Volunteers

Pro Bono Volunteers	<ul style="list-style-type: none"><li>Establishment: 2020</li><li>Member: Volunteering employees</li><li>Activity: Mentoring for social enterprises by leveraging work competencies</li></ul>
POINT (POSCO INTERNATIONAL Trading) Volunteers	<ul style="list-style-type: none"><li>Establishment: 2021</li><li>Member: Volunteering employees who are relatively recently hired</li><li>Activity: Provide educational trading program to less privileged children through mentoring with undergraduate student volunteers</li></ul>
Do Dream Volunteers	<ul style="list-style-type: none"><li>Establishment: 2021</li><li>Member: Volunteering employees</li><li>Activity: Support and provide mentoring for youth leaving foster care</li></ul>

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, 'Employees 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.



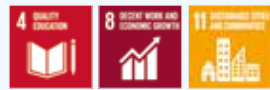
Social Contribution Programs Aligned with Our Core Business

We launched a POSCO INTERNATIONAL Pro Bono volunteers to practice the Corporate Citizenship management philosophy by generating the value of co-prosperity. 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 - Dodohan Collabo, Art Impact, WWOOF Korea, Eunhasoo 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 120 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.



Sharing achievements made by the Pro Bono volunteers

### Nurture Future Leaders



POSCO INTERNATIONAL nurtures future leaders to ensure that high-quality education leads to sustainable economic growth. In particular, we support wide-ranging educational programs for children and adolescents who are educationally underserved to provide an effective learning environment. In so doing, we will uphold the universal right to education for all children and teens and develop future talent who contribute to society.

#### Educational Support for Multicultural Families and Immigrant Youth

As the number of youth from immigrant backgrounds rises in line with increases in immigrant youth and multicultural families created through international marriages, this highlights the need for institutional support to help these teens adapt to Korean society and continue their education. We have been operating support programs since 2015 to help immigrant youth living in Incheon receive Korean language education and prepare for the Test of Proficiency in Korean(TOPIK) test and the nationality acquisition test. We also provide immigrant youth who experience multiple cultures in their life with an opportunity to receive hands-on history education to better understand Korean history and culture. Furthermore, we offer arts and music therapy to help them cope with psychological issues that stem from unfamiliar living conditions and cultural differences as a way to support and encourage their psychological stability. From 2017, we have hosted exhibitions of artworks created by these youth during their art therapy sessions, at our office building's lobby, to not only encourage them to gain confidence but also elevate general public's understanding of immigrant youth.



Delivering gifts to youth from multicultural families and immigrant youth on Korean Thanksgiving Day

#### Scholarship Support to Nurture Science and Engineering Talent in Uzbekistan

We have provided scholarships to undergraduates of science and engineering majors in Uzbekistan since 2018 to contribute to the Uzbekistan government's policy to develop science and engineering talent and to nurture future talent. In 2020, we specifically focused on science and engineering majors who faced burden paying for tuition amid COVID-19, and chose 25 outstanding students from less privileged families as beneficiaries through the recommendations made by the Tashkent State Technology University and the Tashkent Chemical-Technological Institute. We will continue with such scholarship support with a goal of establishing a mutually-beneficial virtuous cycle that promotes the growth of local talent into the leaders of community development.



Awarding scholarships to science and engineering talent in Uzbekistan

#### Producing Three-dimensional Tactile Teaching Aids for Students with Visual Impairments

Every student should be able to exercise the right to education irrespective of their physical or social conditions. Visually-impaired students, however, often fail to enjoy their due right to education and learning due to the shortage of special education equipment that enables them to use their residual vision and tactile sensation or hearing. We have produced and donated three-dimensional tactile teaching aids for these students who face difficulties in continuing their education, in conjunction with the Siloam Center for the Blind since 2017. In 2020, a total of 100 pieces of such tactile teaching aids were produced, which were donated to 52 special education institutions for visually-impaired students and relevant organizations(braille libraries and special education support centers).



Three-dimensional tactile learning materials for visually-impaired students

### Provide Medicare Support



POSCO INTERNATIONAL implements diverse social contribution programs to improve access to healthcare in medically-underserved areas. In particular, we provided supplies required for the prevention and treatment of COVID-19 infections that wreaked havoc on the entire global community to contribute to achieving universal healthcare. We also support people in the areas where we are based to access high quality healthcare services by providing them with free-of-charge treatment and surgery and medical equipment.

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 RT-PCR test 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 Optolane 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 Ayeyarwaddy Wakema Township: these self-powered sterilizers improved the health of people vulnerable to diseases in this local community that lacked water purification devices.



Donating face masks to New Dream School



Donating COVID-19 diagnostic kits to the Myanmar Ministry of Health and Sports



Donating medical supplies in Papua



Providing respirators to a hospital designated to treat COVID-19 patients



Donating medical supplies to help prevent COVID-19 in Ukraine

#### 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 Heart 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 plague of appreciation from the Uzbekistan 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 aid Ukraine's severe circumstances due to COVID-19 as all schools, restaurants and other facilities are shut down, we donated 1,512 protective suits to a children's hospital in Mykolaiv 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 Mykolaiv City Hospital 1, 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 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 businesses 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 centers in Incheon and to make flower pots with immigrant youth, providing them an opportunity to try out 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 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 units of liquid formula essential for the healthy growth of infants.

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.



Donating comforters to underprivileged households and a letter sent by a beneficiary child



Talent donation made by the flower arrangement club



Making DIY sports shoes for children in developing nations



Mask making kits for infants waiting for adoption



Employees participating in blood drive

POSCO SPS



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 lanyards, 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.



Donating COVID-19 prevention kits



Making summer kimchi



Santa for a Day for home-bound seniors



Repairing the interior/exterior of a local community children's center



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

SOCIETY WITH

PEOPLE WITH



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

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

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

OUR COMMITMENTS

Focus Area	2020 Plan	2020 Achievement
<div><div>Response to Climate Change</div></div>	<ul style="list-style-type: none"><li>Reach 700,000 units in sales of EV traction motor cores</li><li>Set reduction plans through energy assessments</li><li>Identify new items to reduce GHG emissions and reach the set target</li><li>Successfully operate the cook stove project in Myanmar</li></ul>	<ul style="list-style-type: none"><li>Posted 640,000 units in sales of EV traction motor cores</li><li>Reduced GHG emissions by improving the flow of receiving materials and shipping coils(11% y-o-y reduction)</li></ul>
<div><div>Mitigation of Environmental Impact at the Workplace</div></div>	<ul style="list-style-type: none"><li>Renew and maintain ISO 14001(2015)</li><li>Reduce NOx emission concentrations</li><li>Respond to the total emission regulations under the Special Act on Air Quality Improvement for Atmospheric Control Area</li><li>Respond to the implementation review of risk management plans under the Chemical Substances Control Act</li><li>Respond to environmental information exchanges and assessments at the Group-wide level</li></ul>	<ul style="list-style-type: none"><li>Completed recertification audit on ISO 14001(2015)</li><li>Reduced the power consumption of indirect facilities by 2% from the previous year</li><li>Reduced boilers' city gas consumption by 8.3% from the previous year</li></ul>

RISKS & OPPORTUNITIES

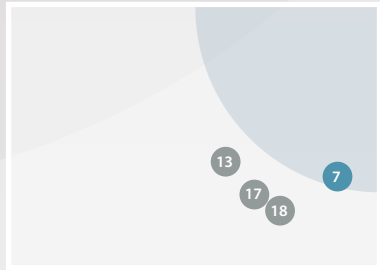
RISKS

- Increasing compliance issues in line with tightening environmental regulations
- Growing physical risks at the workplace due to abnormal 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

POSCO INTERNATIONAL's TOPIC



7

 Responding to climate change

13

 Endorsing environmental initiatives

17

 Reducing environmental impact at the workplace

18

 Promoting biodiversity and environmental protection

Issue

GRI Topic

Relevance to Financial Performance

Relevance to Non-financial Performance

7

305: Emissions

- Increase new business opportunities
- Reduce costs through efficient energy consumption
- Incur monetary losses - sanctions (business suspension and penalty) and boycotts - in the event of failure to manage environmental risks

- Respond to stakeholder requests on environmental issues
- Minimize environmental impact
- Improve corporate value through preemptive response to environmental regulations

13

307: Environmental Compliance

- Suffer impact on business operations (e.g. suspension of business) in the event of non-compliance with environmental regulations
- Incur monetary losses - sanctions (business suspension and penalty) and boycotts - in the event of failure to manage environmental risks

- Respond to stakeholder requests on environmental issues
- Suffer degradation in corporate reputation and brand value when conducting business in an unethical way
- Improve corporate value through preemptive response to environmental regulations

17

303: Water and Effluents  
306: Waste

- Reduce environmental treatment expenses through environmental impact mitigation

- Minimize environmental impact



18

304: Biodiversity

- Incur monetary losses - sanctions (business suspension and penalty) and boycotts - in the event of failure to manage environmental risks
- Increase the stability of business operations through preemptive diversity management

- Preserve the ecosystem by reducing negative environmental impact

\* The issue number indicates its ranking identified through the materiality analysis

Evaluation	2021 Plan	Mid/Long-term Target
<div></div>	<ul style="list-style-type: none"><li>Reach 1.14 million units in sales of EV traction motor cores</li><li>Reduce GHG emissions by 5% from the previous year through conserving heating energy for the office building</li></ul>	<ul style="list-style-type: none"><li>Produce and sell green products</li><li>Shift the focus of the business structure to EV traction motor cores</li></ul>
<div></div>	<ul style="list-style-type: none"><li>Maintain the ISO 14001(2015) certification</li><li>Increase the recycling of subsidiary materials by improving packaging specifications</li><li>Reduce oil consumption through equipment improvement</li></ul>	<ul style="list-style-type: none"><li>Maintain the eco-friendly management system</li><li>Strengthen the generation of environmental performance based on ISO 14001</li></ul>

# Response to Climate Change

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 identifying ideas to reduce GHG emissions with a focus on POSCO SPS. In 2020, the TMC Division further lowered its GHG emissions by 5,042kgCO<sub>2</sub>e from 2019. The STS Division reduced its LNG consumption by speeding up its CAPL 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 water-heating temperature conditions according to circumstances. In addition, efforts are being made to optimize energy consumption by improving the efficiency of water cooling pumps and continuously managing the combustion efficiency of heat treatment furnaces. The TMC Division lowered energy losses by reducing the power consumption of indirect facilities by 2% from the previous year, and improved its boiler equipment to post an 8.3% y-o-y drop in boiler city gas consumption.

### Energy and GHG Management

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

Energy Consumption (unit: TJ)			
Category	2018	2019	2020
Direct Energy(Fuel)	329	236	240
Indirect Energy(Electricity, Steam)	1,067	1,013	996
Total <sup>1)</sup>	1,391	1,243	1,236

\* Based on the HQ and POSCO SPS  
\*\* The 2020 data are the result of the first verification performed by the Ministry of Environment, and may differ from the final verification results  
1) Discrepancies between type-specific consumption data and their total sums are due to rounding down

GHG Emissions (unit: tCO <sub>2</sub> e)			
Category	2018	2019	2020
Scope 1	17,294	13,631	12,835
Scope 2	51,810	48,979	47,611
Total <sup>2)</sup>	69,098	62,604	60,446

\* Based on the HQ and POSCO SPS  
\*\* The 2020 data are the result of the first verification performed by the Ministry of Environment, and may differ from the final verification results  
2) Discrepancies between scope-based GHG emissions and their total sums are due to rounding down

### Cook Stove Project in Myanmar

In May 2021, we distributed cook stoves to a total of 7,000 households in 71 villages on Manaung Island in Rakhine state, Myanmar over the period of two weeks. Unlike conventional open stoves, these cook stoves trap heat inside to improve thermal efficiency to reduce cooking time as well as smoke and carbon emissions. This CDM(Clean Development Mechanism) project allows us to obtain domestic allowances through the verification of carbon emissions reduced through the distribution of cook stoves. Manaung residents depended heavily on conventional cooking methods using fire wood or coal, and these cook stoves that we provide will reduce the consumption of firewood, the generation of black carbon\* and the time taken for cooking to eventually improve the quality of life for local people. These stainless cook stoves are highly eco-friendly as they are 38% higher in thermal efficiency and can reduce GHG emissions by more than four-fold compared to conventional ones. Proceeds from selling carbon allowances secured through this cook stove distribution project go to fund Shwe Project’s CSR programs to create a sustainable virtual cycle in conducting business to pursue win-win partnerships with local communities.

