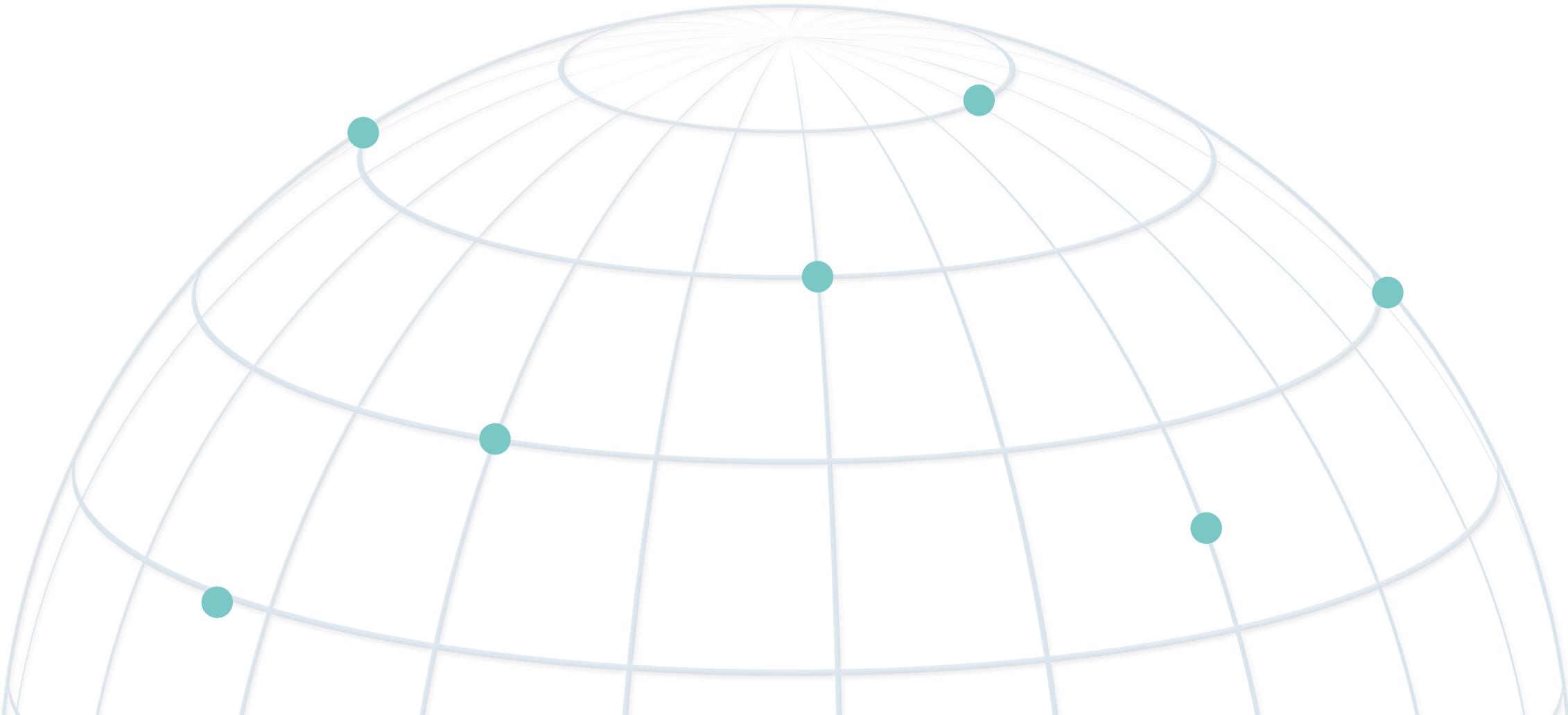


PIONEER SEEKING IRREPLACEABLE SUSTAINABILITY

POSCO INTERNATIONAL
SUSTAINABILITY REPORT 2023

posco
INTERNATIONAL



CONTENTS

About This Report

This report is the eighth sustainability report published by POSCO International to communicate our efforts to pursue sustainable growth and fulfill social and environmental responsibility. This report serves as a channel to transparently disclose our sustainability management activities for the year 2023 and reach out ever closer to wide-ranging stakeholders.

Reporting Principles

In accordance with the GRI(Global Reporting Initiative) Standards(2021)

Report Date

June 2024

Reporting Period

Jan. 1, 2023 ~ Dec. 31, 2023(Based on fiscal year)

* Part of 2021 ~ first half of 2024 performance

Reporting Boundary

- Economy** On a consolidated basis in accordance with the K-IFRS
- Social &** Posco International HQ(Including Shwe project in Myanmar) and part of subsidiaries¹⁾
 - 1) POSCO Mobility Solution, Pohang SRDC, Tancheon E&E, Sinan Green Energy, POSCO INTERNATIONAL DEUTSCHLAND GmbH., POSCO INTERNATIONAL ITALIA S.R.L., PT.BIO INTI AGRINDO(PT.BIA), GOLDEN LACE POSCO INTERNATIONAL CO., LTD., POSCO INTERNATIONAL AMARA CO., LTD., Mykolaiv Milling Works PJSC, Yuzhnaya Stevedoring Company Limited LLC, Senex Holdings Pty Ltd, PT. KRAKATAU POSCO ENERGY(PT.KPE), POSCO TMC INDIA PVT. LTD, SUZHOU POSCO-CORE TECHNOLOGY CO., LTD., POSCO INTERNATIONAL Mexico e-Mobility S.A DE C.V

Key Changes

POSCO International merged with POSCO Energy on January 1, 2023 to integrate the functions of the distributed energy businesses of POSCO Group and complete our LNG business value chain in so doing, boosting our business competitiveness and management efficiency while paving the way for sustainable growth.

Reporting Cycle

Annual(most recent report: 2023)

Assurance

- Financial data:** Ernst & Young
- Non-financial data(Excluding Shwe project in Myanmar and subsidiaries):** DNV

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01

At a Glance

- 04 Message from the CEO
- 05 Vision and Identity
- 06 About POSCO International
- 07 Core Business and Growth Strategy

Material Sustainability Topics

02

Double Materiality Assessment

- 16 Double Materiality Assessment Process
- 17 Double Materiality Assessment Result

03

Governance

- 19 Board of Directors
- 21 Shareholders
- 22 Stakeholder Communication
- 23 ESG Governance

04

Strategy and Risk

- 26 Climate and Environmental Impact
- 40 Employee Value Enhancement
- 48 Sustainable Supply Chain
- 53 Health & Safety
- 59 Ethics/Fair Trade
- 66 Information Security
- 70 Social Impact
- 76 ESG Issue Paper

05

Metrics and Targets

- 84 ESG Factbook
- 95 Financial Performance

06

Appendix

- 97 ESG Policy Book
- 113 GRI Standards Index
- 117 SASB Index
- 120 UN Global Compact CoP
- 121 Financial Statement
- 128 Certifications & Trademarks/Memberships
- 129 Verification Opinion Statement
- 130 Independent Assurance Statement

01 At a Glance

POSCO INTERNATIONAL CORPORATION
SUSTAINABILITY REPORT 2023

- 04 Message from the CEO
- 05 Vision and Identity
- 06 About POSCO International
- 07 Core Business and Growth Strategy

Message from the CEO



Pioneer Seeking Irreplaceable Sustainability!

We will establish an irreplaceable identity as a global eco-friendly integrated business company driving the transition into a sustainable future.

To our stakeholders who support the sustainable future of POSCO International, we sincerely thank you for your trust and support.

The first year of the post-pandemic era, 2023, was characterized by macroeconomic instability and financial market turmoil around the world. This year is expected to be another challenging year for the global economic and trade environment, including strengthening economic security, advanced nationalistic trade policies, and accelerating supply chain reorganization. In particular, in this era of energy transition to respond to climate crisis, counter-legislations from countries to strengthen their industrial competitiveness is an emerging global risk. Despite the extreme uncertainty facing the global economy, POSCO International aims to be a company that leads change toward a sustainable future based on the trust we have built with our global partners in every aspect of our business over the past 57 years.

Pioneer Seeking Irreplaceable Sustainability!

Sustainability management is not an option driven by global trends, but a priority. POSCO International employees, who are not afraid of change, are doing their best to solidify their irreplaceable identity as a global eco-friendly integrated business company through innovation.

As a member of the UN Global Compact, we have internalized the 10 Principles on Human Rights, Labor, Environment, and Anti-Corruption into all of our business activities, as well as manage norms and standards for unethical, anti-corruption, and anti-human rights matters with stricter standards. All executives and employees understand that voluntary practice of fair trade is the true competitiveness of an integrated business company, and are establishing a fair market economic order and building a corporate culture that complies with competition norms.

As a first step in leading tomorrow's global energy industry, POSCO International has established the '2050 Carbon Neutral Roadmap' in line with the government's '2050 Net-Zero' goal. Furthermore, recognizing that protecting the right of future generations to enjoy the value of healthy natural capital is a universal demand of the global market, we will strengthen the feasibility of carbon reduction solutions even in an uncertain energy industry environment.

Dear Stakeholders,

We will continue to do our best to not only strengthen our business competitiveness through sustainability management, but also to become a true global leader in creating a sustainable society. We appreciate your unwavering support and affection for all POSCO International employees as we continue to face challenges in more than 40 countries around the world.

Thank you.

President & CEO, POSCO International **Kye-In Lee**

Vision and Identity

POSCO International Vision

With the integration of energy business operations, we have defined our vision to become a ‘Green Energy & Global Business Pioneer’ to establish a corporate identity centered on ‘Eco-friendliness and Sustainability’. We connected the value chains of LNG, hydrogen, and other green energy businesses to generate synergy, uncover business across industry boundaries, and challenge ourselves to unlimited business opportunities as a ‘Global Eco-friendly Corporation’.

Mission

We Create, Connect and Complete business to enrich the future

Vision

Green Energy & Global Business Pioneer

POSCO Talent

Talent with the mindset of action, consideration and creativity

Core Values



SAFETY

FOUNDATION
OF A FULFILLING
WORKPLACE



ETHICS

SOUND
PRINCIPLE OF
COMMUNITY



TRUST

ANCHOR OF
COMMUNICATION
AND UNITY



CREATIVE

SOURCE OF
ENHANCED
PERFORMANCE



CHALLENGE

PASSION FOR
GROWTH AND
ACHIEVEMENT

Establishing our Identity as a Global Eco-friendly Integrated Business Company

POSCO International is expanding our business value chain on the strength of our global trading capabilities and investment assets. We are specifically focused on enhancing our energy and agro business portfolios to seek continued growth amid the ever-changing business landscape. We put eco-friendliness at the center of our efforts to converge and expand our core businesses - steel, energy, and agri/bio – to accelerate our journey towards sustainable growth.

First We will reinforce our role as a trading company operating directly under POSCO Group to assist POSCO Group in sharpening its fundamental competitive edge in steel business through steel material exports & domestic sales, procurement of steel raw materials and rechargeable battery materials, and mobility material production and marketing. We will particularly prioritize expanding our supply chains in Korea and abroad to cater to shifting trends and POSCO’s demand for eco-friendly materials and to reach carbon neutrality while bolstering steel-based integrated solution marketing to meet the packaging sourcing needs of customers.

