

POSCO INTERNATIONAL IR Report (ESG Edition)



August 2020

Contents

- I. *Company Profile*
- II. *Governance*
- III. *Environment*
- IV. *Social*



Contents



I. Company Profile

- Company Overview***
- Sustainability Management Status***



II. Governance

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Company Overview

A globally integrated corporation moving beyond a trading company and creating new future businesses

Company Overview

- **Establishment** December 27, 2000
- **President & CEO** JU Si-Bo
- **Employees** 9,369 (1,910 in Korea, 7,459 overseas)
- **108 Overseas branches and offices in 53 countries**
- **FY19 Earnings(KRW)** 22.4 Trillion(Sales) , 601.3 Billion(Operating Profit)
- **Address** 165 Convensia-daero, Yeonsu-gu, Incheon, Korea

- **Key Timeline**
 - **(2000)** Spun off as Daewoo International Corp.
 - **(2004~2006)** Gas discovery in Myanmar (A-1, A-3)
 - **(2010)** Became affiliate of POSCO Group
 - **(2015)** Head office moved to Songdo, Incheon.
 - **(2016)** Name change to POSCO Daewoo Corp.
 - **(2019)** Name change to POSCO International Corp.



Main Business Fields



Steel

【Business Strategy】

- Develop new biz models and strengthen presence in both overseas/domestic markets

【Mid-Long Term Plans】

- Overseas market expansion through product localization
- Enhance domestic plate sales
- Stable earnings from steel processing based business

【Key Figures】



Energy & Infra

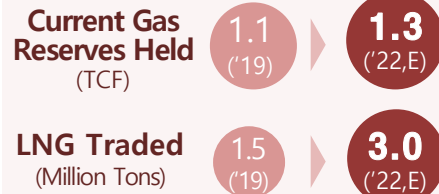
【Business Strategy】

- Enhance energy & related businesses through diversification of E&P portfolio

【Mid-Long Term Plans】

- Stable operation of Myanmar gas field
- Acquisition of new blocks for exploration
- Diversification of LNG/bunkering business

【Key Figures】



Agro

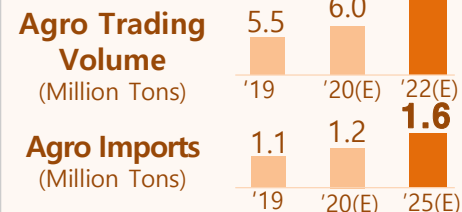
【Business Strategy】

- Enhance profitability and secure a stable procurement system through value chain expansion

【Mid-Long Term Plans】

- Stabilization of palm business and strengthen sustainability management
- Establish SE Asia/Black Sea procurement system

【Key Figures】



Chemical / Nonferrous / Automotive

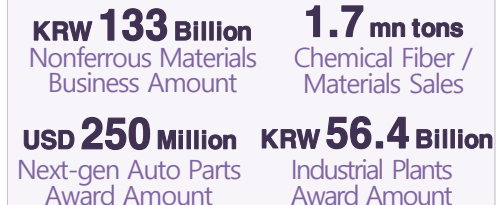
【Business Strategy】

- Enhance trading profitability through business model improvement

【Mid-Long Term Plans】

- Expand agro-linked fertilizer business
- Expand chemical fiber business
- Increase next-gen auto parts trading

【Key Figures】



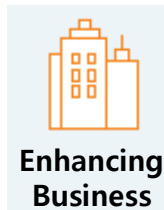
Company Profile – Sustainability Management Status

Generating integrative values across the economy, society, and the environment through the operation of the CSR Committee and designation of six focus areas

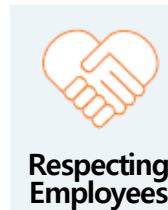
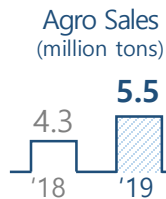
CSR(Corporate Social Responsibility) Committee (In operation since 2012)

- Overview** : The CSR Committee is a permanently established organization that is mandated to share and develop countermeasures to major CSR agenda items including environment, society, and governance issues that are of interest and importance to various stakeholders.
- Composition** : Head of Corporate Management Group(Chair), Head of Communications Div.(Assistant Administrator), Head of Corporate Audit, Corporate Planning, Investment Strategy, International Finance, Legal Divisions, and relevant Business and Overseas Departments

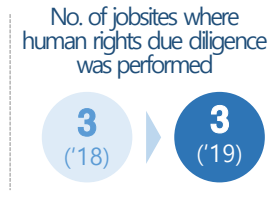
Six Focus Areas in Advancing Sustainability Management



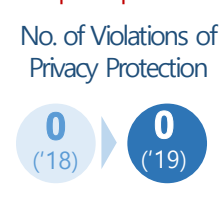
We evolve our business model and build new growth drivers to grow into a Globally Integrated Corporation.