\* Black carbon is formed by the incomplete combustion of biomass such as plants and trees and organic substances such as fossil fuels



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



\* Calculated by dividing total GHG emissions by consolidated sales (divided by non-consolidated sales in 2018 and 2019 before the split-off of POSCO SPS)

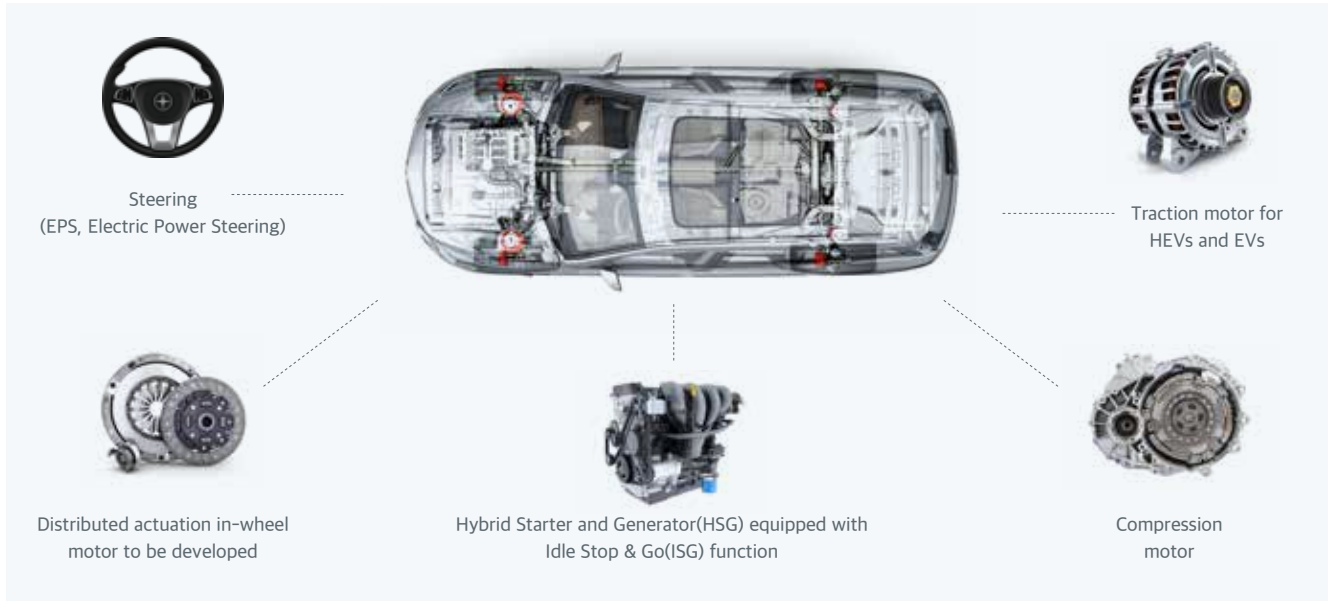
## Creation of Business Opportunities through Response to Climate Change

### Production and Trading of Eco-friendly Products

As customer demand for green products rises, we respond to such demand by producing, selling and trading eco-friendly automotive components. POSCO SPS’s STS Division has strengthened its green mobility components business to produce and trade fuel cell separators and green automotive exterior materials(molding). The TMC Division is also engaged in the production and manufacturing of motor cores, and Rotor assembly module that are the key components of eco-friendly vehicles such as HEV(Hybrid Electric Vehicle), PHEV(Plug-in Hybrid Electric Vehicle), EV(Electric Vehicle), and FCEV(Fuel Cell Electric Vehicle).

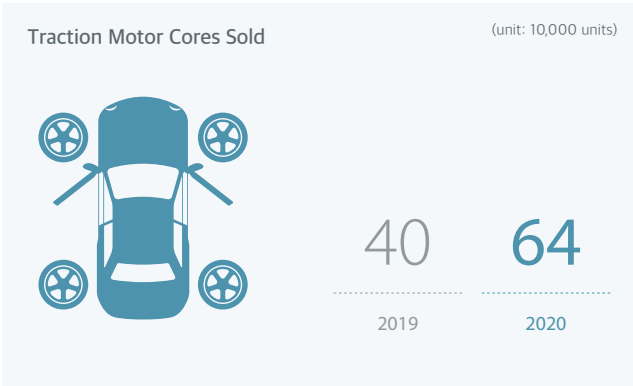
In particular, the TMC Division is producing traction motor cores that deploy EMFree lamination technology, which delivers improved average efficiency against conventional interlocking methods to contribute to increasing the fuel efficiency of green vehicles. In 2020, its traction motor core sales posted a 60% y-o-y growth to 640,000 units, and this is expected to increase continuously in line with rising demand for eco-friendly vehicles. In addition to domestic supply, POSCO SPS landed traction motor core orders for Volkswagen, Diamler, and GM among others by way of global green automotive components makers, and is reinforcing technology collaboration with new customers across the Americas, Europe, China, and Japan to constantly expand order-winning opportunities.

### Major Green Automotive Components Produced by the TMC Division



### 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(World Top Premium) products and TMC Division’s traction motor cores. WTP products help reduce cumulative CO<sub>2</sub> emissions of vehicles by nearly 10% from conventional products<sup>1)</sup>, 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<sup>2)</sup> 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.



1) Corporate Citizenship Report 2020, POSCO  
2) Development of technology to improve the efficiency of traction motors for eco-friendly vehicles, Young-Jin Seo et al. 2018

## 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

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

1 Establishment of an Environmental Management System

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

2 Compliance with Environmental Laws and Improvement on Environmental Impacts

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

3 Response to Climate Change

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

4 Protection of the Environment and the Eco-system

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

### 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 Environment Design) green building certification 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, our worksites receive self-directed 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 175 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

Worksite	Investment Plan	Execution Rate
HQ	• Landscape maintenance in the vicinity of the HQ	100% (KRW 50 million)
STS Division	• Installation of air pollution control devices on post-processing facilities • Dredging of pits at the wastewater treatment plant • Dredging of the settling tank at the wastewater treatment plant • Repair of seven environmental facilities	100% (KRW 100 million)
TMC Division	• Supplementation of vent pipes to perform self-measurements on air pollutant-emitting facilities	100% (KRW 30 million)



### Recycling of Raw/Subsidiary Materials

STS Division is committed to the recycling of raw/subsidiary materials by fully recovering the scraps generated from stain-less processing and reusing them as manufacturing materials. In addition, steel interleaving 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 (unit: Ton)

Category	2018	2019	2020
Return to the maker(POSCO)	4,892	5,078	3,283
Provision to recycling companies	5,527	5,063	4,546
Total	10,419	10,141	7,829

### Water 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 (unit: Ton)

Category	2018	2019	2020
Water consumed	547,779	520,269	503,263
Sewage/effluents generated	405,877	406,429	414,961

\* Based on the HQ and POSCO SPS

### 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 such scrap and minimize their environmental footprint.

### 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 (unit: Ton)

Category	2018	2019	2020
General waste generated	2,536	1,966	2,227
Designated waste generated	379	573	757
Waste recycled	203	1,430	2,446

\* Based on the HQ and POSCO SPS

Air Pollutants Emitted (unit: Ton)

Category	2018	2019	2020
SOx	0.15	0.05	0.08
NOx	36	25	25
Dust	4	2	2

\* Based on the HQ and POSCO SPS



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 environment-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.



Support for Subscription to Low-carbon Ecological Farm Products

To raise employees’ awareness on decarbonization in their dietary 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 fees 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 Songdo, 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.



Lights Out Campaign at the Office Building

During the one hour lunch break, all lights are turned off within the office building, and regular lights-out is performed at two-hour intervals after business hours to conserve energy.

Environmental Management at Overseas Worksites

Operating an Environmental Management System at the Shwe Project in Myanmar

We have established an environmental management system and become certified in accordance with the international environmental management standard ISO 14001 to ensure systemic environmental management at the the Shwe Project in Myanmar. Since the acquisition of ISO 14001(2015) in July 2019, we have engaged in continuous environmental management through annual internal self-audits and surveillance audits performed by professional auditors. Such endeavors will surely enable us to maintain an environmental management system in conformity with global standards.

Environmental Management Organizational Structure of the Shwe Project in Myanmar

Position	Main Role
O&M Manager	<ul style="list-style-type: none"><li>Operate environmental management plans and provide materials</li><li>Take mitigation measures prior to platform installation</li></ul>
Head of HSE	<ul style="list-style-type: none"><li>Prepare the environmental section of the safety, health and environmental information materials</li><li>Support the review, investigation and reporting of environmental incidents</li></ul>
Environmental Coordinator	<ul style="list-style-type: none"><li>Implement stakeholder engagement plans and report consultation outcomes</li></ul>
Offshore Installation Manager	<ul style="list-style-type: none"><li>Implement the platform management system and its procedures</li><li>Conduct emergency drills</li></ul>
Production Supervisor	<ul style="list-style-type: none"><li>Perform work according to environmental management plans and implement management plans</li><li>Report environmental incidents and conduct regular environmental reviews</li></ul>
Safety Officer	<ul style="list-style-type: none"><li>Implement platform environmental management plans</li></ul>
Marine Supervisor	<ul style="list-style-type: none"><li>Conduct trainings and exercises to implement SOPEPs*</li></ul>

\* SOPEP: Shipboard Oil Pollution Emergency Plan

Regular Environmental Impact Assessment

Environmental Impact Assessments(EIAs) serve as a tool to consider environmental aspects in designing and developing business development plans, and aim to predict and analyze environmental impact that may occur in the business execution process in order to mitigate such impact in advance. We conduct EIAs each year throughout the entire process of exploration, development and operation to ensure the reliable operation of Shwe Project in Myanmar. EIAs are performed in the order of Screening, Scoping and Investigation and Review, and EIA outcome reports are transparently shared with stakeholders on our official website.

EIA Results and Management Planning

We conducted EIAs to review the impact of Phase 3 development of the Shwe Project on the local community environment. It was revealed that no grave environmental impact was identified as a result of project undertakings, and that all impacts were properly mitigated to sufficiently low levels and managed accordingly. The environmental impacts and risks identified as a result of such EIAs formed the basis to develop the Environmental Management Plan(EMP), which details environmental impact mitigation measures as well as reporting and monitoring requirements. The plan is verified by third-parties to ensure the objectivity and credibility of our environmental management.

EIA Outcomes

Community Impact	Community impact is insignificant as Sittwe, a residential area closest to the project site, is distanced by more than 63km.
Environmental Impact	Impact on sensitive habitats and species in the shallow sea is insignificant as the project site is operated in waters 85m deep and below.

Stakeholder Communication

In performing EIAs, public consultations are hosted in attendance of varying stakeholders, including local fishermen and residents, public officials, local government ministers, and lawmakers. As a result of such consultations, it was confirmed that potential impact from the Shwe Project is small in scale and limited in scope. We provide detailed information on business operations, environmental impact and mitigation measures during such consultations, and sincerely respond to questions raised by stakeholders.

Major Issues Discussed at Stakeholder Consultations

Issues of Interest for Stakeholders	Response
CSR activities and community investment expansion	<ul style="list-style-type: none"><li>Undertake CSR programs in Sittwe and Kyauk Phyu since 2006, which will be gradually expanded</li><li>Accept requests and suggestions made by local residents</li></ul>
Public consultations at the village level	<ul style="list-style-type: none"><li>Expand consultations and socioeconomic surveys in the EIA phase to engage more village-level stakeholders</li></ul>
Increased accessibility to EIA reports	<ul style="list-style-type: none"><li>Provide disclosures and EIA report summaries in Burmese and English</li><li>Provide hard copies of reports upon the request</li></ul>



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 HCV(High Conservation Value) assessment report, LUCA(Land Use Change Analysis) report, and RaCP(Remediation 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 Korean 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 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 prevention mechanisms to help employees strengthen their capacity to implement the NDPE policy, and is regularly making relevant disclosures on its website.