Second We will engage in key businesses across the LNG lifecycle, including exploration/development/operation, LNG terminal operation & trading, and domestic/overseas power plant and bunkering operation to strengthen our LNG value chain serving as a static and economic foundation for energy supply. This will be paired with the development and implementation of renewable energy business strategies to enhance our corporate value from the ESG perspective.

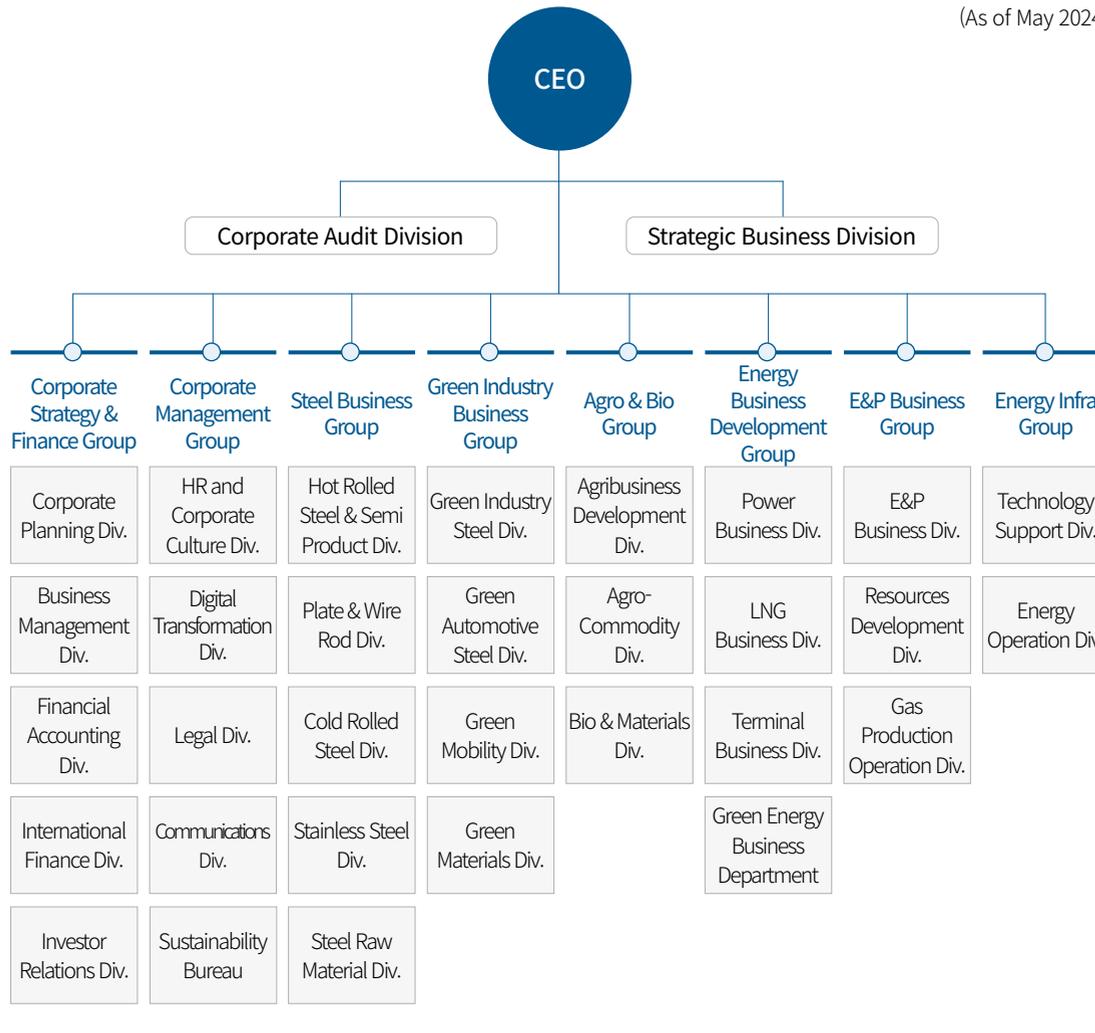
Third We will maximize economic performance generation through business development for grains, specialty crops, and biomaterials, palm plantation development and operation, and export terminal and PRC operation. Specifically, we aim to advance into eco-friendly fuel business, establish a procurement system by acquiring production/storage/processing assets in key grain producing countries, and pursue a transition into eco-friendly material business by securing biomaterial production assets and expanding business. This will eventually enable us to broaden our value chain and build a stronger foundation for profit generation in the process.

About POSCO International

Organizational Chart

POSCO International's operations are anchored on the Corporate Audit Division under the direct leadership of the CEO, the Strategic Business Division, and eight Business Groups.

(As of May 2024)



Global Network

POSCO International has continuously expanded business operations across various industries including energy, steel, agro, and parts & materials, based on global network and marketing know-hows. After the merge with POSCO Energy in January 2023, we have established a complete LNG value chain and is now evolving into a global green energy business enterprise.

Sales Breakdown by Region in 2023

(As of the end of Dec. 2023)

Region	Korea	Asia (Excluding China)	China	Europe	North America	Other	Total
Sales(KRW billion)	7,172	13,832	3,427	2,947	2,423	3,320	33,120
Ratio of Sales(%)	21.7	41.8	10.3	8.9	7.3	10.0	100

* This is based on net sales, and excludes KRW 12,310 million generated from property investments as leased income.



Global Network at a Glance

(As of Dec. 2023)

Presence (Including Korea)	Overseas Corporations and Offices	Trading Corporation	Affiliated Branch	Representative Office	Liaison Office	Investment Corporation
42 countries	138 locations	15 locations	17 locations	23 locations	5 locations	78 locations

* Consolidated subsidiaries in 2023: Refer to p. 173 of Annual Report

* New consolidated subsidiaries in 2023: PT. Krakatau Posco Energy, Tanchon E&E, Korea Fuel Cell Co. TLD, Sinan Green Energy, NEH, PT Posco International E&P Indonesia, Posco International E&P USA inc., Posco Mobility Solution Poland Sp. zo.o., PT AGPA Refinery Complex

Core Business and Growth Strategy

Steel

In cooperation with the global steel company POSCO, POSCO International trades leading domestic steel products with global partners through global trading capabilities and overseas networks. In addition, we are strengthening our future growth engines by expanding our domestic steel distribution sector through eSTEEL4U, an online steel sales platform. As the eco-friendly industry grows, the demand for related steel is also steadily increasing. We proactively respond to the demand for steel materials required by eco-friendly industries such as wind power and solar power, and establish a stable supply of secondary battery materials and a resource recycling system, leading the completion of POSCO Group's eco-friendly future materials business value chain.

Growth Strategy

Emerge as a global top class steel business company to become a 'Total Steel Solution Provider' leading the green industry demand

Steel Trading

Pursue differentiated sales strategies by industry/region using our global network and elevate leadership in the domestic distribution market.

Raw Materials/Industrial Inputs Procurement

Expand the supply of eco-friendly, low-cost raw materials to Group affiliates to achieve carbon neutrality and help improve cost competitiveness.

Expansion of Future Business

Strengthen the sales portfolio towards wind power/PV/EV and other green growth industries, and lead the steel e-commerce market.

Business Category

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 handle a wide array of products to conduct diversified and segmented business. To keep up with our new green vision and strategy, we are shifting our sales portfolio towards PV and wind power structures, as well as green mobility automotive parts. Through the operation of eSTEEL4U, a steel e-commerce platform, we are striving to establish ourselves as a leading platform in the domestic steel online market by diversifying transaction products and expanding data-based services to improve customer convenience.

Major Products

Hot Rolled Steel

Hot rolled products consist of hot rolled coils and hot rolled steel sheets, and slabs produced from a continuous casting system are rolled, cooled and coiled. It is used extensively for various applications, including machines, architectural structures, car structures, general/API steel pipes, and cold rolling.

Steel Plate

Steel plates are hot rolled products that have a relatively significant thickness. Its common applications include shipbuilding, construction and heavy machines, offshore structures and wind farms, pressure vessels (storage tanks), and line pipes (oil pipelines).

Wire Rod

Wire rods are available in the form of coils, which is produced after rolling the billet followed by cooling, coiling and inspection process. It is used for wide applications ranging from key automotive components and materials for construction and bridge building to the most basic materials across various industries.

Cold Rolled Steel

Cold rolled steel is a relatively thin steel plate which is made using hot rolled steel through pickling, cold rolling, and heat treatment. It is highly aesthetic and easily machinable. Therefore, it is widely used as a premium steel product and an essential material in modern society.

Galvanized Steel

Galvanized steel products are made by cleansing and heat-treating rolled coils before dipping them into a bath of molten zinc. With good resistance to corrosion, formability, weldability, paintability, and other useful features, galvanized steel is finding expanded applications across various areas, including civil engineering, architecture, and automotive.

Electrical Galvanized Steel

Electrogalvanized products are zinc-plated steel produced through an electrochemical process. With good paintability, resistance to corrosion, weldability, and workability, it is extensively used in automotive and home appliances.

Electrical Steel

Electrical steel contains silicon to impart electromagnetic properties and is classified into grain-oriented (GO) and non-grain-oriented (NO) based on the rolling and magnetic characteristics' direction. Recently, there has been a surge in demand for Hyper NO, a highly efficient, non-oriented electrical steel that minimizes energy losses in motors for electric vehicles and premium home appliances.

Stainless Steel

Stainless steel is a special steel featuring a splendid surface and good resistance to rust. As a high-value-added product, stainless steel can be used for diverse areas without requiring any additional treatment. Its typical applications include car exhaust pipes, kitchen appliances, electronics, and construction materials.

Core Business and Growth Strategy

Mobility

Harnessing the network we forged with global major car OEMs and parts suppliers while conducting automotive steel and parts business for over half a century, POSCO International is expanding its green mobility business value chain by proactively acquiring investment assets. We pursue the expansion of overseas production locations of POSCO Mobility Solution, our subsidiary, to North America, Europe, and other advanced green mobility markets while working to land orders for permanent magnets, shafts, and other core traction parts with an emphasis on traction motor cores. We also focus on building a full value chain for POSCO Group by making investments to secure graphite, copper foil, and other key raw materials.

Growth Strategy

Building a value chain based on investment assets and trading capabilities in green mobility parts and materials

Traction Motor Core

Reach 7 million+α in global production capacity by 2030 through production localization of Traction Motor Core (2 million+α in Korea, 5 million overseas), develop next-generation traction motor core technology using the research infrastructure and R&D capabilities of POSCO Group to gain a competitive edge.

Core Connected Parts

Landing more orders for key EV traction parts (permanent magnets, shafts, and reducers aligned with traction motor cores) and by pursuing internalization through the acquisition of core parts investment assets.

R&D

Establish rechargeable battery raw material supply chains with graphite, nickel, copper foil, raw materials, recycling investment assets, and expand business based on investment assets of Group affiliates.