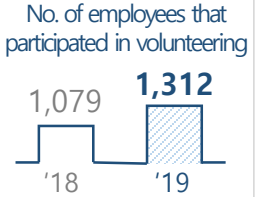
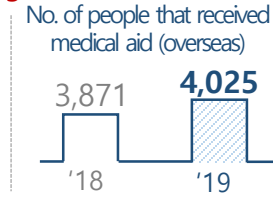
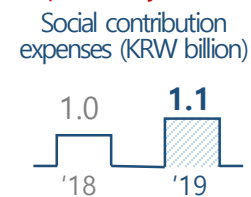
We value work-life balance based on respect for human beings to help our employees lead a better life and create a healthy workplace.



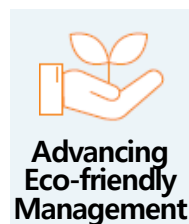
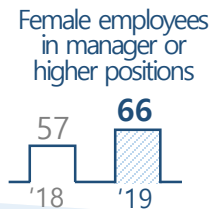
We consider compliance with ethical standards as an essential prerequisite to grow into a great company and advance ethics management in full compliance with basics and principles.



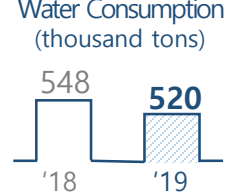
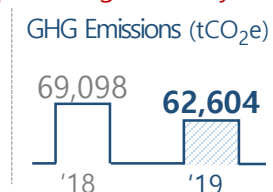
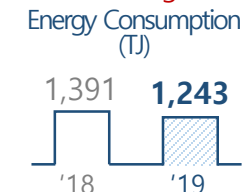
We undertake social contribution initiatives that serve public interest as a corporate citizen setting an example in fulfilling corporate social responsibility and obligations.



We recognize that the source of value creation lies in the creativity and capacity of our employees, and assist them in developing top-notch expertise.



We strengthen environmental management capacity in business conduct, and contribute to responding to the global challenges of climate change and preserving the ecosystem.



Company Profile – Sustainability Management Status

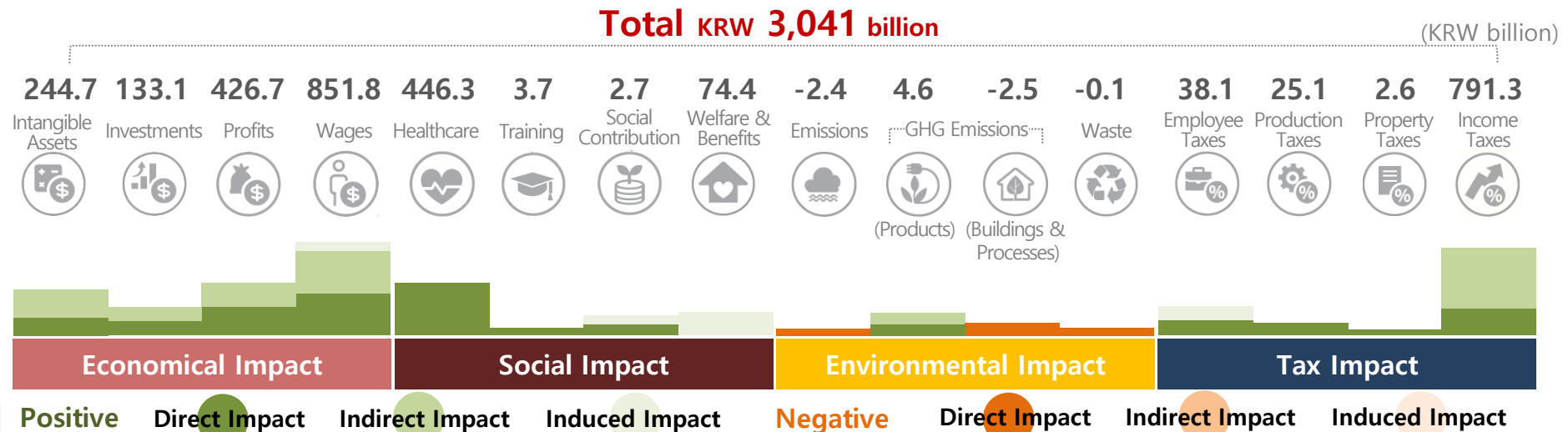
**Generated over KRW 2.5 trillion in social impact in 2018
according to evaluation results using PwC's TIMM methodology**