Eco-friendly Energy Production

PT. BIA generates electricity by using the byproducts from the CPO manufacturing process as fuel, and use electricity produced as such for CPO production, creating an eco-friendly power cycle system in so doing. In 2020, a total of 10,585 MWh electricity was generated to power division residential areas within the plantation.

Local Environment Preservation  
(Mangrove Conservation Program)

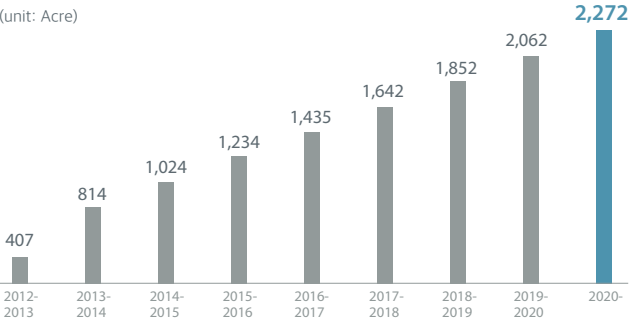
A mangrove forest is a group of plants that grow near mud flats or creeks. Often compared to forests on the land, mangrove forests act as a natural barrier against typhoons to protect nearby villages and provide a habitat for diverse animal species. In particular, the roots of mangrove trees are known 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 them to help Myanmar mitigate damage from frequent natural disasters and protect its environment. We have partnered with the local NGO MSN(Mangrove Service Network) since 2011 in Kyauk Phyu to create mangrove forests. In tandem with this, we operate a mangrove forest restoration program to distribute mangrove saplings free of charge and provide grants to local residents. These saplings are cultivated for six months and then relocated to a sanctuary in Ngalapwe. In so doing, we proactively safeguard local communities and respond to climate change. PT. BIA, our Indonesian corporation, has also joined hands in mangrove forestation since 2019. A total of 100 mangrove trees were planted in local communities in 2019. While such planting was restricted amid the COVID-19 pandemic in 2020, this was resumed in 2021 by planting more than 200 trees in the first half. We plan to continue with mangrove forestation to preserve the environment of local communities.

Outcomes of Mangrove Forestation

TIMM

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\*



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



Mangrove Forests and Climate Change Response

A mangrove forest serves as a buffer forest to enable effective response to 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.<sup>1)</sup> Furthermore, the roots of mangrove trees retain sediments and deposits to stabilize soil and mitigate coastal erosion caused by the action of waves. This in turn makes local communities less vulnerable to rising sea levels while increasing their resilience.<sup>2)</sup> Meanwhile, mangrove forests are highly efficient in absorbing carbon dioxide and contribute to reducing GHG emissions as a result. 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 1,000tCO<sub>2</sub>eq of carbon per hectare.<sup>3)</sup>

- 1) The Economic Value of Forest Ecosystem Services in Myanmar and Options for Sustainable Financing, EU & IMG
- 2) Reduction of wind and swell waves by mangroves, McIvor, A et al.
- 3) The Importance of Mangroves 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 2,227 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.



Mangrove tree planting in Indonesia



Mangrove forest preservation in Myanmar



# GLOBAL CSR ACTIVITIES

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.

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Myanmar	120
Indonesia	126
Uzbekistan	134
Ukraine	140



# GLOBAL CSR ACTIVITIES

## Global CSR Overview

As global businesses have greater environmental and social impact in the communities where they operate, wide-ranging stakeholders in the international community call for commitment on the part of these businesses to create a win-win partnership ecosystem 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 pursuing mutually-beneficial partnerships with local people and protecting the environment.

### RISKS & OPPORTUNITIES

#### RISKS

- Intensifying competition fueled by foreign capital in conducting global business
- Increasing social and environmental risks at overseas worksites in line with the growing social impact of businesses
- Tightening international norms on global CSR
- Growing demand from the global community for social and environmental data disclosures on the operation of overseas worksites

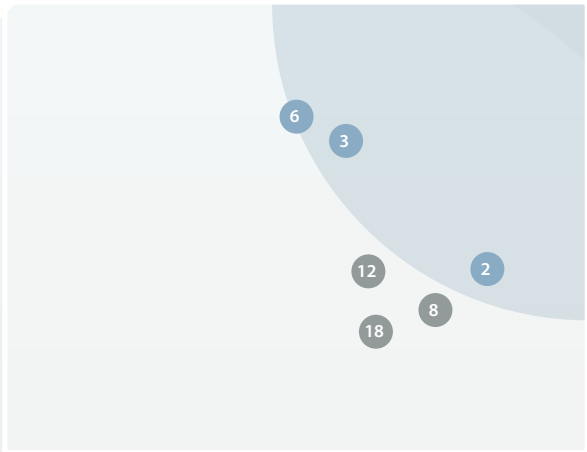
#### OPPORTUNITIES

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

### 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



- 2 Respecting human rights and prohibiting discrimination
- 3 Creating a great work place
- 6 Facilitating proactive stakeholder communication
- 8 Strengthening social contribution for local communities
- 12 Complying with international norms and country-specific regulations
- 18 Protecting biodiversity and the environment

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

Issue	GRI Topic	Relevance to Financial Performance	Relevance to Non-financial Performance
2	412: Human Rights Assessments	• Maintain employment through human rights protection	• Achieve human dignity through respect for human rights
3	401: Employment	• Increase work productivity by improving the work environment	• Motivate employees and improve their work satisfaction
6	102: Stakeholder Engagement	• Improve corporate value by offering accurate information on business operations • Establish a more stable management system by collecting stakeholder feedback	• Build trustworthy relationships with stakeholders
8	203: Indirect Economic impact 413: Local Communities	• Reinforce market dominance through improved reputation in local communities • Create a self-reinforcing economic structure by stimulating community-level consumption	• Build an ecosystem for sustainable growth through community development • Improve corporate reputation and brand value
12	205: Anti-corruption	• Pay penalties for regulatory non-compliance • Disrupt business operations (e.g. suspension of operations) when the issue concerned is highly critical	• Suffer degradation in corporate reputation and brand value for regulatory non-compliance
18	304: Biodiversity	• Incur monetary losses - sanctions (business suspension and penalty) and boycotts - in the event of failure to manage environmental risks • Increase the stability of business operations through preemptive diversity management	• Preserve the ecosystem by reducing negative environmental impact



OUR COMMITMENTS

Country	2020 Plan	2020 Achievement	Evaluation	2021 Plan	Mid/Long-Term Target
Myanmar	<ul style="list-style-type: none"><li>Stabilize project operations<ul style="list-style-type: none"><li>-Phase 2: Complete the first on-site installation</li><li>-Phase 3: Complete FEED</li></ul></li><li>Strengthen CSR programs through communication with local communities</li></ul>	<ul style="list-style-type: none"><li>Stabilized project operations<ul style="list-style-type: none"><li>- Phase 2: Completed the first on-site installation</li><li>- Phase 3: Completed FEED</li></ul></li><li>Maintained existing CSR activities and expanded local CSR activities including COVID-19 support</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Stabilize project operations<ul style="list-style-type: none"><li>- Phase 2: Initiate the second on-site installation</li><li>- Phase 3: Initiate EPCIC and create detailed designs</li></ul></li><li>Strengthen CSR programs through community communication</li></ul>	<ul style="list-style-type: none"><li>Continue to generate profits through stable equipment operation</li><li>Establish a stable gas production system through the timely execution of Phase 2 &amp; 3</li><li>Create a safe workplace through QSS activities</li><li>Achieve the ISO 14001 environmental management system certification</li><li>Strengthen CSR programs in 6 main areas</li><li>Improve trust by protecting the rights of locals and promoting mutual respect</li></ul>
Indonesia	<ul style="list-style-type: none"><li>Reach 100,000 tons in annual CPO production</li><li>Declare the NDPE policy</li><li>Maintain ISPO certification and achieve RSPO certification</li><li>Implement CSR programs through community communication</li><li>Offer vocational training to indigenous peoples</li></ul>	<ul style="list-style-type: none"><li>Posted 123,000 tons in annual CPO production</li><li>Declared the NDPE policy and disclosed its progress reports on the company website</li><li>Completed regular ISPO audits and received on-site RSPO audits</li><li>Engaged in CSR activities to resolve social issues to strengthen communication with local communities</li><li>Offered vocational training to indigenous peoples from Papua</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Work to reach 145,000 tons in annual CPO production</li><li>Achieve RSPO certification</li><li>Publish regular progress reports on NDPE policy implementation</li><li>Continue to abide by ISPO and RSPO implementation regulations</li><li>Operate community development programs through the stakeholder-partnership committee</li><li>Break ground for a third CPO mill</li></ul>	<ul style="list-style-type: none"><li>Expand the palm oil business and enter the downstream sector</li><li>Create a sustainable palm oil value chain</li><li>Strengthen stakeholder communication in line with NDPE policy execution</li><li>Operate the stakeholder-partnership committee based on stakeholder engagement to pursue shared growth with local communities</li></ul>
Uzbekistan	<ul style="list-style-type: none"><li>Expand business areas by developing trading business and new business items</li><li>Review participation in cotton clusters in line with the Uzbekistan government's privatization of raw cotton cultivation</li><li>Implement the third task of replacing aging equipment</li><li>Strengthen CSR programs for communities</li></ul>	<ul style="list-style-type: none"><li>Maintained the normal operation of factories and reached an appropriate level of sales including exports through proactive responses to COVID-19</li><li>Worked to join cotton clusters</li><li>Developed plans to secure investments needed in line with the decision made to replace aging equipment</li><li>Established cotton face mask production equipment and initiated production and sales</li><li>Donated hygiene kits and face masks to prevent the spread of COVID-19 in local communities</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Maximize sales and profits in line with global commodity prices entering the upswing phase</li><li>Make all-out efforts to develop new country markets and buyers by taking advantage of international politics</li><li>Diversify supply/demand channels to stabilize the supply and demand of raw materials(raw cotton) (review joining cotton clusters and importing raw cotton from neighboring countries)</li><li>Establish non-woven fabric face mask production equipment and initiate their production and sales</li></ul>	<ul style="list-style-type: none"><li>Modernize equipment and improve productivity to strengthen independent competitiveness</li><li>Emerge as a Globally Integrated Corporation in Uzbekistan<ul style="list-style-type: none"><li>- Support promising non-textile business</li></ul></li><li>Participate in business aligned with POSCO Group investments</li><li>Create and spread a culture of respecting employees</li><li>Continue to strengthen CSR programs for local communities</li></ul>
Ukraine	<ul style="list-style-type: none"><li>Stabilize operations in the first year of commercial operation (surpass 1 million tons in handling volume)</li><li>Extend a loan to repay borrowings from BSTDB* (EUR 31 million) to reduce interest expenses</li><li>Train and nurture a professional technical workforce</li><li>Implement CSR programs while growing together with local communities</li></ul>	<ul style="list-style-type: none"><li>Reached 1.162 million tons in handling volume</li><li>Established an ERP system and introduced the USD as a functional currency</li><li>Produced CI(Corporate Identity), a website, and publicity videos for the terminal</li><li>Organized systems, regulations and job descriptions</li><li>Donated made-in-Korea protective suits to a local children's hospital</li><li>Donated medical equipment to the Mykolaiv city hospital No. 1</li><li>Offered and internalized training by hiring Korean technical advisors</li></ul>	<div></div>	<ul style="list-style-type: none"><li>Consult with railway authorities and proceed with railway construction to improve railway transport infrastructure</li><li>Attract new customers and sign a long-term(1-year) contract except for the headquarters</li><li>Establish and implement a top-off system to accommodate Panamax vessels</li><li>Introduce a performance management system to improve work efficiency and employee morale</li><li>Reinforce on-site safety activities including repair of major equipment, work safety campaigns and training</li></ul>	<ul style="list-style-type: none"><li>Operate independently-leased locomotives, construct additional lines within the region, and expand storage capacity to continuously improve customers satisfaction through facility rationalization</li><li>Establish best-in-industry workplace safety</li><li>Engage in regular community CSR activities</li></ul>

\* BSTDB: Black Sea Trade and Development Bank

# Myanmar

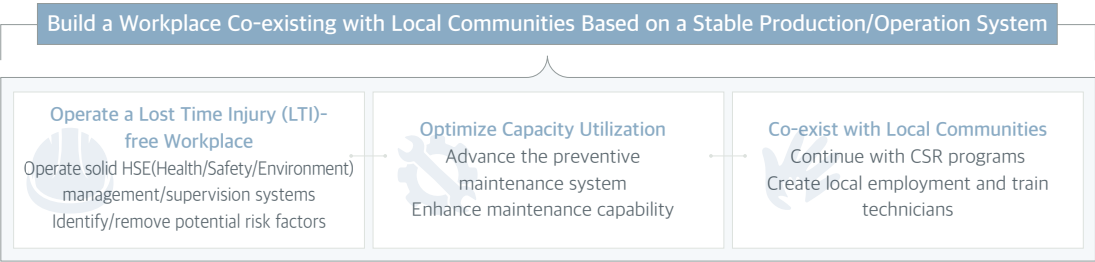
POSCO INTERNATIONAL commenced its offshore gas field business in Myanmar back in 2000, initiated gas production in 2013, and is now evolving into a Globally Integrated Corporation in the resources development sector on the basis of its three gas fields Shwe, Shwe Phyu, and Mya. FEED for Phase 2 development of Shwe Project in Myanmar was completed in 2017, followed by the initiation of EPCIC<sup>1)</sup> 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 ago business.