Business Category

Traction Motor Core

POSCO Mobility Solution is one of our key subsidiaries manufacturing traction motor cores, that are referred to as the engine of EVs. In line with the booming green mobility industry, POSCO Mobility Solution is localizing its production locations towards North America and Europe, and plans to reach over 7 million units in production capacity by 2030 by securing customers based on its best-in-industry technology.

EV Driving Parts

As the mobility industry moves towards eco-friendly vehicles, the focus on batteries and drive motors is reshaping core automotive components. Amidst this shift, we are emerging as a key player in the EV drive component sector. Leveraging partnerships with global automakers and parts companies, strong SCM development and management capabilities, and synergies with the drive motor core business, we're making strides in this field.

Hydrogen Car Parts

Hydrogen vehicles, offering faster charging times and longer mileage than electric vehicles, represent the future of mobility. We are collaborating with established domestic and overseas component manufacturers to expand our presence in the North American and European markets.

Major Operational Sites



POSCO Mobility Solution

Location	115, Gunsu 1-gil, Jiksan-eup, Seobuk-gu, Cheonan-si, Chungcheongnam-do, Republic of Korea
Year of establishment	2020
Production capacity	2 million units per year (Traction Motor Core)
Sales	KRW 1,432.4 billion



POSCO TMC INDIA

Location	Pune City, Maharashtra State, India
Year of establishment	2009
Production capacity	2 million units per year
Sales	KRW 46.2 billion



POSCO Mexico e-Mobility

Location	Ramos Arizpe, Coahuila State, Mexico
Year of establishment	2022 (mass-production to begin in April 2024)
Production capacity	2.5 million units per year



POSCO TMC POLAND

Location	Brzeg County, Opole Voivodeship, Poland
Year of establishment	2023 (mass-production to begin in 2025)
Production capacity	1.2 million units per year(expected)

Core Business and Growth Strategy

Gas – Upstream

POSCO International pursues a wide range of green energy business along the entire LNG value chain. Oil and gas resource development has been our growth driver, directly engaged in the entire E&P process from exploration to sales, including Myanmar Shwe project, Vietnam offshore block 11-2, Peru block 8, Malaysia offshore block PM524, and Bunga block of Indonesia. In April 2022, we expanded the base of our energy business by jointly acquiring Senex Energy in partnership with Australia’s Hancock Energy.

Growth Strategy

Expand reserves and diversify the business portfolio through linking new E&P efforts with LNG

Expansion of Owned Reserves

- Swiftly complete the development of the Shwe Project to maintain normal natural gas sales
- Secure 57Bcf of production capacity by 2026 at Senex Energy in Australia and use the increased gas production to bring LNG into Korea
- Ensure timely and successful exploration of offshore block PM524 in Malaysia and Bunga block in Indonesia to expand owned reserves

Alignment with LNG Business

- Selectively invest in gas assets with confirmed reserves based on their potential alignment with LNG business
- Pursue acquisition of E&P businesses owning exploration/development/production assets that could align with LNG business

Diversifying portfolios

- Diversify the E&P business portfolio and focus on projects highly likely to align with LNG business

Business Category

Myanmar Gas Field

Since signing the production-sharing contract for Block A-1 in the western offshore of Myanmar in 2000, we have achieved significant milestones, including gas discoveries in Shwe field in 2004, Shwe Phyu field in 2005, and Mya field in Block A-3 in 2006. This project is the pinnacle of nearly 13 years of effort, including the achievement of the first gas production in June 2013. It holds significance that it is the largest overseas resource development business undertaken by a domestic private company. The gas produced from the Shwe, Shwe Phyu, and Mya gas fields is supplied to Myanmar and China through a 793 km-long onshore gas pipeline that extends to the Myanmar-China border, providing an average daily volume of 500 million cubic feet.

Australia’s SENEX ENERGY

As of 2022, POSCO International has become the majority shareholder by acquiring 50.1% of shares and secured management rights of the energy company Senex Energy, based in eastern Australia, in partnership with Australia’s Hancock Energy. Ranked fifth in Australia’s oil and gas sector, Senex Energy owns two producing gas fields (Atlas and Roma North) and two exploration and evaluation blocks (Rockybar and Range) located onshore in Queensland. We are optimizing development plans and actively managing the gas field business to ensure stable expansion and continued business operations. Additionally, apart from its core business, we are closely collaborating with Senex Energy to achieve carbon neutrality and undertake eco-friendly energy projects, such as green hydrogen production.

Major Operational Sites



Shwe Project

Year of participation 2000(production initiated in June 2013)
Equity ownership 51% (operator)
Area 5,560km²
Project shareholders ONGC VIDESH 17%
 MOGE 15%
 GAIL 8.5%
 KOGAS 8.5%



Australia Senex Energy

Year of participation 2022
Equity ownership 50.1%
Area 2,249km²
Project shareholders Hancock Energy 49.9%



Malaysia New Explorations

Year of participation November 2021
Equity ownership 80% (operator)
Area 4,446km²
Project shareholders Petronas Carigali 20%



Indonesia New Explorations

Year of participation July 2023
Equity ownership 50% (operator)
Area 8,500km²
Project shareholders PHE (Pertamina Hulu Energi) 50%

Core Business and Growth Strategy

Gas – Midstream

In 2017, POSCO International became the first domestic trader in the LNG trading sector, opening the doors of LNG trading and expanding our reach into the trading market through Gwangyang LNG terminal by developing overseas projects and leveraging our trading expertise. Additionally Based on this, we are securing overseas LNG infrastructure such as import terminals and liquefaction plants. These will become long-term fixed demand sources in connection with the POSCO group's gas business strategy. Additionally, we are actively promoting the LNG bunkering business.

Growth Strategy

Establish low-carbon LNG supply chains to ensure energy security

LNG Terminal

Pursue stronger customer lock-in effects through the timely completion of new tanks, business expansion based on strategic partnerships, and direct pipeline access for the Gwangyang LNG Terminal

Terminal Connection

Maximize profits through increased LNG trading by promptly securing carriers and expanding new infrastructure

Business Category

LNG Terminal

We operate the Gwangyang LNG Terminal as an LNG storage infrastructure asset playing a pivotal role in LNG business, connecting upstream operations of developing and producing LNG with downstream operations of supplying gas to end consumers. Currently, six tanks are operating, and two additional 200,00kℓ-capacity storage tanks are under construction. We plan to build more LNG terminals in Dangjin and Pohang, and this will bring our total storage infrastructure capacity to 2.27 million kℓ by 2030.

LNG Trading

Initiating LNG trading business in 2017, we merged with POSCO Energy in 2023 to enrich our LNG business value chain from LNG import terminals to power generation. Operating dedicated vessels and expanding trading volumes, we aim to ensure reliable LNG sourcing to contribute to the nation's stable energy supply and demand. We have been pursuing and expanding initial LNG supplies to international shipping companies as well as LNG exports to Northeast Asian countries since 2020.

LNG Bunkering

We plan to build a dedicated bunkering infrastructure at the Gwangyang LNG terminal to ensure a stable supply of low-carbon fuel to ships. There are three types of LNG bunkering methods. LNG bunkering supply to global oceangoing ships is carried out using the Ship-to-Ship (STS) method. STS is a method in which an LNG bunkering ship supplies LNG to medium-to-large-sized LNG-powered ships. It is useful for large-scale bunkering and allows bunkering at sea without the need to enter a terminal.

LNG/LPG Ship Commissioning

Since August 2020, we have proudly become Korea's first "Marine Natural Gas Operator," overseeing ship commissioning operations. This entails inspecting whether newly built LNG and LPG carriers guarantee secure gas storage and their optimal equipment functions properly. Moreover, we are operating a port-to-ship (PTS) bunkering business, supplying LNG/LPG as fuel.

Major Operational Sites



Gwangyang LNG Terminal

Location	2148-581, Jecheol-ro, Gwangyang-si, Jeonnam, Korea
Area	260,000m ²
Storage capacity	930,000 kl (including the Tank #6 to be completed in June 2024)



LNG Liquefaction Terminal

Year of participation	1997 (production started in 2000)
Equity ownership	20% of KOLNG (1% of OLANG)
Processing capacity	7.1 million tons a year
Project shareholders	Oman Government, Shell, Total, KOLNG*, Partex, Mitsubishi, Mitsui, Itochu

* KOLNG: Korea Gas Corporation, Samsung C&T Corporation, Hyundai Corporation, and SK Innovation

Core Business and Growth Strategy

Gas – Downstream

As an independent power producer (IPP), we have the capabilities to undertake tasks ranging from overseas power generation project development, investment, financial procurement, execution, and operation. We are actively pursuing projects that align with POSCO Group's energy strategy and are expected to create synergies. Leveraging our expertise in overseas project development and the robust overseas network, we aim to continuously generate new IPP business opportunities for strategic power generation sources, such as gas combined cycle power plants in regions with high growth potential, such as emerging Asian countries, Central and South America, and Africa.

Growth Strategy

Bolster expertise in power generation business through green transition and global business expansion

Domestic Power Generation

Ensure business sustainability through increased competitiveness in direct imports and phased-in hydrogen co-firing at the Incheon LNG Combined Cycle Power Plant to help achieve carbon neutrality

Integrated Energy

Obtain an integrated energy business license to expand captive LNG demand and diversify our power generation business portfolio

Overseas Power Generation

Discover new markets mainly in Vietnam and Indonesia with established business presence and develop business with LNG value chain scalability potential ranging from fuel sourcing to terminal and power generation

Business Category

LNG Power Generation

The Incheon LNG Combined Cycle Power Plant operates a total of 7 combined cycle power generators with a facility capacity of 3,412 MW, which accounts for approximately 9% of the power generation capacity in the Seoul metropolitan area. It uses natural gas to drive both gas and steam turbines, yielding high power generation efficiency while offering a very short start-up and shutdown time, enabling an immediate response to urgent power demand. As a result, the power plant contributes to the nation's energy security by promptly responding to fluctuations in national electricity demand. Moreover, the power plant is a smart power generation facility whose operations technologies incorporate IoT and big data, leading to enhanced capabilities and efficiency.

By-Product Gas Power Generation

POSCO International completed the construction of Southeast Asia's first-ever by-product gas power plant (PT.KPE) in Indonesia in January 2014, which has been in operation since. PT.KPE has a facility capacity of 200 MW and utilizes the by-product gas generated from POSCO Indonesia's integrated steel mill (PT.KP) as fuel to produce electricity, contributing to an annual reduction of CO₂ emission.

Major Operational Sites



Location	314, 363 Jungbong-daero 405beon-gil, Seo-gu, Incheon, Korea
Site Area	478,060m ²
Fuel Used	LNG(Liquefied Natural Gas)
Facility Capacity	3,412MW
Characteristics	Total 7 combined cycle generators



Location	Within the POSCO Integrated Steel Mill in Cilegon, Indonesia
Fuel Used	BFG ¹⁾ , COG ²⁾ , LDG ³⁾
Facility Capacity	200MW(100MW*2)
Characteristics	A joint venture with the POSCO Group
	1) Balst Furnace Gas 2) Coke Oven Gas 3) Linz Donawitz Gas

Core Business and Growth Strategy

Green Energy

POSCO International pursues a range of renewable energy businesses that align with the Korean government's Renewable Energy 3020 and 2050 Net Zero policy initiatives. We are working on green energy businesses selected in step with POSCO Group's RPS and R100 demands while actively joining in on the Group's initiative to achieve its 2050 Carbon Neutrality by developing blue hydrogen production infrastructure and low-carbon businesses connected with Group affiliate's decarbonization efforts and by building clean hydrogen supply infrastructure in sync with power generation business.