Ratings from External Institutions

- Korea Corporate Governance Service(KCGS) ESG Rating : **A⁺** (Environment **A**, Social **A⁺**, Governance **A⁺**)
- ISS ESG Rating : **D⁺** (Environment **D**, Social **D⁺**, Governance **D⁺**)
- Overall heavy discount in the Trading Companies & Distributors Industry* : Over 70% of companies rated between D~D⁺, with the highest rating at C⁺
 - *The industry shows overall weaker performance in ESG ratings due to the business structures involving complicated global supply chains
- Assessed that there were some inherent ESG risks involved with some of our main businesses
 - *E&P business, Narrabri Coal Mine, trading of petrochemical products and automotive parts for conventional vehicles, etc.
- 47 items¹⁾, which is 53% of the total assessment items, have been marked 'D-' due to lack of access to information²⁾
 - 1) Several assessment items are related to manufacturing and manufactured products which are not relevant to our businesses
 - 2) A large portion of the items marked 'no or limited information' is already provided on our yearly Sustainability Report, but have not been applied for ISS internal assessment

Total Impact Measurement Management (TIMM)

- We endeavor to recognize the positive and negative impacts we impose on the society, and to consider such impacts on our decision-making process and business conduct. We have adopted PwC's Total Impact Measurement and Management (TIMM) methodology to evaluate the social impact generated from our financial and non-financial performance during the year of 2018, with the result being around KRW 2.5 trillion.



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I. Company Profile

II. *Governance*

- Protection of Shareholder Rights
- Board of Directors & Audit Organizations
- Compliance to Key Indicators of the Corporate Governance Report



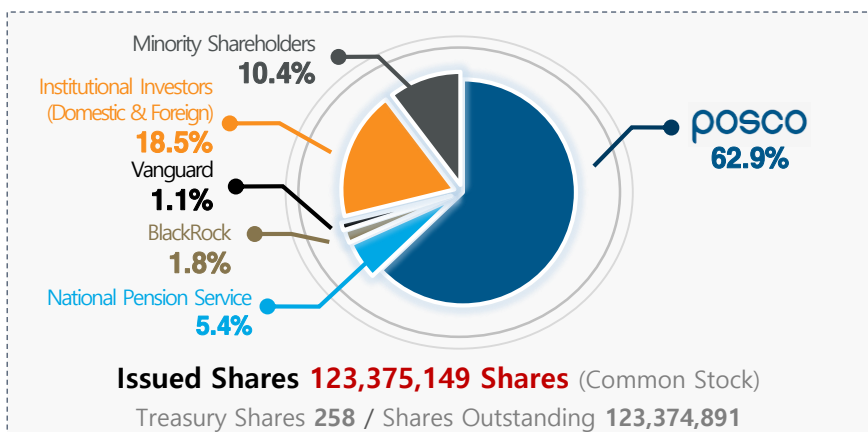
III. *Environment*

IV. *Social*

Stable Governance, encouraging Shareholder Vote Participation, striving to maximize Shareholder Interests, and efficient Internal Control System

Shareholder Composition (As of end of 2019)

- **Largest Shareholder : POSCO (62.9% share)**
- 2nd Largest Shareholder : National Pension Service (5.4% share)



Annual General Meeting

- We encourage shareholder vote participation through implementing the **electronic voting system** (2015~) and taking part in the **AGM Date Dispersion Program**
- All 5 agendas approved in **2020 AGM** (Ratio of votes for : 94.6%~99.6%)
- Mail-in & cumulative voting have not been implemented, and we will work to further improve the date of notice of convocation. (2+ weeks prior to AGM)

	2018	2019	2020
Date of Notice of Convocation	Feb 21, 2018	Feb 28, 2019	Mar 13, 2020
Date of AGM	Mar 12, 2018	Mar 18, 2019	Mar 30, 2020
Overlap on AGM Concentration Date	No	No	No
Days of Notice	18	17	17

Dividends

- **Dividend Policy** : Long term stable cash dividend based on earnings performance
- **Dividend Yield for 2019 : 3.6%** (exceeds market average of 2.3%)
- **Payout Ratio**(Separate) **45.1%** (exceeds market average of 41.3%)
- Our Articles of Incorporation permits interim dividends, but no interim dividends have been paid out until date.

Year	Closing Month	Dividend Per Share	Total Dividend (Million KRW)	Dividend Yield (%)	Payout Ratio(%)	
					Consolidated	Separate
2019	12	700	86,362	3.6	41.2	45.1
2018	12	600	74,025	3.2	47.7	75.7
2017	12	500	61,687	2.7	35.1	41.0
2016	12	500	56,938	1.8	51.2	46.0
2015	12	500	56,938	2.9	44.2	69.6