### Shwe Project in Myanmar at a Glance



Year of Participation	2000(production initiated in 2013)
Equity Ownership	51%(operator)
Area	5,560km <sup>2</sup>
Facility Capacity	640 million ft <sup>3</sup> /day
Consortium Member	POSCO INTERNATIONAL (operator): 51% Myanmar Oil and Gas Enterprise: 15% ONGC Videsh Limited: 17% Gas Authority of India Limited: 8.5% Korea Gas Corporation: 8.5%

### Vision/Mission



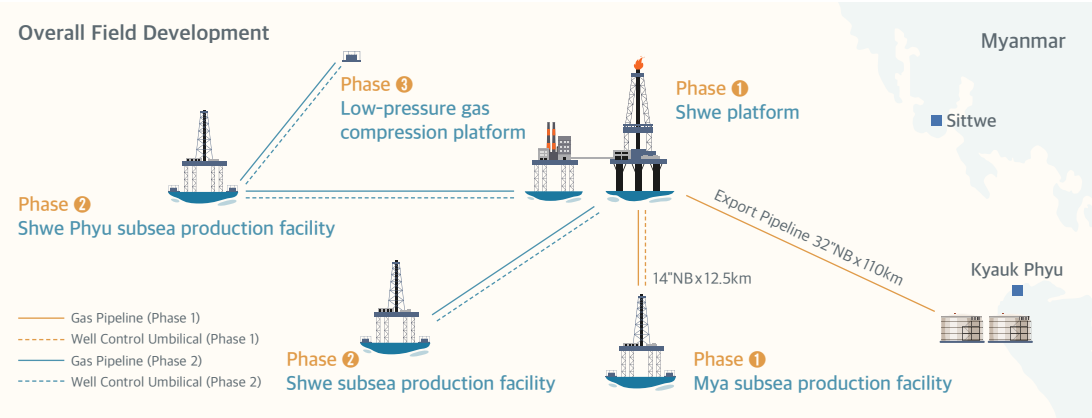
### Key Milestone

Apr. 2020	Completed FEED <sup>2)</sup> for Phase 3 development	Feb. 2007	Signed a PSC <sup>3)</sup> for Block AD-7
Sep. 2019	Initiated FEED for Phase 3 development	Jan. 2006	Discovered the Mya gas field in Block A-3
Jul. 2018	Initiated EPCIC work for Phase 2 development	Mar. 2005	Discovered the Shwe Phyu gas field in Block A-1
Dec. 2017	Completed FEED for Phase 2 development	Feb. 2004	Signed a PSC for Block A-3
2015 ~	Continued to achieve the set production target	Jan. 2004	Discovered the Shwe gas field in Block A-1
Dec. 2014	Achieved daily production of 500 million ft <sup>3</sup>	Dec. 2001	Completed share transfer and signed a joint operation agreement with partners (OVL, GAIL, and KOGAS)
Jul. 2013	Initiated gas sales	Aug. 2000	Signed a PSC for Block A-1
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 End Engineering Design): Basic design performed prior to initiating construction  
3) PSC: Production Sharing Contract

### Enhancing Business

### Business Performance and Strategic Direction



Following the completion of Phase 1 development in December 2015 and FEED for Phase 2 development in 2017, the Phase 2 FDP (Field Development Plan) was approved by the Myanmar government and consortium partners, and EPCIC work has been underway since July 2018. We plan to perform and complete production well drilling and finish offshore installation in a timely manner to initiate gas production in Q2 of 2022. At the end of 2019, we also initiated drilling at three new exploratory wells in Block A-3 in waters northwest of the gas field currently under production. POSCO INTERNATIONAL will continue to generate sustained profit by ensuring stable facility operation and successful project execution.

#### 2020 Performance

- Prevented the spread of COVID-19 and continued with gas field operations unaffected by COVID-19 through compliance with disease prevention and control guidelines
- Performed major operation & maintenance work in a timely manner based on the emergency workforce operating system in the face of difficulties in mobilizing manpower overseas amid COVID-19

#### Mid/long-term Direction

- Continue to generate profits by maximizing sales through stable facility operation
- Establish a stable gas production system through the timely execution of Phase 2 & 3

### 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.



On-site visit and safety inspection

#### 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.



Safety UCC



Prevention of and Response to Emergencies

Preventive Measures for COVID-19

Shwe Project in Myanmar engaged in COVID-19 prevention activities against on-site infections and initiated an emergency operation system. In consideration of its worksite characteristics, separate isolation procedures were taken for on-site visitors and shift workers, and patient transport drills were conducted in preparation for the occurrence of confirmed COVID-19 cases. To mitigate infection risks within the workplace, the size of on-site staff was reduced to the essential minimum and periodic temperature checks and infection prevention trainings were performed.

On-site Visitor	Shift Worker	On-site Worker
Disinfect the aircraft	Isolate for seven days prior to work shift	Mandate all workers to regularly check temperature
Check temperature prior to boarding the flight and make it mandatory for all passengers to wear face masks	Test for symptoms through professional healthcare service providers and verify infection through rapid testing kits	Notify virus infection prevention rules and offer training
		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 in 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

NO	Offshore Platform	Onshore Gas Terminal
1	Man Overboard	Fire or Smoke Ingress to Accommodations
2	Fire inside LQ <sup>1)</sup> or Technical Building	Electrical Fire at Process Areas
3	Fire in Utilities, Process or DFR Areas	Gas Release or Fire
4	Gas Release	Generator Fire
5	Chemicals, Diesel or Other Spillage	Gent KO Drum <sup>2)</sup> Gas Release or Fire
6	Confined Space Rescue	Diesel Oil Spillage
7	Rescue from a Height	Confined Space <sup>3)</sup> Rescue
8	Dropped Object or Scaffold Collapse	Rescue from a Height
9	Bomb Threat	Dropped Object or Scaffold Collapse
10	Illegal Boarding	Bomb Threat
11	Helicopter Precautionary Landing	Illegal Entry
12	Helicopter Crash on Platform	P/L ROW <sup>4)</sup> Sabotage
13	Helicopter Ditching	Total Power Failure
14	Potential/Actual Vessel Collision	Severe Weather (intense cold or heat)
15	Radioactive Source Incident	Injury/Medivac
16	Unpredictable Severe Weather	
17	Injury/Medivac	

1) Living Quarter: Spaces that accommodate offices and bedrooms within the offshore platform  
2) Vent Knock Out Drum: Eliminate liquid drops in the event of gas leaks occurring at onshore gas terminals, and store them temporarily  
3) Confined Space: Tanks, pressurized containers, and other spaces that prohibit people from staying permanently and are under access restrictions  
4) Pipeline Right of Way: Roads with pipelines buried underneath (5 km section from the landfall valve to the onshore transport terminal)

Communicating with Stakeholders

Communication with Local Residents

Public Consultation Meeting

POSCO INTERNATONAL 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 relationships based on 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.

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.

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-PCT 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.

# 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 serving 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 Myanma Oil & Gas Enterprise(MOGE) under the Ministry of Electricity & Energy(MOEE) and POSCO INTERNATIONAL, and has since been continuously undertaken regardless of regime change in the country for the past two decades. The revenue generated from the project is distributed between the Myanmar government and the project consortium partners, and the government's portion is paid to the bank account of the Myanmar Foreign Trade Bank(MFTB) run 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 liability issues. 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 21, 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(typhoons), 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 it was the nation's navy who would use the MPSV, exporting MPSV was possible only when the Defense Acquisition Program Administration of Korea reviewed the purpose of importing such vessel and granted its approval. In June 2017, the delegation 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 Dae Sun 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 Lloyd Register's classification system, and can't be classified into warship or battleship which serves as a weapon to meet military purposes. Furthermore, Dae Sun 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 recover affected areas and provide them with humanitarian aid and that this export business could not be viewed as related to the oppression of the Rohingya. On July 14, 2021, the KNCP concluded the objection procedure based on its judgement that following up on the procedure did not have no real benefit 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 their 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 that 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 funds 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 on-going state of emergency in the country. It is equally 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.

# Indonesia

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 value chain to oil refining and other sectors.

### PT. BIA at a Glance

	<b>Year of Establishment</b>	2011
	<b>Equity Ownership</b>	POSCO INTERNATIONAL 85%, retail investors 15%
	<b>Area</b>	34,195ha (plantable area: 25,936ha)
	<b>Facility Size</b>	2 CPO* mills, 9 religious facilities, 3 schools, 2 hospitals, etc. *Crude Palm Oil

### Vision/Mission



### Key Milestone

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

Nursery/Planting

→

Upkeep

→

Harvest

→

CPO Production

## Respecting Employees

### 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 worksites 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 its respect for 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.

Organization	Activity	Member
Labor union (SPSI)	Review pending management issues, labor-management agreements and others	22 members
Labor Management Council (Bipartit)	Improve HR systems and employees’ rights	18 members

### 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 hosted 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 amid the global pandemic, and a response system was created and its operation was bolstered to minimize the occurrence of infection cases at the workplace.



Promoting  
Talent  
Development

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 lung 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.

Driver Safety Management

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.

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.

Farm Training

Worker 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.

Communicating  
with  
Stakeholders

Grievance Mechanism

PT. BIA operates grievance mechanisms to proactively resolve the grievances raised by varying stakeholders including employees and indigenous peoples. Grievances can be submitted by anyone according to the grievance mechanism procedures disclosed on the website, and whistleblowers remain anonymous throughout the entire process. Once grievances are submitted, the Labor Department Team and the Community Assistance Team conduct investigations in accordance with relevant regulations and precedents, and interview whistleblowers and stakeholders to fully collect their opinions. Reasonable solutions are identified based on investigation outcomes to resolve grievances, and handling outcomes are communicated to whistleblowers.

Proactive Communication with Local Residents

PT. BIA holds public consultations to reach out ever close to local residents. In 2020, such consultations were hosted to perform SIAs(Social Impact Assessments)<sup>1)</sup> and HCVA(High Conservation Value Area) assessments<sup>2)</sup> 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 on 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 supplementations 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 basis for the long-term sustainable economic independence of indigenous peoples.

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 worksites. 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.



Participants in vocational training



Vocational training provided to indigenous peoples from Papua



Group volunteer activity to donate blood



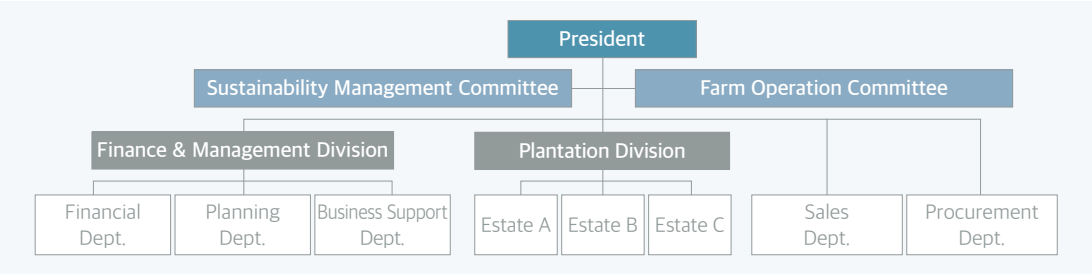
A tap water facility constructed in Selil

Advancing Eco-friendly Management

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(SIAs) and the resulting feedback was reflected in elaborating on the long-term environmental/social impact management plans.