Growth Strategy

Expand renewable energy business to lead the charge in carbon neutrality efforts

Renewable Energy

Increase offshore/onshore wind power, solar power, and other renewable energy generation capacity to 2.0 GW by 2030 to secure Renewable Energy Certificates (REC) and contribute to Group-level response to RE100

Clean Hydrogen

Build hydrogen supply infrastructure for hydrogen co-firing at the Incheon LNG Combined Cycle Power Plant and for hydrogen-reduction steelmaking at the Gwangyang and Pohang Steelworks to supply 1.26 million tons of clean hydrogen by 2035 in Korea

CCS

Review the business viability of countries with commercialization/demonstration potential and pursue CCS business in Korea and abroad in connection with Group affiliates' emission sources to build domestic/overseas CCS hubs by 2030 and expand carbon emissions reduction business at the Group level

Business Category

Onshore Wind Power

We obtained a business permit to run an onshore wind farm in Jaeun-myeon, Sinan-gun, Jeollanam-do, in 2013 and have conducted its commercial operation since 2018. Today, a wind farm consisting of a total of 20 wind power generators is under operation with 62.7 MW generation capacity.

Offshore Wind Power

Currently, a 300 MW-capacity offshore wind complex is under construction 2.5km west of Jaeun-do, Sinan-gun, which is set for completion by 2028.

Solar Power

We operate a large-scale, 14.5 MW-capacity solar power complex on a former salt field in Sinan-gun, Jeollanam-do. Built on an abandoned site, this solar power complex minimized possible environmental damage on the surrounding areas in the construction process and is producing an annual electrical output of 190,000 MWh to power 5,300 households.

Sewage Heat Energy Business

We have been operating a district heat supply facility that recycles waste heat energy at the Tancheon Water Treatment Center since 2014. This facility recovers thermal energy discarded by the sewage treatment facility through heat pumps, converts such energy into heating energy sufficient to power 20,000 homes per year, and supplies it to nearby areas.

Clean Hydrogen

We are pursuing hydrogen co-firing business to replace 20% of LNG with clean hydrogen as feedstocks for the Incheon LNG Combined Cycle Power Plant. Our plan is to secure clean materials for co-firing through overseas clean hydrogen procurement business while building clean hydrogen supply infrastructure in Korea.

CCS

CCS¹⁾ refers to technology to capture and transport CO₂ from bulk sources and store it permanently and safely in offshore underground repositories. Drawing on our capabilities accumulated in E&P business which is similar to CCS operations, we are working to procure CO₂ repositories in Korea and abroad and to build our CCS value chain.

1) Carbon Capture and Storage

Major Operational Sites



Jeollanam-do Onshore Wind Power

Location	Jaeun-myeon, Sinan-gun, Jeollanam-do, Korea
Generation capacity	62.7MW
Power output	120,000MWh per year



Sinan Solar Power Plant

Location	Palgeum-myeon Sinan-gun, Jeollanam-do, Korea
Generation capacity	14.5MW
Power output	19,000MWh per year



Jeollanam-do Offshore Wind Power

Location	Jaeun-myeon, Sinan-gun, Jeollanam-do, Korea
Generation capacity	300MW
Power output	700,000MWh per year



Tancheon Water Treatment Center
(District heat supply project utilizing sewage heat)

Location	Gangnam-gu, Seoul-si, Korea
Generation capacity	200,000Gcal per year

Core Business and Growth Strategy

Agro

We are the only trading company in Korea enlisted as a member of GAFTA(Grain and Feed Trade Association) and FOSFA(Federation of Oils, Seeds and Fats Association). Based on corn, wheat, rice, soybean and other grain imports into Korea, we are expanding our third party transactions in Asia(Korea, China, etc), CIS(Russia, Ukraine), North/Latin America, the Middle East and Africa via our global network. We are putting our utmost efforts into developing sustainable future agro resources by manufacturing CPO(Crude Palm Oil) at our large-scale palm plantation and trading in the Indonesian domestic market and in the global market as well.

Growth Strategy

Emergence as a global top-tier integrated agro company based on the expanded up/downstream value chain

Business Expansion

Expand agri business to reach 4.5 million tons in grain production and 3.5 million tons in grain processing by 2030 through corporate farming to emerge as a global major agro & materials company

Agri Value Chain Development

Make advancement with a focus on grains capable of serving as both food and industrial inputs (corn, soybean, wheat, palm) by establishing a production-processing value chain and making asset investments focused on green material-linked processing and corporate farming, and expand the value chain upstream and downstream

Business Category

Grain and Oil

The Ukraine grain terminal business helps strengthen our procurement competitiveness near the Black Sea region, a major grain-producing area. From our 20 years of rice import business experience, we are operating the Rice Processing Complex(RPC) which serves as the core of the rice industry's value chain in Myanmar. In Indonesia, we are operating a sustainable palm plantation business in conformity with the RSPO(Roundtable on Sustainable Palm Oil) certification, to become an eco-friendly company by building an integrated up & downstream value chain. As part of such efforts, we will leverage PT.ARC, a palm oil refinery under development in Indonesia, to diversify our product and market portfolio to respond to market fluctuations and improve stability.

Major Operational Sites



PT.BIA

Location	Papua, Indonesia
Year of establishment	2011
Scale	3 CPO mills, 9 religious facilities, 3 Clinics, etc
Area	34,195ha(planted area: 20,779ha, excluding Plasma)
Production capacity	208,049 tons (2023)



PT.ARC

Location	East Kalimantan, Indonesia
Year of establishment	2025(expected)
Area	29ha
Refine capacity	500,000 tons/year (based on raw materials)



Grain terminal in Ukraine

Location	Mykolaiv, Ukraine
Date of operation	Dec. 2019
Facility capacity	Up to 2.5 million tons in annual handling volume
Grains handled	Corn, wheat, barley, etc.



RPC in Myanmar

Location	Yangon Thilawa Special Economic Zone, Ayeyarwady Region, Myanmar
Area	Factory 1 - 13,710m ² (3.4acre) Factory 2 - 55,846m ² (13.8acre)
Scale	100,000 tons in annual production capacity (based on raw materials)

Core Business and Growth Strategy

Bio

Aligned with the global surge towards ESG values, there's a growing demand for bioplastics and recycled plastics. We are at the forefront of the eco-friendly materials sector, cementing our role as a bioplastics distributor. Expanding sales of biodegradable bioplastics like PBAT and PLA, we're also striving to secure stable sources of biomass like corn and sugarcane, which are the raw materials for bioplastics. Our goal is to achieve a 70% share of eco-friendly business by 2035, encompassing bioplastics, recycled plastics, blue/green ammonia, etc., thus fortifying our position as a leader in the eco-friendly future materials domain within the POSCO Group, while building a robust value chain across the bio industry for sustainable growth.

Growth Strategy

Spearhead Group affiliates' eco-friendly business through the internalization of eco-friendly and advanced material production assets

Portfolio Transition

Pursue a transition in the business portfolio as the sole organization specializing in eco-friendly biomaterials within the Group to lead Group affiliates' eco-friendly business and help achieve net zero

Laying the Basis for Growth

Lay the basis for the vertical/horizontal expansion of eco-friendly biomaterial business by expanding global sales regions based on our global network and by internalizing production assets through proactive investments

Business Category

White Bio and Recycling Material

On the strength of our 30+ years of experience in chemicals trading, we are expanding our trade of biodegradable biomaterials and recycled materials in line with the surging global demand for eco-friendly products and recycled products while working to pioneer the market by securing cutting-edge production technology and production assets. Our diversification strategy will help us successfully navigate the shifting market landscape and improve operational stability.

Rechargeable Battery Chemical Materials

In connection with the rechargeable battery material business, one of POSCO Group's core business areas, we are working to procure chemicals and sell by-products that are fed into the production of rechargeable battery raw materials. We also develop new chemical material businesses associated with rechargeable batteries, such as CNT conductive additives and separator materials, to aid in expanding the value chain of Group affiliates' business.

Major Products

PBAT

Poly Butylene Adipate Terephthalate

PBAT is a biodegradable plastic material that derives from petrochemicals such as butadiene, and is gaining attention as a viable alternative for conventional plastics (PE). This material is both biodegradable and flexible and is used for such plastic products as plastic bags, agricultural films, and packaging materials.



PLA

Poly Lactic Acid

PLA is biodegradable plastic made from corn, sugarcane and other types of biomasses, and its suitable strength and hardness makes it a preferred substitute for conventional plastics (PP, PS). Its applications span a variety of areas, including packaging, 3D printing, and medicine.



rPET

Recycled Polyethylene Terephthalate

rPET is made by recycling existing PET products, including PET water bottles and PET synthetic fiber, and is comparable to virgin PET materials in terms of performance. rPET is usually mixed with virgin PET for use, and is adopted for beverage bottles, textiles and clothing, packaging, industrial products, and automotive parts.



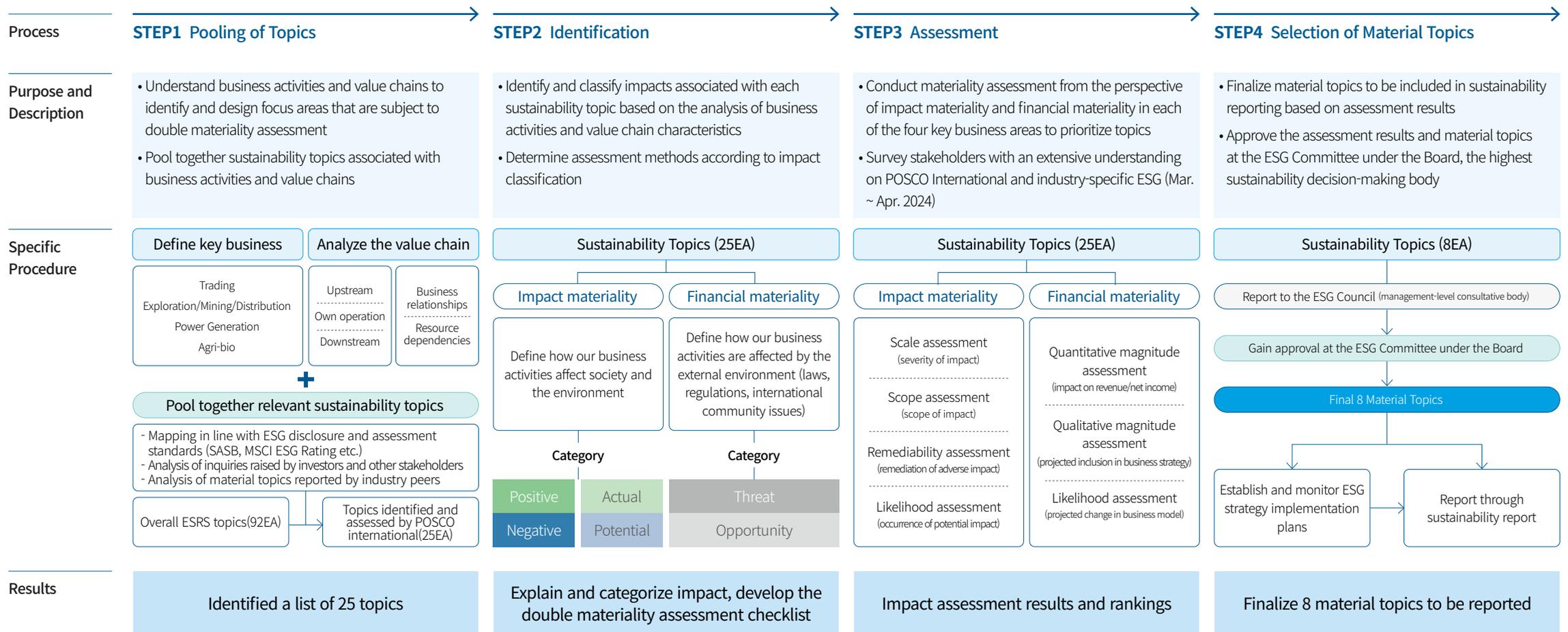
02 Double Materiality Assessment

POSCO INTERNATIONAL CORPORATION
SUSTAINABILITY REPORT 2023

- 16 Double Materiality Assessment Process
- 17 Double Materiality Assessment Result