Internal Control and Compliance Management

- Pursuant to Article 398 of the Commercial Law, corresponding **transactions between companies and shareholders and subsidiaries are decided through a special resolution by the Board**
- Under the Monopoly Regulation and Fair Trade Act, transactions that constitute large scale internal trading are publicly disclosed
- **Transactions with POSCO in 2019**
- Sales : KRW 597.3 billion (2.6% of total Sales)
- Purchases : KRW 6,029.8 billion (27.7% of total CGS)
- An **Ethical Management Team** is in place directly under the CEO and operates education programs, reporting system for unethical activities, etc.
- A **Risk Management Team** and **Investment Review Board** is in place under the CFO and forms a unified management system to prevent and control risks that can occur during trading transactions
- **Internal Accounting Management System** is effectively designed and in operation as of 2019

Governance – Board of Directors & Audit Organizations

Efficient operation of the Board of Directors, committees within the Board, and the independent internal audit organization and its supporting body

Composition of the BOD

- 2 Inside, 1 Non-Executive, 4 Outside Directors (57% of the BOD are External)

Classification	Name	Gender	Date of Birth	Position	Initial Appointment	Tenure	Years of Tenure*	BOD Participation Rate(%)*
Inside	Ju Si-Bo	M	60.06	President & CEO	2003	21.03	0.2	100
	Noh Min-Yong	M	63.10	Head of Corp. Planning	1903	21.03	1.2	100
Non-Executive	Jeong Tak	M	59.04	-	17.03	21.03	3.2	92
Outside	Kwon Soo-Young	M	58.12	Chair of the Audit Committee	1903	21.03	1.2	100
	Kim Heung-Soo	M	59.12	Audit Committee	1903	21.03	1.2	100
	Hong Jong-Ho	M	63.09	Audit Committee	2003	22.03	0.2	100
	Shim In-Sook	F	64.01	Audit Committee	2003	22.03	0.2	100

* Years of tenure as of May 2020. Participation rate based on Jan 2019 ~ May 2020

- The chair of the board is not independent
- Outside Directors are composed of experts in the field of management, accounting, environment, and law
- Outside Directors have short tenures / First female director appointed in 2020
- The remuneration ceiling for directors of KRW 2.5 billion is lower than the industry average of KRW 9.2 billion

Operation of the BOD

- 9 BOD meetings held in 2019, with an average participation rate of 98% per director
- The BOD operates two committees as below:

Committee	Composition	Key Roles and Responsibilities	Meetings in 2019	Participation
Outside Director Candidate Recommendation Committee	2 Inside, 4 Outside	Nominate and review qualifications and competency of outside director candidates	2	100%
Audit Committee	4 Outside	Manage audit operations and approve internal accounting control system	7	100%

※ The remuneration for individual directors within the remuneration ceiling is determined and receives approval during the board meeting that is held right after the yearly AGM

Internal Audit Organization

- Audit Committee(4 Persons) : All members are Outside Directors

Name	Position	Key Experiences
KWON Soo-Young	Chair	PhD in Accounting, Washington University / Professor at Korea University School of Business(1993~) / Specialist in Accounting/Finance
KIM Heung-Soo	Member	MBA, KAIST University Full-time Advisor at Kim & Chang Law Firm(2016~)
HONG Jong-Ho	Member	PhD in Applied Economics and Management, Cornell University Professor at SNU Grad School of Environmental Studies (2009~)
SHIM In-Sook	Member	LLM, Harvard Law School Professor at Chung Ang University Law School (2006~)

- 7 meetings held in 2019, average participation rate of 100% per member
- Dedicated supporting team of 23 members in place to support the Audit Committee in performing its auditing roles
- Appointment of a Compliance Officer to look over compliance issues and report to the Board once a year

Independent Auditor

- Independent Auditor is selected through a resolution of the Audit Committee
- The Committee appointed E&Y Han Young as the independent auditor for 2019~2021
※ The independent auditor may change in 2022 due to the Periodic Auditor Appointment system
- 4 meetings held between the Audit Committee and the Independent Auditor in 2019
- 2 training sessions held for the members of the Audit Committee in 2019

Auditor	Remuneration(KRW million)			Initial Contract Date	End of Contract Date
	2020	2019	2018		
Ernst & Young Han Young	1,220	1,100	500	2007	2022

Governance – Compliance to Key Indicators of the Corporate Governance Report

In Compliance with 12 out of 15 Key Indicators (80% Compliance) *Exceeds the Average of 8/15 (53% Compliance)

* Average compliance rate is based on disclosures made by other listed companies in 2019