Organizational Chart of the Sustainable Management Committee



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 SIAs 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 pinpoint 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 worksites, 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 in 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 HCVA(High Conservation Value Area) assessments in 2020 in conformity with the RSPO P&C(Principles and Criteria). This was followed by the LUCA(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 established 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 Free, Prior and Informed Consent(FPIC) 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 pursues 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 on 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.



NDPE policy presentation



Regular Plasma meeting

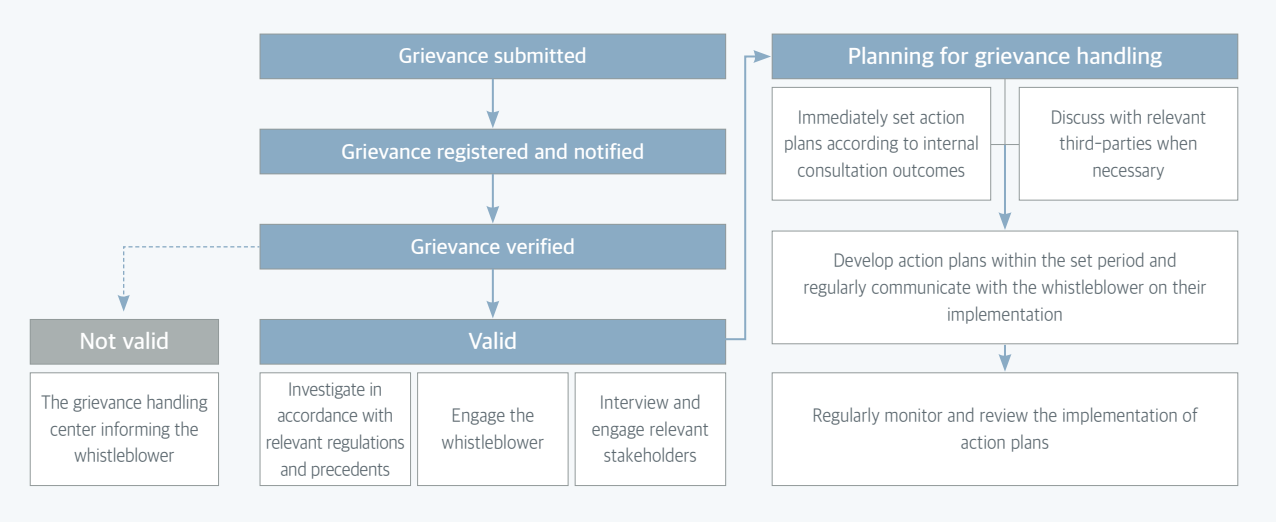


Employee capacity-building training on FPIC

Grievance Mechanism

PT. BIA operates a grievance mechanism for local community members. Stakeholders may submit their grievances in person, in written form, through e-mail and/or phone, or 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 which 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


Commitment	Activity	2021 1Q	2021 2Q	2021 3Q	2021 4Q
Policy, Systems and Management	Release of 2021 NDPE Implementation Plan				
	Socialize NDPE Policy with staff, suppliers and other stakeholders				
	Develop procedures to assess supply chain's compliance to our NDPE Policy				
Environmental Conservation and Management	Develop remediation and compensation plan, as required by RSPO RaCP				
	Update HCV management and monitoring plans				
	Monitor and record any non-compliant deforestation and hotspots/fires in the company estates				
Protection of, and Respect for Human Rights	Develop the capacity of staff on FPIC, grievance handling and conflict resolution				
	Develop capacity of staff on human resources management				
	Implement Plasma oil palm plantation				
	Absorbing sub-contracted plantation workers into the PT.BIA workforce				
Stakeholder Engagement & Communication	Conduct regular due-diligence activity to monitor and raise awareness of PT.BIA employees in human rights protection and ethical management				
	Develop and publish grievance logs at the Sustainability Dashboard				
	Publish 6-month progress reports				



# 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	<ul style="list-style-type: none"><li>Fergana: Spinning and weaving factory</li><li>Tashlak: Spinning factory</li><li>Kumtepa: Spinning and weaving factory</li><li>Bukhara: Spinning factory</li></ul>
	Production Capacity	Cotton yarn: 51,000 tons/year, fabric: 40,000 km/year

### Vision/Mission



### Key Milestone

<b>Aug. 2019</b>	Won the Grand Prize in the Labour Protection Inspector, Safety Protection sectors at the nationwide labor union competition in Uzbekistan Renamed POSCO INTERNATIONAL Textile LLC	<b>Aug. 2014</b>	Named the Best Labor Union by the Federation of Trade Unions of Uzbekistan
<b>Sep. 2018</b>	Facility ownership transferred to the Company following the full payment of lease fees to the National Bank of Uzbekistan (NBU)	<b>Sep. 2009</b>	DTB initiated commercial operation
<b>Dec. 2016</b>	DTF acquired by DTB, and changed the Company name (DAEWOO Textile LLC)	<b>Apr. 2009</b>	DTF acquired by DTC
<b>Dec. 2014</b>	Decided to invest USD 10.3 million in replacing old spinning equipment at the Fergana factory	<b>Jun. 2008</b>	Awarded at the best technician awards hosted by the Uzbekistan textile and light industry
		<b>Apr. 2008</b>	Established DAEWOO Textile Bukhara(DTB)
		<b>Nov. 2006</b>	Established DAEWOO Textile Fergana(DTF)
		<b>Mar. 1997</b>	Initiated the commercial operation of the spinning factory
		<b>Apr. 1996</b>	Established DAEWOO Textile Company(DTC)

### Business Performance and Strategic Direction

#### 2020 Performance

- Continued with normal factory operations through prompt response to COVID-19
- Established cotton mask 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

## 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, and interviews are conducted by the HR manager, the training team head, and the factory manager to ensure fairness. As to shop floor positions, interviewees 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 Bukhara 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.

#### 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 use 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.

### 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 to newly-hired factory workers for their job competence improvement, and rotational department-level on-the-job training was operated in 2020 for new office employees to receive basic job training in diverse work areas.

2020 Performance	<ul style="list-style-type: none"><li>Introduced an internship program at the Fergana factory</li><li>Strengthened the new hire training<ul style="list-style-type: none"><li>Factory: Established and implemented a skilled worker training system</li><li>Office: Provided rotational department-level on-the-job training</li></ul></li></ul>
2021 Plan	<ul style="list-style-type: none"><li>Prepare for industry-academia cooperation programs<ul style="list-style-type: none"><li>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</li></ul></li><li>Introduce a job rotation system for office positions</li></ul>



Offline training for new hires



Division-level vision workshop

Respecting Employees

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

Factory	Safety Training and Evaluation	Completion (unit: No. of persons)
Fergana	Safety	59
	High-risk area	36
Tashlak	Safety	43
	High-risk area	21
Kumtepa	Safety	33
	High-risk area	33
Bukhara	Safety	140
	High-risk area	140
Total		505



Firefighting and safety training

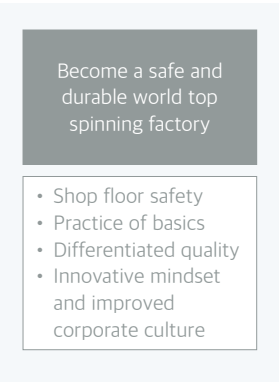
Quick Six Sigma(QSS) Initiative

Quick Six Sigma(QSS) refers to 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 Safety. POSCO INTERNATIONAL Textile developed its own QSS strategy and fully launched the initiative in 2018. In 2021, the company continued with its strategy and engaged in diverse improvement activities to render its factory operations safer and more efficient.

QSS Strategy



Future Plans



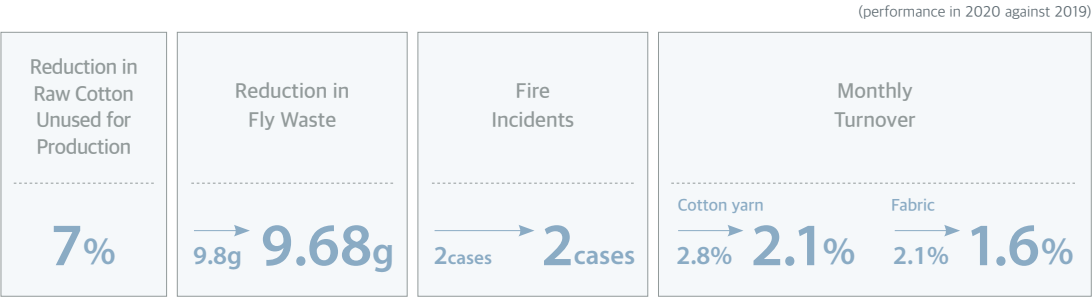
QSS Performance and Plans

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 Tashlak 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 Tashlak 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.

\* A quality parameter measuring the amount of impurities within cotton yarn

QSS Key Performance Indicator



QSS Activities Undertaken

Deploying UPS within the control box to ensure power supply in the event of momentary outages to prevent machine troubles

Converting coolers within the compression room into heaters to prevent numb hands and improve work efficiency

Attaching pads within the interior of carts in the humidifying room to prevent product losses



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 convenience of employees.

Communication Channel

Channel	Cycle	Activity
Labor-management meeting	Monthly	Serve as a direct communication channel between company representatives and employees to exchange diverse ideas on the improvement of employee welfare and working conditions
Executive meeting	Monthly	Notify major corporate activities to employees in executive positions on a monthly basis
Bulletin board	Year-round	Share corporate policies, announcements and major on-going work through bulletin boards set up across the company
Labor-management representatives	Year-round	Gather employee feedback year-round through employee representatives and coordinate through consultations with the company

Communicating with Stakeholders

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 health-care services even as the number of patients is surging amid 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 MEKICS, 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.

Tailor-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 Qurban Hayit, 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.

GLOBAL ESG ISSUE PAPER

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 Textile is 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 best addressed through comprehensive nation-level measures, we are sincerely committed to properly 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 Uzbekistan government has been consistently 'Improving Awareness and Monitoring of the Prohibition of Child Labor and Forced Labor' in partnership with the International Labor Organization(ILO) 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<sup>1)</sup>, 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%p 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, its 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 10 years ago.<sup>2)</sup> 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 Campaign<sup>3)</sup> 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) 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, Brands Need Assurances on Forced Labor and Civil Society in Uzbekistan, Apr. 16, 2020

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 where it operates. POSCO INTERNATIONAL Textile 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 2020, 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 UNGC's Guiding Principles 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

<b>Establishment of a Human Rights Management System</b> <ul style="list-style-type: none"><li>Human rights policy development and sharing</li><li>Regular human rights training</li><li>Sharing of the internal remedy policy</li><li>Assignment of human rights managers and sharing of the information</li></ul>	<b>Prohibition of Forced Labor and Child Labor</b> <ul style="list-style-type: none"><li>Occurrence of child labor</li><li>Confirmation of workers' identity</li><li>Occurrence of mobility restrictions</li><li>Occurrence of forced labor</li></ul>
<b>Development of Transparent Employment and Work Conditions</b> <ul style="list-style-type: none"><li>Voluntary employment and the signing of an employment contract</li><li>Explanation of work conditions and descriptions and their match with actual ones</li><li>On-time payment above the legal minimum wage</li></ul>	<b>Guarantee of Workplace Safety</b> <ul style="list-style-type: none"><li>Accessibility to potable water and hygiene facilities</li><li>Disaster response system development</li><li>Assignment of safety managers and sharing of the information</li><li>Regular safety training</li></ul>
<b>Operation of a Grievance Channel and Its Mechanism</b> <ul style="list-style-type: none"><li>Existence of a channel and its mechanism</li><li>Sharing of and accessibility to a channel and its mechanism</li><li>Protection of the anonymity of whistleblowers</li><li>Transparent disclosure of the handling process and its outcomes</li></ul>	<b>Guarantee of Freedom of Collective Bargaining/Freedom of Association</b> <ul style="list-style-type: none"><li>Guarantee of freedom of collective bargaining and association</li><li>Free labor union activities, etc.</li></ul>