Double Materiality Assessment Process

POSCO International selects topics material to the Company through double materiality assessment for our annual sustainability disclosure. This aims to identify key ESG issues associated with our business and to strategically select and focus on relevant business opportunities accordingly. As we implement strategies closely tied to ESG issues material to our operations and disclose the progress we made through sustainability reporting, we will build wider consensus with internal and external stakeholders. In conducting double materiality assessment, we pooled together relevant sustainability topics based on the understanding on our key business operations, and identified impact materiality – how our business activities affect society, the planet and stakeholders – and financial materiality – how the external environment affects our financial performance. This was followed by impact assessments made with the help of stakeholders who deeply understand our business and ESG, and the assessment results were reviewed at the Board of Directors level to finally arrive at eight material topics. Selected material topics are prioritized in our company-wide risk management.



Double Materiality Assessment Results

Assessments were made on impact materiality – how POSCO International’s four key businesses (trading, exploration/mining/distribution, power generation, agri-bio) affect society and the environment – and financial materiality – how the external environment affects our business (costs, revenue, reputation, capital), and this led to the selection of eight material sustainability reporting topics.

■ Very High
 ■ High
 ■ Moderate
 ■ Low
 ■ Very Low

Sustainability Topics			Impact Materiality				Financial Materiality				Page				
ESG	Material topics	Position in the value chain	Description	Category	Main business assessment results				Description	Category		Main business assessment results			
					Trading	Exploration	Power generation	Agri-bio				Trading	Exploration	Power generation	Agri-bio
E	Climate change mitigation	Upstream, Own operation	GHG emissions generated from business activities result in climate change and changes in ecosystems.	Negative -Actual					Costs incurring to purchase GHG emissions allowances and any failure to achieve carbon neutrality goals could result in tarnished reputation and decreases in revenue and capital inflow.	Threat					26-39, 84, 129
	Expanded resource circularity for products ¹⁾	Overall value chain	Resource circularity achieved through recycling and reuse helps prevent the depletion of natural resources and mitigate environmental pollution caused by the mining of raw materials.	Positive -Actual					Meeting the needs for product resource circularity helps acquire new customers to increase revenue, secure investments, and receive benefits from the government such as tax exemption and financial support.	Opportunity					38
	Energy use	Own operation	Using fossil fuels contributes to the depletion of natural resources and other adverse environmental impacts.	Negative -Actual					Expanding renewable energy may incur costs to purchase Renewable Energy Certificates (REC) and pay Green Premiums.	Threat					37, 84
S	Health and safety management	Upstream, Own operation	Lack of health and safety management may cause injuries, which could threaten the health and life of workers and decrease the quality of life for their families.	Negative -Actual					Occurrence of high-consequence injuries may halt operations to result in decreased revenue, and if such injuries are attributable to the Company, this could incur compensation for affected workers and litigation costs.	Threat					46-47, 53-58, 92-93
	Workplace environment and working conditions	Own operation	Improving the workplace environment and working conditions ensures an increased quality of life for employees and social stability.	Positive -Actual					Non-compliance with statutory working conditions may force the Company to pay fines, and the resulting employee turnover may incur costs for new recruitment and training, along with reduced capital inflow due to aggravating external reputation.	Threat					40-47, 91
	Communication with workers and guarantee of labor rights	Own operation	Guaranteeing labor rights and maintaining amicable labor relations help improve working conditions and social stability.	Positive -Actual					Any occurrence of a strike may halt operations to result in decreased revenue, and the degrading external reputation may lead to reduced capital inflow.	Threat					40-47
G	Anti-corruption and anti-bribery	Own operation	Preventing corruption and bribery helps secure governmental fiscal stability and enhance social trust.	Positive -Actual					Occurrence of corruption and ethical misconduct may lead to fines and litigation costs when losing the case, and costs also incur to audit non-compliance with anti-corruption regulations and ensure prevention and improvement.	Threat					59-65
	Fair trade practices	Own operation	Non-compliance with fair trade/subcontract laws undermines stakeholder trust and cause imbalances among economic and social interests.	Negative -Potential					Regulatory non-compliance gives rise to monetary/non-monetary sanctions and relevant costs, and increases management costs for compliance risk mitigation and prevention.	Threat					59-65

1) New topic

* Changes in material topics compared to the previous year: Economy-related topics are excluded from the assessment pool, and supply chain management-related topics were assessed in detail

03 Governance

POSCO INTERNATIONAL CORPORATION
SUSTAINABILITY REPORT 2023

- 19 Board of Directors
- 21 Shareholders
- 22 Stakeholder Communication
- 23 ESG Governance

Board of Directors

Composition of the BOD

POSCO International's Board of Directors (BOD) consists of two inside directors, one non-executive director, and five outside directors. We prioritize the 'principle of diversity' in the composition of the Board to ensure that our directors do not overlap in any specific backgrounds or represent any particular interests. Members of the board are qualified for their expertise, knowledge and extensive experience in management, accounting, environment, law, or industries we are associated with in accordance with outside director operational guidelines to promote the expertise of governance. We have appointed a female registered director since 2020 to abide by the Capital Market Act which mandates gender diversity of the Board of Directors. We also increased the number of outside directors specializing in the social area to bolster expertise in the Board's decision-making on pending key issues concerning human rights. An internal dedicated organization is up and running to support the efficient operation of the Board and its committees.

(As of May 2024)

Type of Director	Name (Gender)	Age	Position	Career	Date of Initial Appointment	Date of Term Expiration	Audit Committee	Outside Director Candidate Recommendation Committee	ESG Committee
Inside (Executive) Director	Kye-In Lee (Male)	59	Chair of the BOD and the Outside Director Candidate Recommendation Committee	Current) President & CEO, POSCO International Former) Chief Officer of Global Business Unit, POSCO International Head of Steel Department 1, POSCO International	2023. 03. 20			●	
	Kyung-Jin Chung (Male)	58		Current) Executive Vice President, Corporate Strategy & Financial Group, POSCO International Former) Head of Finance Team, POSCO Holdings Head of Finance Office, POSCO	2024. 03. 25	Until the regular General Shareholder Meeting in 2025		●	●
Non-executive director	Ki-Seop Jeong (Male)	62		Current) CSO, President and Representative Director, POSCO Holdings Former) CEO & Representative Director, POSCO Energy Head of Domestic Business Management Office, POSCO	2024. 03. 25				
Outside (Independent) Director	Haeng-Hee Lee (Female)	59	Chair of the ESG Committee	Current) Advisor, Korean CEO's Association of Multinational Corporations (KCMC) Former) President & CEO, Corning Korea Chairman, KCMC	2022. 03. 21	Until the regular General Shareholder Meeting in 2026	●	●	●
	Jong-Soo Han (Male)	63	Chair of the Audit Committee	Current) Professor of Accounting, Ewha Womans University President, Korean Accounting Association Former) Member, IFRS Interpretations Committee	2023. 03. 20	Until the regular General Shareholder Meeting in 2025	●	●	
	Yeong-Han Chun (Male)	63		Current) Professor of Electronic and Electrical Engineering, Hongik University Co-representative, Energy Transition Forum Korea Former) Member, 2050 Carbon Neutrality Commission	2023. 03. 20		●	●	
	Ho-Keun Song (Male)	68		Current) Professor of Electronic and Electrical Engineering, Hongik University Co-representative, Energy Transition Forum Korea Former) Member, 2050 Carbon Neutrality Commission	2024. 03. 25	Until the regular General Shareholder Meeting in 2026		●	●
	Tae-Woong Hur (Male)	58		Current) Professor Laureate and Director of Doheon Academy, Hallym University Former) Distinguished Professor of Humanities and Social Sciences, Pohang University of Science and Technology Distinguished Professor, Seoul National University	2024. 03. 25			●	●

Board of Directors

Board Committees

The ESG Committee, the Audit Committee, and the Outside Director Candidate Recommendation Committee were established in affiliation with the BOD to strengthen the independence expertise of the Board's execution. Each committee fulfills their role as stipulated in our Articles of Incorporation, internal regulations, and the Commercial Act, and is delegated by the Board to partially assume its role to expedite the Company's decision-making and improve management efficiency in so doing. In particular, outside directors comprise more than two thirds of the Audit Committee to ensure its fairness and transparency.

Committee	Mandate
ESG Committee	Make decisions on key matters of ESG management in conformity with Article 9 of the BOD regulations and ESG Committee operational guideline
Audit Committee	Head audit operations in conformity with Article 415-2 and Article 542-11 of the Commercial Act, the Articles of Incorporation, and other applicable regulations
Outside Director Candidate Recommendation Committee	"Review the qualifications of outside directors and deliberate on their nomination in conformity with Clauses 4 & 5 of Article 542-8 of the Commercial Act"

Board Skills Matrix

Skills	Kye-In Lee	Kyung-Jin Chung	Ki-Seop Jeong	Haeng-Hee Lee	Jong-Soo Han	Yeong-Han Chun	Ho-Keun Song	Tae-Woong Hur
Leadership	●		●	●			●	●
Law/regulation		●			●	●	●	
Financial affairs/finance		●			●			
Global business experience	●	●	●	●				
Industry	●		●			●		●
ESG	●			●	●	●	●	●

In compliance with our outside director operational regulations, we appoint outside directors for their extensive subject matter knowledge or experience in the areas of management, accounting, industry, ESG, law, or businesses we are associated with. As of May 31, 2024, our Board of Directors is composed of eight members who bring their own distinctive expertise to the table to enhance the competitiveness of the Board. This, in turn, assists the Board in making informed decisions on key matters of the Company.