Item	Key Indicator	Compliance		Remarks	Avg. Compliance Rate (%)
		○	X		
Shareholders	① Notice of convocation given 4 weeks prior to the AGM		X	Notice is given 2 weeks prior to the AGM in accordance with the law	11.8
	② Electronic Voting Implemented	○		Implemented since the 15th AGM (2015)	24.8
	③ Date of AGM does not overlap with the AGM concentration date	○		Currently participating in the AGM Date Dispersion Program	47.8
	④ Notification of the dividend policy and dividend payout plan to shareholders at least once a year	○		Policy posted on the website, DPS disclosure made once decided	26.7
Board of Directors	⑤ Establishment and operation of succession policy of the CEO (including an emergency appointment policy)	○		Management of a CEO candidate list	67.1
	⑥ Internal control policies prepared and in operation	○		Internal Accounting Management System, Ethical Code of Conduct, etc.	98.1
	⑦ Separation of the Chairman of the Board and the Representative Director		X	The Representative Director concurrently serves as the Chairman of the BOD in accordance with the articles of Incorporation.	29.2
	⑧ Implementation of the cumulative voting system		X	Not implemented in Articles of Incorporation	6.2
	⑨ Policy in place to prevent the appointment of Directors who are accountable for damage to the corporate value or have infringed shareholder interests	○		Limitation policy in place in the Director Management Guideline	60.9
	⑩ Non-existence of an outside director who has been appointed for over six years	○		Average tenure of outside directors: 0.7 yrs (As of June 1, 2020)	76.4
Audit Organizations	⑪ Provide education on the internal audit committee at least once a year	○		Performed twice in 2019	67.1
	⑫ Establish independent internal auditing bodies(supporting organization to execute internal auditing)	○		Dedicated supporting team of 23 members in place to support the Audit Committee	54.7
	⑬ Appoint accounting or financial specialist for internal audit committee	○		1 specialist with a degree in accounting • finance	93.8
	⑭ Internal audit committee hold meetings with independent auditors more than once a quarter without attendance of the management	○		4 meetings held in 2019	41.0
	⑮ Establish procedures for internal audit committee to have access to the important information related to the corporate management	○		Procedures are in place within the Audit Committee Operating Guideline	95.0

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- Combating Climate Change & Reducing Environmental Impact

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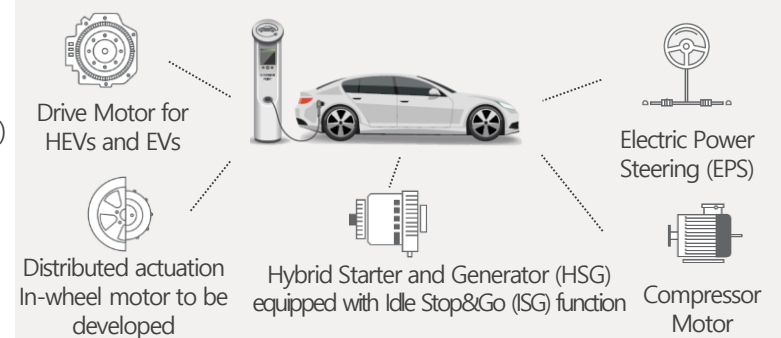
Environment – Combating Climate Change & Reducing Environmental Impact

Minimizing environmental impact through risk control based on Eco-friendly Management System









Protection of the environment and the ecosystem through observing the Code of Conduct

Response to Climate Change

- **Response to the GHG Target Management System and the Emissions Trading Scheme**
 - (2017) Designated as a participant in the Korean government's GHG emissions trading program
 - (2018) Currently attending the quarterly working group council meetings held on the POSCO Group level to share issues and respond to the emissions trading program (Attended 3 times in 2018)
- **Creation of Business Opportunity through Response to Climate Change**
 - Contributing to reducing environmental impact through production, sales and trading of eco-friendly automotive components (POSCO SPS subsidiary)
 - Production and trading of key green vehicle components such as suspensions, motor cores, Pulse Width Modulation(PWM), EPT, and digital dashboards for HEVs and EVs



Eco-friendly Management Activities and Statistics

Eco-friendly Worksite (HQ)	USGBC(US Green Building Council) Certified , LEED(Leadership Energy & Environmental Design) Silver Rating			Environmental Mgmt System Certification	Our HQ and SPS Subsidiary are systematically advancing environmental management in accordance with the requirements set by the ISO 14001 international standard				
Distribution of Commuter Bikes	Distributed to nearly 600 employees to promote their health and create a low-carbon green city (2019)			Reduce Single-Use Disposables Usage	Distributed reusable bottles to all employees, switched to paper packaging from plastics in cafes and restaurants within our office building, monitoring of in-office waste recycling				
Energy and GHG Emissions Management		Energy Consumption	2018 1,391TJ	2019 1,243TJ	Water and Sewage, Wastewater Management		Water Consumption	2018 547,779t	2019 520,269t
		GHG Emissions	2018 69,098tCO₂e	2019 62,604tCO₂e			Sewage & Waste Water Discharge	2018 405,877t	2019 406,429t
Waste Management		Amount Generated	2018 2,913t	2019 2,523t	Emission of Air Pollutants		NOx	2018 36t	2019 25t
		Amount Recycled	2018 203t	2019 1,430t			Dust	2018 4t	2019 2t