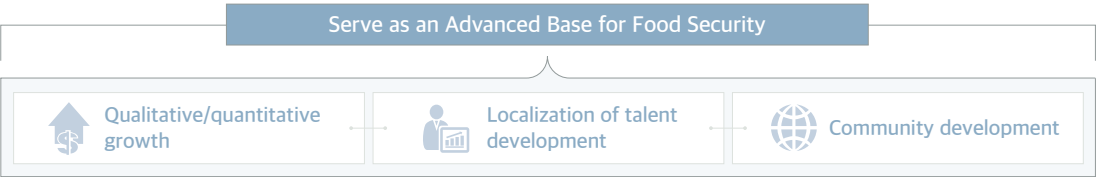
# Ukraine

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

	Year of Establishment	2019
	Equity	POSCO INTERNATIONAL 75%, Orexim Group 25%
	Facility Capacity	<ul style="list-style-type: none"><li>• 2 railway unloading station lines, 5 truck unloading station lines</li><li>• Silos and grain elevator storage facilities(142,000 tons in total)</li><li>• Drying and gallery facilities</li><li>• Berth No. 10 at the Port of Mykolaiv</li></ul>
	Size	2.5 million tons in annual shipment

### Vision/Mission



### Key Milestone

Jul. 2020	Signed the first long-term contract in line with the opening of the marketing season
Dec. 2019	Completed construction initiated commercial operation
Feb. 2019	Signed an equity transfer contract
Jul. 2017	Initiated construction

### 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 tons in handling volume in the first year of commercial operation
- Exported 41,000 tons 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 tons in annual turnover
- 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

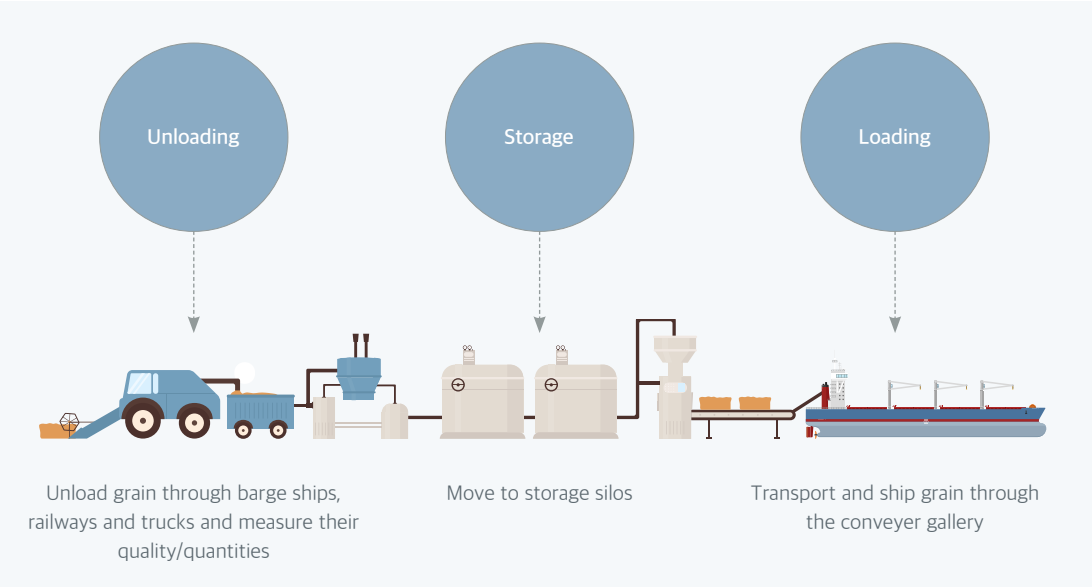
#### Business Performance and Strategic Direction

As commodity prices increase recently with mounting concerns over agflation 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 Mykolaiv in Ukraine, and jointly imported a total of 68,000 tons of feed wheat in October 2020 with Nonghyup Feed, Korea's largest feed grain importer. Nearly 41,000 tons 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 tons in 2020 to 25 million tons 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.



Reinforcing Ethics Management

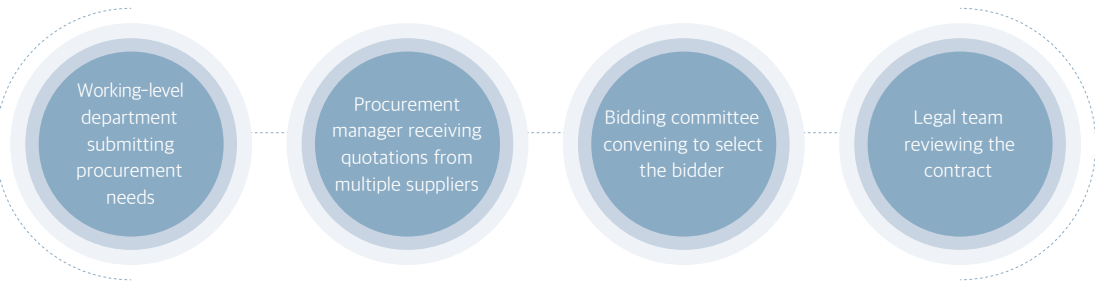
Developing an Ethics Management Process

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 discuss 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.

Respecting Employees

Advancing Labor-Management Relations

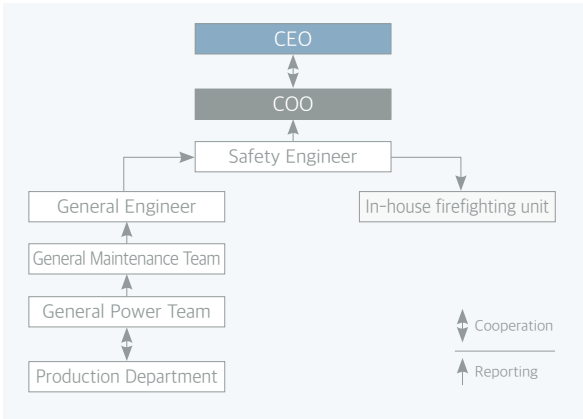
Labor Union Operation and Communication

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-injury/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.



Firefighting safety training

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

Grievance Mechanism

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 worksites. 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 require 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

Hearing the news that local community hospitals in Ukraine faced difficulties in procuring protective suits amid the COVID-19 pandemic, the company purchased and donated these much-needed items through the POSCO 1% Sharing Funds to provide substantial assistance to local healthcare professionals. The company also fully cooperated with From Heart to Heart, a local charity organization, the Ukrainian Ministry of Social Policy, custom authorities, and the Ministry of Health under the state government of Mykolaiv to facilitate the smooth transport of protective suits. This is the first local CSR activity ever undertaken by the company independently since its foundation. Looking ahead, the company will continue to identify local CSR activities that pursue win-win partnerships based on communication with local residents.

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 empathize with the challenges plaguing the local community where it operates and fulfill its responsibility as a global corporate citizen.



Donation of protective suits to a local children’s hospital



Donation of medical equipment to help prevent COVID-19

Advancing Eco-friendly Management

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(S-SUFSCP) 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.

Air Pollutant Management	<ul style="list-style-type: none"><li>• Analyze the intensity of dust and other air pollutants as well as noise(quarterly)</li><li>• Measure air pollutants during the year</li><li>• Evaluate the technical status and efficiency of gas washers(twice a year)</li><li>• Measure the content of pollutants in the exhaust gas generated from vehicles used for business purposes</li></ul>
Waste Management	<ul style="list-style-type: none"><li>• Inspect the airtightness of storage containers</li><li>• Inspect oil leaks</li><li>• Inspect the discharge of soil pollutants</li></ul>
Water Resources Management	<ul style="list-style-type: none"><li>• Inspect the efficiency of oil removal in rainwater separators</li></ul>

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 hosted 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.



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Financial Statements

FY 2020: as of Dec. 31, 2020  
FY 2019: as of Dec. 31, 2019  
FY 2018: as of Dec. 31, 2018

Consolidated Statement of Financial Position

(Unit: KRW 1,000)

Category	FY 2020	FY 2019	FY 2018
Assets			
Current assets	4,764,575,099	5,032,320,679	5,980,170,931
Cash and cash equivalents	679,304,336	236,088,955	201,467,875
Trade and other receivables	2,894,352,121	3,437,125,452	4,229,168,305
Other current financial assets	18,708,121	22,892,162	14,837,507
Current derivative assets	113,410,566	42,073,964	53,268,235
Other current assets	129,394,050	182,281,463	150,764,588
Inventories	929,405,905	1,111,858,683	1,330,664,421
Non-current assets	3,563,463,637	3,927,094,409	3,900,849,402
Long-term trade r eceivables and other non-current receivables	230,798,203	441,664,877	368,001,611
Other non-current financial assets	29,538,903	33,505,850	37,542,836
Investments accounted for using equity method	342,795,420	367,793,878	347,695,881
Property, plant and equipment	1,325,419,228	1,380,434,600	1,294,344,955
Right-of-use assets	91,592,421	75,273,352	
Intangible assets	1,129,384,946	1,249,794,886	1,445,593,033
Investment properties	147,593,929	152,168,301	154,735,824
Net defined benefit assets	0	9,100	969,811
Other non-current assets	65,331	183,462	3,696,715
Deferred tax assets	264,796,301	221,083,487	243,086,120
Current tax assets	1,478,955	5,182,616	5,182,616
Total assets	8,328,038,736	8,959,415,088	9,881,020,333
Liabilities			
Current liabilities	3,397,363,219	3,561,239,530	5,421,081,019
Trade and other payables	1,774,106,704	2,091,526,195	2,057,123,487
Short-term borrowings	796,037,935	1,024,700,968	2,427,424,586
Current portion of bonds	417,041,988	130,042,420	538,509,110
Current derivative liabilities	90,254,613	33,202,602	44,240,137
Current provisions	13,082,742	19,704,862	
Other current liabilities	213,755,045	253,449,639	284,635,562
Current tax liabilities	93,084,192	8,612,844	69,148,137
Non-current liabilities	1,769,801,784	2,350,114,722	1,570,400,776
Long-term trade payables and other non-current liabilities	176,540,718	223,349,138	13,407,511
Long-term borrowings	379,347,256	734,572,710	652,936,218
Bonds	1,107,419,955	1,243,688,371	770,515,080
Other non-current liabilities	703,693	32,555,975	44,358,927
Net defined benefit liabilities	11,254,205	9,342,466	3,396,635
Non-current provisions	72,307,753	84,462,885	71,879,981
Deferred tax liabilities	22,228,204	22,143,177	13,906,424
Total liabilities	5,167,165,003	5,911,354,252	6,991,481,795
Equity			
Equity attributable to owners of the parent	3,158,096,077	3,047,729,156	2,887,254,170
Issued capital	616,875,745	616,875,745	616,875,745
Capital surplus	558,027,142	557,760,234	553,976,070
Other components of equity	-7,762	-7,762	-7,762
Accumulated other comprehensive income	-25,032,286	15,595,147	-15,867,119
Retained earnings	2,008,233,238	1,857,505,792	1,732,277,236
Non-controlling interests	2,777,656	331,680	2,284,368
Total equity	3,160,873,733	3,048,060,836	2,889,538,538
Total liabilities and equity	8,328,038,736	8,959,415,088	9,881,020,333

FY 2020: as of Dec. 31, 2020  
FY 2019: as of Dec. 31, 2019  
FY 2018: as of Dec. 31, 2018

Statement of Financial Position

(Unit: KRW 1,000)