Outside Director Appointment Process

The Outside Director Candidate Recommendation Committee has the right to nominate candidates based on their expertise in accordance with the qualifications set by the Commercial Act and our Articles of Incorporation. Shareholders holding shareholder proposal rights are able to nominate director candidates pursuant to the Commercial Act. We make sure outside director candidates are not discriminated against on the grounds of gender, race, and nationality and are respected for their diversity. Candidates who may undermine our corporate value or violate shareholder rights and interest, including those who have been previously subject to disciplinary action for regulatory non-compliance, are excluded in the nomination process.

Information on outside director candidates is made public for all shareholders at least two weeks before the General Shareholder Meeting to aid in their sufficient review. In principle, outside directors are appointed when a majority of the Committee members are present and voting for or against. We follow fair procedures based on diverse stakeholder feedback in appointing qualified outside directors to ensure our sound business operations.



Board of Directors

Board Meetings Held

Board meetings are arranged on an annual basis, and the meeting agenda is announced seven business days prior to the meeting in accordance with BOD regulations. In 2023, the Board met 11 times in total to decide on 44 agenda items. Director attendance was 100% in 2023.

Date	Agenda	Approval
2023. 01. 02	Approval of public notice in lieu of a general shareholder meeting for the merger report	Approved
2023. 01. 26	2 items including approval of the 23rd financial statements	Approved
	2 items including 2022 compliance control and CP activity inspection results	Reported
2023. 02. 22	3 items including 2023 POSCO International safety and health plan	Approved
	2022 Internal Accounting management system operation status report	Reported
2023. 03. 20	6 items including matters regarding adjustment and payment of director remuneration standards in 2023	Approved
	4 items including capital payment and a parent company guarantee (SBLC) for the establishment of PT POSCO INTERNATIONAL E&P INDONESIA related to Bunga contract area in Indonesia	Approved
2023. 04. 27	Establishment of POSCO International New Vision	Reported
	8 items including establishment of ESG Committee under the Board of Directors and amendment to related Board of Directors regulations, 2022 Sustainability Report publication and materiality assessment results, and 23 Modern Slavery Act (MSA) Declaration	Approved
2023. 06. 28	POSCO International 2050 Carbon Neutral Roadmap	Reported
	4 items including sale of participating interest in Narrabri coal mine	Approved
2023. 08. 21	2 agenda items including raising the total limit on transactions with related parties (POSCO FUTURE M)	Approved
2023. 09. 21	Funding loan to GTH (Ukraine grain terminal holding company)	Approved
	Strategy for training in women employee leadership	Reported
2023. 11. 22	Approval of 2024 short-term financial limit	Approved
	Mid-term shareholder-friendly policy	Reported
2023. 12. 19	5 items including 2024 management plan approval	Approved

Shareholders

Shares and Dividends

We ensure balanced operations in providing shareholder return by enhancing shareholder value and paying predictable dividends through continued growth. As of the end of March 2024, the total number of issued common shares amounted to 175,922,788 shares, and the number of outstanding shares was 170,444,487 shares, excluding 5,478,301 treasury shares. The largest shareholder is POSCO Holdings with 70.7% of total, and other minority shareholders own 19.21% of total. In 2023, we announced our mid-term shareholder-friendly policy to consider setting dividend amounts at approximately 25% of consolidated net income attributable to controlling shareholders and paying interim dividends, improving the predictability and stability of dividend income for shareholders and laying the basis to enhance our corporate and shareholder value over the long haul.

Shareholders

(As of March 2024)

Category	POSCO Holdings	National Pension Service	Employee Stock Ownership Association	Others
No. of shares	124,396,358	8,945,745	180,655	42,400,030
Ratio	70.71%	5.09%	0.10%	24.10%

Dividends Paid

(Consolidated)

Category	Unit	2021	2022	2023
Net income ¹⁾	KRW million	360,789	589,750	670,235
Earning per share	KRW	2,924	4,780	3,939
Total cash dividends	KRW million	98,700	123,355	170,154
Cash dividend payout ratio	%	27.4	20.9	25.3
Dividends per share	KRW	800	1,000	1,000

1) Net income attributable to the owners of controlling interests

Shareholder and Investor Communication

While regularly releasing business results through business briefings for earnings releases and Value Day events for key businesses, we also engage in overseas NDRs and other IR events on an as-needed basis. We closely communicate with domestic responsible investing institutions through Corporate Day events hosted by securities firms, and strive to make our financial/non-financial information more readily accessible. The business briefing held for Q4 2023 earnings release served to announce our mid-term (FY2023~2025) shareholder-friendly policy, and we actively engage in NDR activities in Korea and abroad to share our growth strategy. We will continue to seek growth as a shareholder-friendly company prioritizing communication with key stakeholders.

Stakeholder Communication

Stakeholder Communication Channel

We will analyze the environmental and social impacts of our business and relevant stakeholder requirements while promoting proactive communication to meet the expectations and needs of stakeholders.

Stakeholder	Material Issue	Major Communication Channel	Related Link ↗
Shareholders & Investors	<ul style="list-style-type: none"> - Stakeholder and corporate value improvement - Reliable economic performance - Corporate accessibility improvement - Strengthening governance transparency 	<ul style="list-style-type: none"> - General shareholder meetings - Non-Deal Roadshow(NDR) - Conference Call - Website and contact e-mail 	Disclosures and Announcements IR materials
Customers	<ul style="list-style-type: none"> - Maintenance of stable transactions - Increased price and quality competitiveness - Production and trade of eco-friendly products 	<ul style="list-style-type: none"> - Business meetings with customers - Education and seminars - News magazines - YouTube, blogs and other social network channels - Website(business inquiries) 	e-STEEL4U News Magazine YouTube Blog Contact Us
Suppliers	<ul style="list-style-type: none"> - Improvement in suppliers' working environment - Increased support for competency enhancement of SMEs and venture firms - Communication facilitation including the sharing of market information 	<ul style="list-style-type: none"> - Hold Voluntary Compliance Committee meetings - Export consultations - Business meetings with suppliers - Marketing collaboration portal - Website(business inquiries) 	e-sales Global Marketing Collaboration Portal for SMEs and Ventures Contact Us
Employees	<ul style="list-style-type: none"> - Employees' capacity building - Work-life balance - Fair appraisal and compensation - Facilitation of labor management - Workplace safety 	<ul style="list-style-type: none"> - Labor management councils - News magazines - YouTube, blogs and other social network channels - Townhall meeting(Interconnect Day) - Internal training 	News Magazine YouTube Blog
Local Communities & Civic Organizations	<ul style="list-style-type: none"> - Community development - Increased human rights protection - Resolution of social and environmental issues 	<ul style="list-style-type: none"> - Hold public consultation meetings with local residents - Meetings with civic organizations - Website (whistleblowing center) 	Report Center
Governments & International Organizations	<ul style="list-style-type: none"> - Compliance and fair trade - Enhancement of ethics and ethical management - Eco-friendly management 	<ul style="list-style-type: none"> - Government/National Assembly meetings - Education and seminar - Website (whistleblowing center) 	Report Center

POSCO International hosts corporate briefings to transparently disclose quarterly business performance on an ongoing basis. The Value Day event held in 2023 to introduce our energy, eco-friendly materials and other key businesses provided us with the opportunity to communicate with securities firms, asset managers, analysts, and other domestic and global institutional investors on our business strategies and future plans.

Reaching closer to foreign investors through cross-border IR events



- Expanding the geographical coverage of overseas NDRs
- * Expanded the geographical coverage of overseas NDRs to North America, the UK, Hong Kong, Singapore, Japan, and Malaysia in 2023
- Provided simultaneous Korean-English interpretation and made disclosures in English

Expanding online IR content for minority shareholders



- Expanded timely content through new communication channels to make IR information more readily accessible (news magazine, YouTube, etc.)

Strengthening communication targeting domestic investors with a focus on new business



- Helped investors and analysts improve their understanding on the growth potential of our investment business and new business (Analyst Day, business site visits, etc.)

Increasing C-level engagement in IR activities



- Expanded C-level participation in IR events, including business briefings and discussions, to improve the credibility of IR communications

Format	Target	Topic	Frequency
Conference	Analysts and domestic institutional investors	Value Day on energy and eco-friendly material business and others	3 times
Conference call	Domestic/overseas institutional investors	Corporate Day events hosted by securities firms and others	15 times
NDR	Analysts and domestic institutional investors	Corporate briefings for quarterly earnings releases and others	8 times
Small-size group meetings	Analysts and domestic/overseas institutional investors	Analyst discussions hosted by C-level leadership and others	5 times
Site visit	Analysts and domestic institutional investors	Visits to the construction site of the Gwangyang LNG Terminal and others	Twice

ESG Governance

POSCO International operates a decision-making system to monitor, manage, and supervise sustainability-related risks and opportunities. In 2023, we established the ESG Committee, a specialized committee under the BOD, to strengthen the BOD's responsibility and role in managing and supervising ESG policies and issues. The ESG Committee manages and supervises ESG policies and management activities, and pre-reviews non-financial information disclosures. The ESG Council, a management council chaired by the CEO, is a deliberative body for major ESG management decisions and reviews and analyzes ESG related issues to help the company achieve long-term sustainable growth.



Dear Esteemed Employees and Stakeholders of POSCO International,

I would like to thank all POSCO International employees who are constantly challenging for a sustainable future and our stakeholders who support us. Established in June 2023 as a specialized body under the BOD, the ESG Committee is responsible for managing and supervising the company's ESG management activities based on its independence and expertise.

As the international community has recently raised the topic of "strengthening supply chain management," POSCO International has deeply recognized the need and is making comprehensive efforts to establish a supply chain ESG management system. Leading from the headquarters, we will build a healthy corporate ecosystem and sustainable supply chain with all domestic and overseas business sites as well as partners and suppliers. Furthermore, we are committed to fostering talent to push the boundaries of our industry and turn our vision into reality. As an integrated business company that conducts global business, we will continue to strengthen our corporate culture by focusing on diversity, equity, and inclusion, as well as gender issues, as new business competitiveness.

In the rapidly changing global economic environment, we are realizing that the sustainability management challenges demanded by our stakeholders are becoming heavier. With a strong sense of responsibility for sustainable management, POSCO International will continue to strive to create a better environment and society beyond economic performance. The ESG Committee will also strive to expand communication with stakeholders and serve as a compass for the realization of the company's sustainability values and vision. We look forward to your continued support and encouragement.

Thank you.