Strengthening Eco-friendly management at key overseas worksites

Environmental Management at Overseas Worksites



- **Environmental Impact Assessment at the Shwe Project**
 - We perform EIA¹⁾ throughout the entire process of exploration, development, and operation of the Shwe Project to evaluate the environmental impact and risks involved, and devise EMP²⁾ to minimize the environmental impact.
 - ¹⁾Environment Impact Assessment, ²⁾Environment Management Plan
 - Environmental Social Report posted on our website

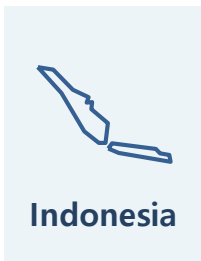
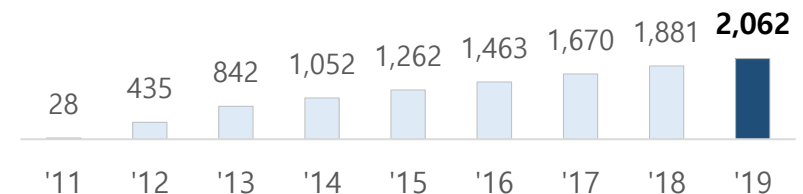
※ Environmental Impact Assessment (EIA) Process

- The EIA serve as a preventive tool to consider environmental aspects in developing and framing business development plans, and their purpose is to predict and analyze the environmental impact that may occur during business execution and to formulate measure to mitigate such impact.

① **Screening** → ② **Scoping** → ③ **EIA Investigation and Review**

- **Environmental Preservation**
 - Mangrove Conservation Program
 - Overview : To prevent damage caused by natural disasters such as cyclones and floods after Cyclone Giri hit in 2010
 - Location : Kyauk Phyu, Northwest of Myanmar
 - Program : Restoration of damaged mangrove habitats and protection of existing mangroves
 - Period : Initiated in 2011 and continuing to this date

Cumulative area of mangrove forests created (acres)



- **Environmental Impact Management at PT.BIA**
 - Endeavors to preserve the conservation areas in the vicinity
 - Constant monitoring of the discharge of waste as well as air & water pollution and noise generation
 - Consistently managing High Conservation Value(HCV) areas to protect them from degradation
 - **Status of Key Environmental & Social Certification and Policies**

① **ISPO** : Certification in **August 2019**

- ISPO(Indonesia Sustainable Palm Oil)
 - : Certification of the Indonesian gov. that embodies the commitment to reduce GHG emissions and improve the competitive edge of Indonesian palm oil
- Audits conducted in the development and harvest stages, renewed every 5 years

② **RSPO** : Target date delayed due to difficulties in auditing due to **COVID19**

- RSPO(Roundtable on Sustainable Palm Oil)
 - : Sets out standards and principles to prevent environmental destruction caused by palm oil production and promote sustainable palm oil production. Although not mandatory, it is strongly requested by stakeholders.

③ **NDPE Policy** : Declared in Mar 2020 (Including an implementation plan)

- No Deforestation : Protection of HCV and HCS(High Carbon Stock) areas
- No Peat : Protection of peatlands
- No Exploitation : Protection of human rights
- Our NDPE Policy includes a strict implementation plan of high level

- **Production and Supply of Eco-friendly Energy**
 - PT.BIA produces eco-friendly energy by using CPO* byproducts as biomass, and the electricity generated is used to CPO mills as well as to operate the support program to provide eco-friendly energy to community members.

* Crude Palm Oil

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- Key Activities***
- Global CSR Activities – Indonesia Palm Oil Business (PT.BIA)***
- Global CSR Activities – Myanmar Gas Field (Shwe Project)***
- Global CSR Activities – Uzbekistan (POSCO International Textile LLC)***

Building a Healthy Workplace and Contributing to the Local and Global Society Through Protection and Respect for Human Rights

Employee Talent Development

- **Fostering Creative Leaders to Lead a Globally Integrated Corporation**
 - A broad array of tailor-made training courses offered to both the staff at HQ and the Global Staff (Employees recruited overseas) to enhance their work capabilities and work satisfaction

Training Hours Per Employee	2017 45.1hrs	2018 50.8hrs	2019 51.8hrs
G.Staff who attended group training	128 persons	110 persons	133 persons

*Data from 2017 and after include numbers from the merger with POSCO P&S (March 2017)

Respect For Employees

- **Respect for and Protection of Human Rights Across Global Worksites**
 - Annual HR surveys (HQ), HR Due Diligence (Uzbekistan, Indonesia, Myanmar)
 - Respect for diversity (HQ, increased the number of female employees in manager or higher positions and the number of new hires)
 - Maternity protection support programs (Daycare centers, childcare leave, etc.)