Category	FY 2020	FY 2019	FY 2018
Sales	21,472,386,358	24,422,574,846	25,173,939,721
Cost of sales	20,547,321,165	23,297,980,546	24,199,883,770
Gross profit	925,065,193	1,124,594,300	974,055,951
Selling and administrative expenses	450,586,904	519,276,554	501,432,847
Operating profit(loss)	474,478,289	605,317,746	472,623,104
Share of profit in associates	58,989,188	84,132,543	44,703,184
Share of loss in associates	40,191,213	29,030,351	28,609,829
Financial income	1,176,348,953	797,316,170	759,797,926
Financial costs	1,260,551,660	922,521,959	919,294,064
Other non-operating income	17,592,608	48,094,422	24,546,572
Other non-operating expenses	99,496,937	253,330,465	177,681,741
Profit(loss) for the year before tax	327,169,228	329,978,106	176,085,152
Income tax expenses	97,645,019	127,580,055	60,344,033
Profit(loss)	229,524,209	202,398,051	115,741,119
Other comprehensive income	-40,668,808	21,804,823	-5,951,074
Other comprehensive income to be reclassified to profit or loss in subsequent periods	-32,189,151	26,776,075	1,606,812
Net loss on valuation of available-for-sale financial assets	-7,798,608	9,370,793	12,596,379
Capital variation of equity method	-1,534,133	-947,176	-14,467,791
Negative capital variation of equity method	-22,771,969	18,352,458	3,478,224
Exchange differences on translation of foreign operations	-84,441		
Other comprehensive income, net of tax, to be not reclassified to profit or loss in subsequent periods	-8,479,657	-4,971,252	-7,557,886
Gain(loss) on disposal of FVOCI financial assets	-6,041,661	-398,478	-7,870,791
Capital variation of equity method	-3,224,674	2,202,166	5,851,637
Re-measurement gain(loss) on defined benefit liabilities (other comprehensive income, net of tax)	-551,064	-7,267,686	-5,538,732
Exchange differences on translation of foreign operations	1,337,742	492,746	
Total Comprehensive Income	188,855,401	224,202,874	109,790,045
Profit(loss) for the year attributable to			
Owners of the parent	283,556,764	209,403,680	155,174,308
Non-controlling interests	-9,032,555	-7,005,629	-39,433,189
Total comprehensive income(loss) attributable to			
Owners of the parent	196,462,436	230,715,757	147,098,408
Non-controlling interests	-7,607,035	-6,512,883	-37,308,363
Earnings per share			
Basic earnings(loss) per share(unit: KRW)	1,934	1,697	1,258
Basic earnings(loss) per share for income from continuing operation(unit: KRW)	1,934	1,697	1,258
Diluted earnings(loss) per share(unit: KRW)	1,934	1,697	1,258
Diluted earnings(loss) per share for income from continuing operation(unit: KRW)	1,934	1,697	1,258

FY 2020: as of Dec. 31, 2020  
FY 2019: as of Dec. 31, 2019  
FY 2018: as of Dec. 31, 2018

Statement of Financial Position

(Unit: KRW 1,000)

Category	FY 2020	FY 2019	FY 2018
<b>Assets</b>			
Current assets	3,925,547,955	4,354,171,096	5,267,780,694
Cash and cash equivalents	495,509,424	85,092,442	53,760,025
Trade and other receivables	2,800,559,212	3,473,836,072	4,258,658,693
Other current financial assets		310,679	66,208
Derivative financial assets	113,384,542	42,073,964	53,260,650
Other current assets	97,201,111	153,497,495	118,576,395
Inventories	418,893,666	599,360,444	783,458,723
Non-current assets	3,280,402,945	3,366,940,287	3,505,463,121
Long-term trade receivables and other receivables	262,956,981	489,008,764	413,764,644
Other non-current financial assets	24,663,274	28,725,489	29,943,568
Investments in subsidiaries, joint ventures and associates	1,184,986,310	633,804,332	631,887,401
Property, plant and equipment	272,111,459	629,892,062	645,852,967
Right-of-use assets	40,279,695	20,823,986	
Intangible assets	1,040,537,093	1,146,773,717	1,358,280,266
Investment properties	147,593,929	152,168,301	154,735,824
Net defined benefit assets		9,100	969,810
Deferred tax assets	305,795,249	260,551,920	264,846,025
Current income tax assets	1,478,955	5,182,616	5,182,616
Total assets	7,205,950,900	7,721,111,383	8,773,243,815
<b>Liabilities</b>			
Current liabilities	2,646,442,369	3,024,828,514	4,738,886,421
Tradae and other payables	1,545,377,674	1,938,246,378	1,940,101,042
Short-term borrowings	347,566,270	697,346,429	1,936,789,726
Current portion of bonds	417,041,988	130,042,420	538,509,110
Current derivative liabilities	90,144,661	33,117,042	44,240,137
Current provisions	10,649,615	18,309,305	
Other current liabilities	153,992,120	207,766,940	224,564,761
Current tax liabilities	81,670,041		54,681,645
Non-current liabilities	1,537,795,079	1,787,163,682	1,235,211,400
Long-term trade payables and other payables	138,148,709	187,944,158	15,802,942
Long-term borrowings	218,847,713	232,882,813	336,309,640
Bonds	1,107,419,955	1,243,688,371	770,515,080
Other non-current liabilities	703,694	32,555,975	37,963,152
Net defined benefit liabilities	2,735,075	4,619,008	
Non-current provisions	69,939,933	85,473,357	74,620,586
Total liabilities	4,184,237,448	4,811,992,196	5,974,097,821
<b>Equity</b>			
Issued capital	616,875,745	616,875,745	616,875,745
Other capital surplus	544,002,741	544,002,741	544,002,741
Other components of equity	-6,115	-6,115	-6,115
Accumulated other comprehensive income	-7,110,068	-1,896,460	-1,945,021
Retained earnings	1,867,951,149	1,750,143,276	1,640,218,644
Total equity	3,021,713,452	2,909,119,187	2,799,145,994
Total liabilities and equity	7,205,950,900	7,721,111,383	8,773,243,815

FY 2020: as of Dec. 31, 2020  
FY 2019: as of Dec. 31, 2019  
FY 2018: as of Dec. 31, 2018

Statement of Comprehensive Income

(Unit: KRW 1,000)

Category	FY 2020	FY 2019	FY 2018
Sales	19,224,845,261	22,743,722,129	23,308,796,353
Cost of sales	18,457,485,547	21,771,949,516	22,523,175,326
Gross profit	767,359,714	971,772,613	785,621,027
Selling and administrative expenses	342,806,208	403,606,458	400,335,966
Operating profit(loss)	424,553,506	568,166,155	385,285,061
Financial income	1,182,984,339	804,991,753	769,100,765
Financial costs	1,158,167,974	843,204,969	824,200,360
Other non-operating income	10,661,057	45,026,513	23,374,224
Other non-operating expenses	175,061,834	282,605,878	219,551,214
Profit(loss) for the year before tax	284,969,094	292,373,574	134,008,476
Income tax expenses	80,993,703	100,669,425	36,236,774
Profit(loss)	203,975,391	191,704,149	97,771,702
Other comprehensive income	-5,018,703	-7,706,021	-11,303,087
Other comprehensive income, net of tax, to be not reclassified to profit or loss in subsequent periods	-5,018,703	-7,706,021	-11,303,087
Gain(loss) on disposal of FVOCI financial assets	-6,041,660	-529,069	-5,620,845
Re-measurement gain(loss) on defined benefit liabilities (other comprehensive income, net of tax)	1,022,957	-7,176,952	-5,682,242
Total Comprehensive Income	198,956,688	183,998,128	86,468,615
Earnings per share			
Basic earnings(loss) per share(unit: KRW)	1,653	1,554	792
Basic earnings(loss) per share for income from continuing operation(unit: KRW)	1,653	1,554	792
Diluted earnings(loss) per share(unit: KRW)	1,653	1,554	792
Diluted earnings(loss) per share for income from continuing operation(unit: KRW)	1,653	1,554	792



GRI Contents Index

GRI Standards	Disclosure		Page/URL
GRI 101: Foundation			
General Disclosures			
GRI 102: Organizational Profile(2016)	102-1	Name of organization	16
	102-2	Activities, brands, products and services	18-21
	102-3	Location of headquarters	16
	102-4	Location of operations	22-23
	102-5	Ownership and legal form	25
	102-6	Markets served	18-23
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	102-10	Significant changes to the organization and its supply chain	2, 23
	102-11	Precautionary Principle or approach	64
	102-12	External initiatives	30-31, 60-61, 155-157
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GRI 102: Strategy(2016)	102-14	Statement from senior decision-maker	4-5
	102-15	Key impacts, risks, and opportunities	39, 60, 63, 73, 93, 105
GRI 102: Ethics and Integrity(2016)	102-16	Values, principles, standards, and norms of behavior	16, 64
	102-17	Mechanisms for advice and concerns about ethics	65-66
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	102-23	Chair of the highest governance body	24
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GRI 102: Stakeholder Engagement(2016)	102-40	List of stakeholder groups	94
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	102-42	Identifying and selecting stakeholders	94
	102-43	Approach to stakeholder engagement	94
	102-44	Key topics and concerns raised	34-35, 94
GRI 102: Reporting Practice(2016)	102-45	Entities included in the consolidated financial statements	Please refer to pages 3-4 of the 2020 POSCO INTERNATIONAL Business Report
	102-46	Defining report content and topic Boundaries	2
	102-47	List of material topics	34-35
	102-48	Restatements of information	77, 112
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	102-50	Reporting period	2
	102-51	Date of most recent report	2
	102-52	Reporting cycle	2
	102-53	Contact point for questions regarding the report	2
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	102-56	External assurance	158-159

GRI Standards	Disclosure		Page/URL
GRI 200 Economic Standards			
GRI 103: Management Approach(2016)	103-1	Explanation of the material topic and its Boundary	34-35
	103-2	The management approach and its components	38-39
	103-3	Evaluation of the management approach	40-41
GRI 201: Economic Performance(2016)	201-1	Direct economic value generated and distributed	59
	201-2	Financial implications and other risks and opportunities due to climate change	60-61
	201-3	Defined benefit plan obligations and other retirement plans	91
	201-4	Financial assistance received from government	155
GRI 202: Market Presence(2016)	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	77
GRI 203: Indirect Economic Impacts(2016)	203-1	Infrastructure investments and services supported	101, 130
GRI 205: Anti-corruption(2016)	205-2	Communication and training about anti-corruption policies and procedures	65
	205-3	Confirmed incidents of corruption and actions taken	66
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practice	No relevant regulatory actions taken
GRI 300 Environmental Standards			
GRI 302: Energy(2016)	302-1	Energy consumption within the organization	106
	302-3	Energy intensity	106
	302-4	Reduction of energy consumption	106, 110
GRI 303: Water and Effluents(2018)	303-3	Water withdrawal	109
	303-4	Water discharge	109
GRI 304: Biodiversity(2016)	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	111-113
	304-3	Habitats protected or restored	111-113
GRI 103: Management Approach(2016)	103-1	Explanation of the material topic and its Boundary	34-35
	103-2	The management approach and its components	104-105
	103-3	Evaluation of the management approach	104-105
GRI 305: Emission(2016)	305-1	Direct (Scope 1) GHG emissions	106
	305-2	Energy indirect (Scope 2) GHG emissions	106
	305-4	GHG emissions intensity	106
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	109
GRI 306: Waste(2016)	306-3	Waste generated	109
	306-4	Waste diverted from disposal	109
GRI 307: Environmental Compliance(2016)	307-1	Non-compliance with environmental laws and regulations	No relevant regulatory actions taken
GRI 308: Supplier Environmental Assessment(2016)	308-2	Negative environmental impacts in the supply chain and actions taken	67
GRI 400 Social Standards			
GRI 103: Management Approach(2016)	103-1	Explanation of the material topic and its Boundary	34-35
	103-2	The management approach and its components	72-73
	103-3	Evaluation of the management approach	74-75
GRI 401: Employment(2016)	401-1	New employee hires and employee turnover	76
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	91
	401-3	Parental leave	83