Chair of the ESG Committee **Haeng-Hee Lee**

	Composition·Cycle·Mandate	2023 Agenda
Board of Directors	<p>Composition 3 outside directors and 1 inside director including the Chair</p> <p>Cycle On an as-needed basis (in alignment with the Board of Directors)</p>	<p>07.26 - Appointment of the Chair of the ESG Committee - Global trends of enacting ESG regulations</p>
ESG Committee	<p>Mandate</p> <ul style="list-style-type: none"> • Make decisions on key matters on ESG management Sustainability reporting and materiality assessment, environmental and climate change response, etc. • Review matters affecting ESG management Risk management measures and plans for ESG management, progress made on key ESG operations proposed at the ESG Council 	<p>09.21 - Supply chain ESG management system development</p> <p>12.19 - Plan for the publication of the 2023 sustainability report and materiality assessment</p>
Management Oversight	<p>Deliberation on details and reporting</p>	
Management	<p>Composition CEO (Chair), Head of Corporate Citizenship Bureau (Assistant Administrator), 8 heads of business groups (members)</p> <p>Cycle On a quarterly and as-needed basis</p>	<p>05.22 - Publication of the sustainability report and ESG materiality assessment - Plans to respond to the MSA (Modern Slavery Act) Declaration in 2023 - Plans to implement the 2050 Carbon Neutral Basic Roadmap - Establishment of the ESG Committee under the Board of Directors</p>
ESG Council	<p>Mandate</p> <ul style="list-style-type: none"> • Deliberate on ESG management vision and its implementation directions • Establish, revise, and abolish environmental and social policies, including the ESG Council operational guidelines • Establish response measures for key non-financial environmental/social issues • Matters requiring assistance to develop and internalize ESG capabilities • Deliberate on key agendas related to ESG management and propose them to the ESG Committee 	<p>07.20 - Key pending issues for information security - Response to the sanctions imposed by the UN and the Iowa State Government in the US - Necessity for supply chain management and plan to respond to the EU Corporate Sustainability Due Diligence Directive</p> <p>09.20 - Operation of a serious injury rapid response team - Plan to establish a supply chain ESG management system after the merger</p> <p>11.22 - Global trend of mandating ESG disclosure and (draft) plan to publish the 2023 sustainability report - 2023 ESG assessment results from the Korea Institute of Corporate Governance and Sustainability and future priorities</p>
Working Organization	<p>Mandate</p> <ul style="list-style-type: none"> • Provide ESG-related reports to management meetings and support their decision-making • Make ESG disclosure and respond to external assessment organizations 	

ESG Governance

Major Decision-making Bodies by ESG field

The Audit Committee, the Voluntary Compliance Committee, Labor Management Councils, the Information Security Executive Committee, and the Investment Committee all respond to ESG issues and manage relevant risks in their area of responsibility.

(As of June 2024)

Committee



Audit Committee



Voluntary Compliance Committee



Labor Management Council



Information Security Executive Committee



Investment Committee



Occupational Health and Safety Committee

Composition

3 outside directors including the Chair (solely composed of outside directors)

[Voluntary compliance manager] Head of Corporate Audit Division, [Members] Senior group leaders, fair trade practice leaders, and a secretary

[HQ] 8 members each from labor and management comprising the Labor Management Council
[Field] 7 members each from the field labor and field management council

[Chair] CEO, [Secretary] CISO, [Members] heads of business groups (including all inside directors), members appointed by the Chair

9 members including the Chair, deliberation members, and a secretary (members responsible for steel, energy, and agro & materials)

[Incheon Power Plant] 9 members each from labor and management
[Gwangyang Terminal] 6 members each from labor and management

Cycle

On an as-needed basis (met 9 times in 2023)

On a semi-annual and as-needed basis

On a quarterly basis

On a semi-annual and as-needed basis

On a quarterly and as-needed basis

On a quarterly and as-needed basis

Mandate

- Financial audit: Review the soundness and validity of corporate financial activities and the appropriateness of financial reporting
- Review corporate accounting policies: Review validity of significant changes in accounting standards or estimates
- External auditors' report on misconduct related to Board members' work performance
- Non-audit service contracts with external auditors
- Report audit plans of the internal audit department
- Agree on the appointment/dismissal of the head of the internal audit department

- Review and improve fair trade compliance operations
- Share fair trade policy trends
- Provide training programs for employees' fair trade competency enhancement
- Operate the Fair Trade Consultation Office to support working-level decision-making

- Support the activities of employee members
- Protect the human rights of employees
- Improve employee welfare and benefits
- Collect employee feedback to improve the Company's operation and systems
- Improve safety, health and other working conditions and promote employee health

- Deliberate on company-wide information security implementation directions and action plans
- Deliberate on the establishment/revision/abolition of information security regulations and guidelines
- Develop plans to respond to information security issues

- Respond to company-wide risks in executing and managing investment businesses
- Review the feasibility of new business and minimize risk (review quantitative/qualitative impacts and benefits from the ESG perspective, etc.)
- Monitor compliance with the set plan for approved investment business and the likelihood of risk occurrence

- Develop and deliberate on health and safety goals and plans
- Prepare, establish, revise health and safety management regulations
- Collect employee feedback on health and safety management and decide on relevant matters
- Develop, establish, and revise occupational injury prevention plans and health and safety management regulations

04

Strategy and Risk Management

POSCO INTERNATIONAL CORPORATION
SUSTAINABILITY REPORT 2023

- 26 Climate and Environmental Impact
- 40 Employee Value Enhancement
- 48 Sustainable Supply Chain
- 53 Health & Safety
- 59 Ethics/Fair Trade
- 66 Information Security
- 70 Social Impact
- 76 ESG Issue Paper

Climate and Environmental Impact

Our Commitment

Strategic Approach		Mid/long-term Goal	2024 Plan	Key Achievements in 2023	
Green Business	Steel	<ul style="list-style-type: none"> · Increase the sales of steel for the energy industry (wind power, solar power, LNG, etc.) and future vehicles, and move ahead in capturing steel demand for hydrogen, CCS and other emerging industries · Establish a stable procurement system for scrap, HBI and other steel raw materials and expand the coverage of items 	<ul style="list-style-type: none"> · Strengthen cooperation for steel supply with key partners in the global wind power/solar power/LNG/mobility industries and develop new items · Develop hydrogen and CCS business based on partnerships with suppliers 	<ul style="list-style-type: none"> · Developed steel supply business for the global wind power/solar power industries, supplied steel for domestic LNG plants, and cooperated with car OEMs for technology certification among others · Worked on technology certification for hydrogen transport steel pipes and supplied steel for offshore CCS platforms 	
	Mobility	<ul style="list-style-type: none"> · Gain competitive advantages for traction motor core technology, expand global production footprint, and identify key partners · Establish reliable supply chains through investment in rechargeable battery raw materials and recycling, enhance the business value of rechargeable battery materials for Group affiliates 	<ul style="list-style-type: none"> · Secure local demand and land new orders by establishing new traction motor core plants in North America and Europe · Land new orders for EV/hydrogen vehicle parts · Participate in the rechargeable battery material business of Group affiliates and invest in raw material sourcing 	<ul style="list-style-type: none"> · Established new traction motor core plants in Mexico and China · Landed orders for EV traction parts · Invested in graphite materials in Africa and engaged in trading of rechargeable battery raw materials 	
	Energy	Renewable energy	<ul style="list-style-type: none"> · (Offshore wind) Pursue offshore wind power business in Sinan, Jeollanam-do, and expand offshore wind power business through cooperation with leading companies · (Solar power) Pursue new solar power business by leveraging Group infrastructure, seize business opportunities through M&As including the acquisition of renewable energy assets 	<ul style="list-style-type: none"> · Selectively pursue green energy business in line with Group demand (RPS, RE100) · Improve profitability of power generators directly importing LNG and minimize the cost of meeting RPS obligations 	<ul style="list-style-type: none"> · Proceeded with the business permit process to build a 300 MW-capacity offshore wind power complex in Sinan, Jeollanam-do · Signed MOUs on business development with leading offshore wind power companies (Equinor, CIP, etc.)
	Clean hydrogen	<ul style="list-style-type: none"> · Build clean hydrogen infrastructure to transition to low-carbon industrial processes and enable hydrogen co-firing 	<ul style="list-style-type: none"> · Secure a hydrogen supply system to supply clean hydrogen for co-firing at our Incheon LNG Combined Cycle Power plant · Produce clean hydrogen for hydrogen reduction steelmaking over the mid/long-term in alignment with Group affiliates' carbon reduction efforts and develop infrastructure business 	<ul style="list-style-type: none"> · Elaborated on our co-firing clean material supply system through overseas clean hydrogen and ammonia procurement business · Elaborated on the development of hydrogen supply infrastructure investment business 	
	E&P-CCS	<ul style="list-style-type: none"> · Pursue CCS business to contribute to achieving POSCO Group's carbon neutrality goal 	<ul style="list-style-type: none"> · Conduct joint studies and technical evaluations on CO₂ underground repositories to commercialize CCS in Korea and Southeast Asia · Bolster competitiveness in promptly advancing into promising CCS markets including Australia 	<ul style="list-style-type: none"> · Pursued partnerships with key E&P companies for CCS commercialization 	
	LNG terminal	<ul style="list-style-type: none"> · New LNG terminal expansion to meet the captive demands including steelmill's transition to carbon neutrality and development of our LNG business 	<ul style="list-style-type: none"> · Sign binding contracts to respond to demand from steel mills and secure demand for LNG power generation connected with direct pipeline access 	<ul style="list-style-type: none"> · Complied with the timeline set for Tank 6 construction for Terminal 1 · Initiated construction for Generators 7 & 8 (Terminal 2) and port construction, helped localize horizontal inclinometers for LNG tanks, and helped reduce carbon emissions through the development of high-strength/large-diameter steel pipe piles 	
	Agri/Bio	Agro business	<ul style="list-style-type: none"> · Establish and fine-tune a sustainable palm oil value chain 	<ul style="list-style-type: none"> · Construct a refining plant (to be operable in 2025) · Strengthen upstream operations and continue to identify downstream opportunities for palm oil business 	<ul style="list-style-type: none"> · Established a palm oil refining corporation in Indonesia and engaged in strategic investor recruitment
	White and green bio	<ul style="list-style-type: none"> · Secure production assets through joint investments with partners owning white and green biomaterial production technology and lay the basis for business expansion as a result 	<ul style="list-style-type: none"> · Secure bioplastic production assets (PBAT, PLA) · Expand chemical material business in connection with rechargeable batteries (CNT, supplementary materials for refining cathode materials) 	<ul style="list-style-type: none"> · Signed an MOU on recycled plastic export marketing (SK ecoplant, DY Polymer), and signed an MOU on business cooperation on sustainable chemical materials (Kingfa in China) 	
Achieving Carbon Neutrality and Mitigating Environmental Impact	Carbon Neutral Roadmap	<ul style="list-style-type: none"> · Achieve Net-Zero by 2050 	<ul style="list-style-type: none"> · Monitor carbon neutrality plans and performance 	<ul style="list-style-type: none"> · Established the Carbon Neutral Basic Roadmap 	
	Efforts to reduce environmental Impact at operational sites	[Incheon Power Plant] <ul style="list-style-type: none"> · Upgrade old, low-efficiency power generators (3 and 4) with advanced high-efficiency hydrogen co-firing power generators to reduce carbon emissions (~2029) · Retrofit Generators 5-9 to hydrogen co-firing generators to reduce carbon emissions (~2035) 	[Incheon Power Plant] <ul style="list-style-type: none"> · Equip feed water pumps with power-saving devices (inverters) for Combined Cycle Generator 9 to improve generation efficiency (reduce internal power consumption) 	[Incheon Power Plant] <ul style="list-style-type: none"> · Equipped feed water pumps with power-saving devices (inverters) for Combined Cycle Generator 5 (reduced internal consumption) - Annual GHG emissions reductions made (5 months): 1,160 tCO₂ (facility completion: July 2023) 	