Female employees in manager or higher positions (%)	2017 37persons (5.8%)	2018 62persons (7.0%)	2019 66persons (6.8%)
New hires (Domestic)	64 persons	131 persons	170 persons

**Data from 2017 and after include numbers from the merger with POSCO P&S (March 2017)

Developing a Safe Workplace

- **Global Health and Safety Management System**
 - ISO 14001 Certified (STS Division & TMC Division)
 - QSS(Quick Six Sigma) innovation initiative to prevent facility and safety risks and to improve productivity by identifying and minimizing inefficiencies

Status of Worksites with QSS Implementation	
Domestic	Overseas
POSCO SPS : STS Division, TMC Division, Plate Fabrication Division	Myanmar Gas Field, PT.BIA, Uzbekistan Factories

Communication With Stakeholders / CSR Activities

- **Cooperation and Communication with stakeholders striving to enhance economic, environmental, and social values**
 - Shareholders and Investors (AGM, Presentations, Disclosures and other IR activities)
 - Local Communities & Organizations (Public hearings, CSR meetings, and feedback system)
 - Employees (Labor Management Council, Grievance Program, Satisfaction Surveys, etc.)
 - Publication of Reports (Sustainability Report, Environmental Social Report, etc.)
 - Others (Communication through website, e-mail and hotline)

CSR Activities to Nurture Future Leaders and the Local Society

Nurture Future Leaders	Medicare Support	Caring for the Less Privileged
<ul style="list-style-type: none"> • After-school English classes • Multicultural family support • Scholarships in Uzbekistan • Tactile teaching aids for students with visual impairments 	<ul style="list-style-type: none"> • Eye health support (Uzbek) • Healthcare environment improvement for locals(Indonesia) • Medical treatment for children with deformities(Myanmar) 	<ul style="list-style-type: none"> • Gift boxes for less privileged children, infants waiting for adoption, and cancer patients • Collective blood donation • Special charity pot

Pursuing Environmental and Social Policies with the Goal of Maintaining a Sustainable Palm Oil Business that Contributes to the Society

Business Overview and Key Milestones

- **Subsidiary Name** PT. Bio Inti Agrindo ('PT.BIA')
- **Location** Merauke Region, Papua, Indonesia
- **Ownership** POSCO International 85% (Operator) / Individuals 15%
- **Total Area** 34,195ha (plantable area 25,700 ha)
- **Target Production** 160,000 tons of Crude Palm Oil(CPO) per year
- **Staff** 3,596 (1,830 Directly employed, 1,766 Subcontracted)

Key Milestones

- ('11.2H) Equity acquisition and development initiation
- ('12.9) Initiated the plantation of palm trees
- ('15.5) Initial harvest of fresh fruit bunches(FFB)
- ('16.12) Commercial production of CPO Mill Unit 1
- ('18.7) Obtained RSPO Membership
- ('19.11) Completion of CPO Mill Unit 2



Sustainability Management



Always puts employees first and protects and respects their rights

- Respect for Employee's Human Rights - child labor and forced labor strictly prohibited across the entire worksites
- Strengthening Internal Communication - 99.9% of employees joined the labor union. Operates Labor Management Council to facilitate communication
- Employee Health and Safety Management - Operates Safety Management Committee, company-wide fire drills, distribution of safety equipment



Makes improvements on suggestions made by employees and members

- Operates grievance handling mechanisms to identify and resolve the grievances raised by local residents, indigenous people, and employees
- Hosts public hearings with local residents to discuss major local issues such as Plasma activity, land compensation, road construction, etc.
- Social contribution to the local residents through healthcare, educational and economic support



Preservation and balance of environmental / social values a top priority

- Enhanced environmental and social management governance through the Sustainable Management Committee
- Protect High Conservative Value areas and manage environmental impact
- The byproducts from the CPO production are used as fuel to generate eco-friendly electricity to power the mill and supply the nearby regions

Environmental Social Management System(PT.BIA)

- **ISPO Certification and NDPE Implementation**
 - NDPE Declaration and Implementation (Mar 2020)
 - RSPO membership(Jul 2018), ISPO Certification(Aug 2019) acquired
- Published the **Environmental Social Report** (March 2017)
 - E&S Management System (Policy, Governance, and Certification)
 - Sustainable management results(duties, human rights, CSR activities)
- Formulated the **Environmental Social Management Action Plan**
 - Action plan with 21 management policies regarding 3 issues: (Farm Environment, CPO Environment, and Human Rights & Society)
- **Managing and Responding to Env. & Social Issues**
 - ISPO Certification : yearly audit planned in 2020
 - Audit by an ISPO registered independent entity is required once a year
 - Target : RSPO Audit by 2020 and Certification by 2021
 - HCVA* & LUCA** completed / Audit request to RSPO remaining
 - * HCVA: High Conservative Value Area Assessment/ **Land Use Change Analysis