GRI Standards	Disclosure		Page/URL
GRI 103: Management Approach(2016)	103-1	Explanation of the material topic and its Boundary	34-35
	103-2	The management approach and its components	72-73
	103-3	Evaluation of the management approach	74-75
GRI 403: Occupational Health and Safety(2018)	403-1	Occupational health and safety management system	84-85
	403-2	Hazard identification, risk assessment, and incident investigation	86-87
	403-3	Occupational health services	85-86
	403-4	Worker participation, consultation, and communication on occupational health and safety	85
	403-5	Worker training on occupational health and safety	86
	403-6	Promotion of worker health	86
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86
	403-9	Work-related injuries	84, 157
GRI 404: Training and Education(2016)	404-1	Average hours of training per year per employee	77
	404-2	Programs for upgrading employee skills and transition assistance programs	78-81
GRI 405: Diversity and Equal Opportunity(2016)	405-1	Diversity of governance bodies and employees	24, 83
	405-2	Ratio of basic salary and remuneration of women to men	77
GRI 406: Non-discrimination(2016)	406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination
GRI 407: Freedom of Association and Collective Bargaining(2016)	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No such operations or suppliers
GRI 408: Child Labor(2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	No such operations or suppliers
GRI 409: Forced or Compulsory Labor(2016)	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	No such operations or suppliers
GRI 411: Rights of Indigenous Peoples(2016)	411-1	Incidents of violations involving rights of indigenous peoples	No such violations
GRI 103: Management Approach(2016)	103-1	Explanation of the material topic and its Boundary	34-35
	103-2	The management approach and its components	72-73, 82
	103-3	Evaluation of the management approach	74-75
GRI 412: Human Rights Assessment (2016)	412-1	Operations that have been subject to human rights reviews or impact assessments	No human rights due diligence on overseas worksites in 2020 due to the aggravating COVID-19 pandemic
	412-2	Employee training on human rights policies or procedures	83
GRI 103: Management Approach(2016)	103-1	Explanation of the material topic and its Boundary	34-35
	103-2	The management approach and its components	92-93
	103-3	Evaluation of the management approach	92-93
GRI 413: Local Communities(2016)	413-1	Operations with local community engagement, impact assessments, and development programs	123, 129-133, 139, 144-145
GRI 103: Management Approach(2016)	103-1	Explanation of the material topic and its Boundary	34-35
	103-2	The management approach and its components	62-63
	103-3	Evaluation of the management approach	62-63
GRI 414: Supplier Social Assessment (2016)	414-1	New suppliers that were screened using social criteria	67
GRI 416: Customer Health and Safety (2016)	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No relevant regulatory actions taken
GRI 418: Customer Privacy(2016)	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No relevant regulatory actions taken
GRI 419: Socioeconomic Compliance (2016)	419-1	Non-compliance with laws and regulations in the social and economic area	No relevant regulatory actions taken

Other Data

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 assets(on 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 19,154,607 million.

Employee Data

As of December 31, 2020, POSCO INTERNATIONAL hired a total of 9,600 employees, including 1,271 at the HQ in Korea and 8,329 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.

Area	Principle	Reporting Topic	Page
Human Rights	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.	Respecting Employees	82-83, 132-133, 139
Labour	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 labour; Principle 5: the effective abolition of child labour; and Principle 6: the elimination of discrimination in respect of employment and occupation.	Respecting Employees	82-83, 89, 127, 138-139
Environment	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.	Advancing Eco-friendly Management	60-61, 104-113, 132-133, 145
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Reinforcing Ethics Management	62-66

## 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 as well as investors 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.

\* 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.

### 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

Metric	Unit	2018	2019	2020
Gross global Scope 1 emissions	tCO <sub>2</sub> e	17,294	13,631	12,835

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 annual GHG allowances according to applicable governmental regulations and receives third-party verifications on its emissions.

(EM-IS-110a.2.)

Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

To identify and respond to the actual and potential impact from climate change, we comply with relevant regulations while setting reduction targets and making progress accordingly. The ESG Council established in 2021 will enable us to systematically respond to mid/long-term climate change risks. Specifically, POSCO SPS was designated as a participant in the GHG emissions trading scheme in November 2017 and has since implemented company-wide climate change response activities. The company attends quarterly working-level emissions trading scheme consultation meetings hosted by POSCO Group to share major trends on the scheme and Group-wide issues and to discuss measures to acquire credits. Furthermore, efforts are made to discover GHG emissions reduction items and translate them into action to mitigate GHG emissions.

#### 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

Metric	Unit	2018	2019	2020
Energy consumed	TJ	1,391	1,243	1,236
Percentage grid electricity	%	66.1	70.5	70.4

(EM-IS-130a.2.)

(1) Total fuel consumed, (2) Percentage coal,  
(3) Percentage natural gas, (4) Percentage renewable

Metric	Unit	2018	2019	2020
Total fuel consumed	TJ	329	236	240
Percentage coal	%	0	0	0
Percentage natural gas	%	85.2	83.3	84.8
Percentage renewable	%	0	0	0

#### 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.)

Air emissions of the following pollutants: NOx emissions,  
SOx emissions, and Particulate Matter(PM10) emissions

Metric	Unit	2018	2019	2020
NOx emissions	Ton	36	25	25
SOx emissions	Ton	0.15	0.05	0.08
Particulate Matter(PM10) emissions	Ton	4	2	2

#### 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

Metric	Unit	2018	2019	2020
Water withdrawn(water supply)	m <sup>3</sup>	547,779	520,269	503,263

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 Resource 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

Metric	Unit	2018	2019	2020
Total waste generated	Ton	2,915	2,539	2,984
Percentage hazardous	%	0	0	0
Percentage recycled	%	7.0	56.3	82.0

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(SAOs).

(EM-IS-320a.1. / RT-IG-320a.1.)

For full-time employees and contract employees,  
(1) Total recordable incident rate(TRIR), (2) Fatality rate,  
(3) Near miss frequency rate(NMFR)

Metric	Unit	2019	2020
Total recordable incident rate(TRIR)	No. of injuries for every 200,000 hours worked	0.44	0.22
Fatality rate	No. of fatalities for every 200,000 hours worked	0	0
Near miss frequency rate(NMFR)	No. of near miss incidents for every 200,000 hours worked	8.83	4.42

\* Based on the HQ and POSCO SPS

#### Supply Chain Management

(EM-IS-430a.1.)

Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues  
(RT-IG-440a.1)

Description of the management of risks associated with the use of critical materials

POSCO INTERNATIONAL manages environmental and social issues along the supply chain in conformity with POSCO Group's Code of Conduct. We perform annual business partner assessments for both new and existing partners, and support the capacity-building of our supply chain. In addition, our responsible mineral management guidelines form the basis for us to identify responsible mineral sourcing risks along the supply chain and implement systemic activities for responsible mineral management. For further details on our supply chain management activities, please refer to page 67 of this report.

### Activity Metrics

(EM-IS-000.A) Raw steel production, percentage

(EM-IS-000.B) Total iron ore production

(EM-IS-000.C) Total coking coal production

(RT-IG-000.A) Number of units produced by product category

(RT-IG-000.B) Number of employees

Activity metrics are used to measure an individual company's scope and scale of business operations, and help stakeholders with normalized understanding of accounting indicator performance by industry standards. POSCO INTERNATIONAL, as a Globally Integrated Corporation, does not own mines nor directly produce steel but is engaged in processing and sales operations, which implies that no direct linkage is established between our business operations and activity metrics under the EM-IS and RT-IG industry standards. For information on the scope and scale of our business operations, please refer to the Key Figures section on pages 48-56 of this report. For data on the number of employees, please refer to page 76 of this report.



## 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 AP) 2018<sup>1</sup> and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Sustainability Reporting Standards 2020 which are identified in the process for defining report content;

No.	Material Topics	GRI Topic Specific Disclosure	No.	Material Topics	GRI Topic Specific Disclosure
1	Expanding and changing the business structure	201-1	5	Reinforcing employee health and safety	403-9
2	Respecting human rights and prohibiting discrimination	412-1	6	Facilitating active stakeholder communication	413-1
3	Creating a great work environment	401-3	7	Responding to climate change	305-1, 305-2, 305-4
4	Securing and managing sustainable suppliers	414-1			

We performed our work using AA1000AS v3<sup>1)</sup> of AccountAbility Assurance Standard and DNV’s assurance methodology VeriSustainTM<sup>2)</sup> (Ver. 5.0) which is based on our professional experience, international assurance best practices. DNV provides Type 1 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 POSCO Tower in Songdo, Korea. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- 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) AA1000 AccountAbility Principles 2018: Internationally accepted, four principles-based framework and guidance that organisations can use to identify, prioritise and respond to sustainability performance and responsibility.  
2) The VeriSustain protocol is available upon request at 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 this 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.poscointl.com). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling 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 any liability or co-responsibility for any decision a person or an 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 Reporting Principles 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 Inclusivity

POSCO INTERNATIONAL has identified shareholders/investors, customers, suppliers, employees, local communities/civil organizations, governments/international 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 concerns and communication channels for each stakeholder are described in the Report. 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 Materiality

POSCO INTERNATIONAL has conducted the materiality analysis to prepare the Report. Based on the existing issue pool in 2019, POSCO INTERNATIONAL has derived a total of 19 sustainability management issues by reflecting the sustainability management trend, the focus required by the 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 risks, opportunities, approaches, goals and performances for each of the six focus areas. By explaining 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 to material topics should be identified, monitored and evaluated. POSCO INTERNATIONAL grasped 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 principles of report quality of GRI Standards as follows;

### Report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness

DNV tested 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 and reporting 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. This engagement work was carried out by an independent team of sustainability 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

HQ	<ul style="list-style-type: none"><li>Authorized Economic Operator(AEO)</li><li>Compliance Program(CP) of Strategic Export</li><li>ISO 9001</li><li>ISO 14001</li><li>ISO 45001</li><li>IATF 16949</li></ul>		
Overseas Worksite	Shwe Project in Myanmar	• ISO 14001	
	PT. BIA in Indonesia	• ISPO	• RSPO
	POSCO INTERNATIONAL Textile in Uzbekistan	• OEKO-TEX STANDARD 100(cotton yarn/cotton fabric)	
POSCO SPS	STS Division	<ul style="list-style-type: none"><li>ISO 9001</li><li>ISO 14001</li><li>IATF 16949</li><li>KOSHA 18001</li></ul>	<ul style="list-style-type: none"><li>JIS</li><li>BIS</li><li>KS</li></ul>
	TMC Division	<ul style="list-style-type: none"><li>ISO 9001</li><li>ISO 14001</li></ul>	<ul style="list-style-type: none"><li>IATF 16949</li><li>KOSHA 18001</li></ul>
	Plate Fabrication Division	<ul style="list-style-type: none"><li>ISO 9001</li><li>RS(Russian Maritime Register of Shipping)</li><li>RINA(Registro Italiano Navale)</li><li>KR(Korean Register of Shipping)</li><li>ACRS(Australian Certification Authority for Reinforcing Steel)</li><li>Japanese steel structure plant certification</li></ul>	

### 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.

	<ul style="list-style-type: none"><li>Trade mark application made in 1974</li><li>Nearly 3,500 trademark applications and registrations made across 160 countries</li><li>Trademark management policy and committee under operation</li></ul>				
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## Memberships

No.	Organization	Year of Membership
1	Korea International Trade Association(KITA)	1967
2	Korea Importers Association(KOIMA)	1971
3	Korea Defense Industry Association(KDIA)	1978
4	Korea Chamber of Commerce & Industry(KCCI Seoul, KCCI Incheon)	1994
5	Korea Automobile Manufacturers Association(KAMA)	2007
6	Energy & Mineral Resources Development Association of Korea(EMRD)	2008
7	The Korea Gas Union(KGU)	2012
8	Korea Overseas Agro-Resources-Development Association(Korea OADS)	2012
9	International Contractors Association of Korea	2014
10	Korea Enterprises Federation(KEF)	2016
11	Federation of Oils, Seeds and Fats Association(FOSFA)	2016
12	International Gas Union(IGU)	2018
13	Korea Iron & Steel Association(KOSA)	2018
14	UN Global Compact(UNGCC)	2019
15	Sustainability Management Research Society, Korean Standards Association	2019

### 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.

Under the Direct Leadership of the CEO	Corporate Audit Division, Corporate Citizenship Bureau
Corporate Strategy & Finance Group	Corporate Strategy Department, Finance Planning Department, Global Strategy Planning Department, Investment Risk Evaluation Department, Investment Management 1 Department, Investment Management 2 Department, Trade & Investment Accounting Department, Treasury Department, Enterprise Risk Management Department, Investor Relations Department
Corporate Management Group	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	Mykolaive Milling Works in Ukraine, POSCO INTERNATIONAL Textile in Uzbekistan, POSCO INTERNATIONAL Amara in Myanmar, Gloden 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)
	STS Division(Management Support Group, Production Group)
	TMC Division(Management Support Group, Sales Group)
	Plate Fabrication Division(Management Support Section, Safety Quality Innovation Group)