Vision: “Building a Business Site Coexisting with the Local Communities based on a Stable Production & Operation System

Business Overview and Key Milestones

- **Participation** 2000 (Gas production began in 2013)
- **Ownership** POSCO International 51% (Operator)
- **Location** Offshore Blocks A-1 & A-3 NW of Rakhine, Myanmar
- **Area** 5,560km² (Block A-1: 2,119 km² / Block A-3: 3,441 km²)
- **Production Capacity** 640mmscfd
- **Duration** Signed Gas Sales & Purchase Agreement for 30 years

Key Milestones

- ('04~'06) Gas discovery in A-1 Shwe, Shwe Phyu, A-3 Mya
- ('08.12) Signed GSPA with CNUOC (China National United Oil Company)
- ('13.07) Initiated gas sales
- ('14.12) Achieved daily production of 500 million ft³
- ('17.12) Completed FEED for Phase 2 development
- ('18.07) Commenced EPCIC for Phase 2 development



Respecting Employees



Establishment of the UCUA Procedure

- The U-See U-Act (UCUA) Procedure for the Myanmar Shwe Project was established as a preventive process to maintain a safe and healthy workplace and to prevent safety incidents from occurring.



Documentation of the Emergency Response Process

- The Emergency Response Process has been stipulated and documented to respond to emergency situations in consideration of the geological features and work conditions inherent in offshore platforms and onshore gas terminals.



*LTIF (Lost Time Injury Frequency):

(Lost Work Hours/Annual Work Hours) X 1 million Hours

2017	2018	2019
0	0	0

Stakeholder Communication & CSR Activities

Active Communication with Local Residents

- **Public Hearings** : We host public hearings attended by the heads of villages located in the vicinity of the Shwe Project and central/local government officials to share information on the project and to gather information on the areas affected by the project as well as local feedback.
- **Grievance Reporting System** : 4 reports in 2017 (all handled successfully), and no grievance reports in 2018

Diverse Social Contribution Programs

- **Solar Power Generation System Support for Manaung Island**
 - We delivered a combined solar power generation and ESS system to supply electricity free-of-charge to nearly 1,000 households on the Manaung Island in order to contribute to resolving the power shortage on the island and assisting the local residents in meeting their basic living needs.
- **Educational Contributions (Shwe Scholarship Program)**
 - Every year we are providing scholarships to academically exceptional students in the local community to motivate students with financial constraints.
- **Rural Community Development Support, Medical Support, etc.**

Vision: “An exemplary company respected by employees, society and the country”

Business Overview and Key Milestones

- **Establishment** 1996
- **Equity** USD 43 million (100% wholly owned)
- **Production Facility** (4 factories)
 - Fergana, Kumtepa : Spinning and weaving factory
 - Tashlak, Bukhara : Spinning factory
- **Production(2018)** Yarn 53,000 tons/y, Fabric 33,000 km/y

Key Milestones

- ('96.04) Established as DAEWOO TEXTILE COMPANY
- ('97.03) Initiated commercial operation of spinning factory
- ('08.06) Awarded at the Best Technician Awards hosted by the Uzbekistan textile and light industry
- ('14.08) Named the Best Labor Union by Federation of Trade Unions of Uzbekistan
- ('14.12) USD 10.3 million investment in replacing old facilities



Respecting Employees



Safety Management Activities

- Fire prevention should be the top priority in safety management for any factory, and therefore we are providing regular fire fighting and safety training. We ranked 1st for 3 consecutive years at the fire fighting competition hosted by the state of Bukhara.



Advancement of Labor Relations

- The labor union established in 1997 serves as an official communication channel between the company and employees.
- Our Bukhara factory makes noteworthy achievements at the annual labor union competition hosted by the state of Bukhara.



Commitment to Resolve Local Human Rights Issues

- While human rights issues in Uzbekistan should be addressed at the national level, we always take note of the human rights issues faced by the country where we operate.
- A sustainability management training was provided in 2018 at our factories in Fergana and Bukhara in conjunction with experts from Samil PwC.

Stakeholder Communication & CSR Activities

Prevention of Blindness and Promotion of Eye Health

- We host the Eye Camp program to prevent blindness and promote eye health for local residents in Fergana and Bukhara where it is based.
- In partnership with Vision Care, we have provided free treatment and surgery since 2014.

Category	Ophthalmic Treatment	Ophthalmic Surgery	Distribution of Glasses	Total
Cumulative Beneficiaries (2014 ~ 2019)	8,457	1,119	2,634	12,210

Tailored Support for Local Communities

- Support for Child Education Center
 - Regular volunteering activities at orphanages in the vicinity of our worksites
- Support for the Elderly
 - Donation of food to seniors living alone near our worksites
- Scholarship Support
 - Scholarships are provided to students with financial constraints