Climate and Environmental Impact

Green Business

Identifying Climate-related Risks and Opportunities by Industry

Industry	Key Climate-related Risk & Opportunity		Impact on POSCO International	Impact
Steel	Transition risk	Regulation	Enhanced carbon regulations such as EU's CBAM may result in rises in both steel manufacturing costs and import prices, leading to potential decreases in exports.	●●●
	Opportunity	Products and services	POSCO Group's strengthening responses to carbon regulations and securing technology would boost product competitiveness and expand business opportunity.	●●○
Mobility	Transition risk	Regulation	Regulations such as the US' IRA and EU's CRMA could restrain supply chains for rechargeable battery material trading to eventually dampen relevant transactions.	●○○
	Opportunity	Market	Business opportunities are projected to increase as the Company is investing in the supply chains of rechargeable battery raw materials not sourced in China and thus not regulated.	●●○
		Market	There exist opportunities to develop new market demands for eco-friendly vehicle parts (traction motors, traction parts, etc.) and to raise sales accordingly.	●●○
Energy	Transition risk	Regulation	The demand for LNG is projected to decline in line with the nation's plan to reduce the proportion of fossil fuels in the power generation mix under the 10th Basic Plan for Long-term Electricity Supply and Demand.	●●●
		Reputation	Coal-fired power plants may lose their market status and suffer decreases in capital inflow due to criticism from external stakeholders.	●●○
	Opportunity	Market	Natural gas, CCS, and hydrogen business could expand in line with the government's electricity and hydrogen roadmap policy.	●●○
		Market	LNG business could expand as major countries adopt policies prioritizing reliable energy supply to brace for the emerging climate crisis and geopolitical conflicts.	●●○
	Physical risk	Acute	Cyclones, floods and other natural disasters could pose the risk of operational disruptions.	●○○
		Chronic	Long-term sea level rises stemming from temperature increases may result in asset impairments.	●○○
Agri/Bio	Transition risk	Regulation	Decreases in global food production resulting from climate change and protectionism adopted by countries may pose risks to the reliability of supply chains.	●●○
	Opportunity	Market	New business expansion could be possible to meet the growing demand for bio energy (bio diesel and sustainable aviation fuels) amid the paradigm shift towards carbon neutrality.	●○○
		Market	The sales of biomaterials and recycled materials may increase as the EU, the US, and China strengthen their policy to reduce plastics deriving from petrochemicals while increasing recycling.	●●○
	Physical risk	Acute	While the risk of cyclones or floods is low due to the geographical location, droughts could increase the likelihood of reduction in FFB harvest yields.	●○○
		Chronic	Droughts or the lack of precipitation resulting from long-term climate change may reduce harvest yields and pose financial risks as a result.	●○○

Climate and Environmental Impact

Green Business

Climate Risk and Opportunity Response Strategy of Steel Industry

Response Performance and Plan

Steel Trading

2023 Performance

Expanding sales and bolstering marketing efforts targeting the global energy and mobility industries

Steel was supplied based on strengthened partnerships including MOUs with major wind clients, turbine companies and fabricators, and collaborations with solar top trackers and EPC customers to supply steel to our core markets - the Middle East and India. We also enhanced our industrial portfolio by initiating early-stage market entry efforts to supply steel for CCS and hydrogen industrial applications. On the back of our long-term partnerships with major car OEMs and parts companies, we focused on the sales of ultra high-strength steel while successfully catering to the iron scrap needs of POSCO and overseas production corporations.



2024 Plan

Expanding global steel sales and enhancing marketing efforts targeting new demand industries

We plan to focus on winning major projects by strengthening our collaboration with major players in the solar and wind energy industry and deepening our relationships with various partners in the value chain. We will work to supply steel package offerings to global automakers to move ahead in capturing the demand for EV steel which is projected to grow in the upcoming years. We will also enhance marketing efforts that target new demand industries to lay the basis for commercialization.

2030 Goal/Vision

Emerging as a total steel solution provider for the energy and mobility industries and assisting Group affiliates in achieving carbon neutrality through the procurement of eco-friendly materials

We will expand our business based on the long-term partnerships with our global partners in the three energy sectors of wind power, solar power, and LNG as well as in the mobility industry while fueling the growth of hydrogen, CCS, hyperloop, and other new promising industries as our key business. We will steadily progress towards the goal of reaching 5 million tons of capacity in eco-friendly steel materials to help Group affiliates implement their carbon neutral roadmap.

Key Figures

Sales of iron scraps(quantities) (Unit: KRW 100 million, 1,000 tons)

2023	13,136(2,384)
2024E	11,985(2,260)
2025E	12,317(2,328)
2026E	12,687(2,398)

Sales of POSCO products

(Unit: 10,000 tons)

2023	1,029
2025E	1,044
2030E	1,400

Case

Responding to EU's Carbon Border Adjustment Mechanism(CBAM)

The EU introduced the Carbon Border Adjustment Mechanism or CBAM which effectively imposes carbon border taxes as part of its climate change response policy. Under the CBAM, importers bringing in six products (steel, aluminum, cement, fertilizer, electricity, and hydrogen) into the EU are mandated to report their embedded carbon emissions across the entire life cycle of product manufacturing and to purchase CBAM certificates. Following the transitional phase between October 2023 and December 2025, this new mechanism will take effect at scale in 2026. POSCO International is taking a consistent and proactive approach to the CBAM in line with the Group-wide CBAM response cooperation system. We are thoroughly meeting our obligations by submitting carbon emissions reports and making our CBAM declarant registration on the Registry during the transitional period, and consult with dedicated trade departments of Group affiliates on an ongoing basis to keep current with the constantly-changing CBAM implementation regulations. We are also working to proactively eliminate any potential trade risks and are responding to the wide-ranging needs of transactional parties. The EU's CBAM implementation will make our customers prioritize low-carbon production as a key factor in evaluating steel products in addition to their quality and competitive pricing. In response, POSCO International is meticulously analyzing relevant systems and remains agile in responding to customer needs at the Group-wide level.

Climate and Environmental Impact

Green Business

Climate Risk and Opportunity Response Strategy of Mobility Industry

Response Performance and Plan

Mobility

2023 Performance

Expanding production capacity and orders for mobility parts and securing supply chains through investing in rechargeable battery raw materials

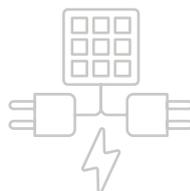
We focused on completing and normalizing the operation of our motor core production corporation in Mexico and on landing orders for motor cores and EV traction parts (reducers, magnets, rotor shafts and others) in Korea and abroad. We also successfully landed new orders for hydrogen mobility parts. Meanwhile, we signed an MOU to establish graphite supply chains in Africa, and advanced into rechargeable battery material and recycling business in collaboration with Group affiliates.



2024 Plan

Establishing a traction motor core production system in North America and Europe and continuing with investments in rechargeable battery raw materials

We plan to increase our global production capacity by initiating the construction of our second motor core plant in Mexico and plants in Europe. We will also engage in integrated marketing efforts targeting key car OEMs to strengthen activities to land traction parts orders while continuing with our early-phase market entry efforts in the hydrogen vehicle parts industry. As to rechargeable battery raw materials, we plan to continue to invest in graphite and recycling business and expand our trading in lithium, nickel, cathode/anode materials, and black power with Group affiliates.



2030 Goal/Vision

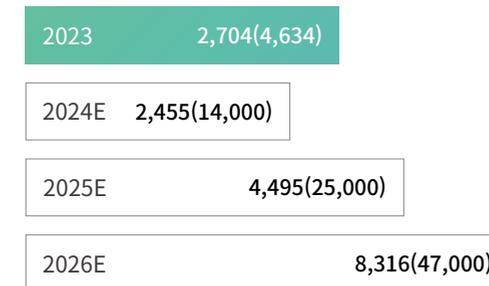
Expanding mobility parts business with a focus on traction motor cores and other key traction parts

We plan to expand our business based on long-term cooperation with global partners in the three major energy industries(wind, solar, LNG) as well as mobility, and grow promising new industries such as hydrogen, CCS, and hyperloop as our main business. Leveraging our investment assets, we will establish supply chains covering graphite, nickel, copper foil materials, and black power to generate greater synergy in rechargeable battery raw material business at the Group level.

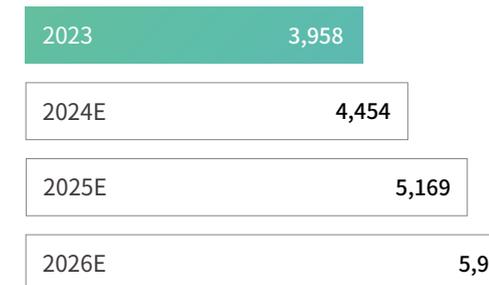


Key Figures

Sales of rechargeable battery raw materials (quantities)¹⁾
(Unit: KRW 100 million, tons)



Sales of traction motor cores²⁾
(Unit: KRW 100 million)



1) Sales of rechargeable battery lithium and nickel
2) Sales of traction motor cores for eco-friendly vehicles (EVs, hybrid vehicles) in Korea and abroad

Climate and Environmental Impact

Green Business

Climate Risk and Opportunity Response Strategy of Energy Industry

Response Performance and Plan

Renewable Energy

2023 Performance

Taking the lead in renewable energy business to support the energy transition and Group's RE100 implementation

Installing solar power generators on the rooftops of plants and leveraging idle sites, we discovered promising assets that will allow us to secure RECs over the mid-to long-term. We also responded to Group's renewable energy needs through cooperation with leading companies.

2024 Plan

Selectively pursuing green energy business in connection with RPS, RE100 and other Group needs

To expand rooftop solar power installation in 2025, we will review target sites and develop specific plans by 2024. We will also identify candidate sites to respond to the renewable energy needs of overseas corporations and plants of Group affiliates as well as new business opportunities to expand renewable energy business while partnering with leading companies to expand offshore wind power business.

2030 Goal/Vision

Expansion of renewable energy focused business, leveraging affiliates' infrastructure, selective business promotion through M&As

We are promoting renewable energy projects utilizing POSCO Group affiliates' infrastructure, and expand renewable energy business centered on wind and solar power. In addition, we will sort businesses with high potential through acquisition of renewable energy assets, and respond to our RPS and the POSCO Group's RE100 by equity investment and joint development.

Clean Hydrogen

Started business at scale in 2023 as a new business

Establishing a hydrogen supply system for Group affiliates by building clean hydrogen supply infrastructure

We will articulate on our infrastructure development business plan to supply clean hydrogen to steel mills and power generation plants. In alignment with the clean hydrogen power bid market which opens in 2024 under the Clean Hydrogen Production Standard (CHPS), we will build overall infrastructure to support LNG-hydrogen co-firing at our Incheon LNG Combined Cycle Power plant, and review CCS-based domestic blue hydrogen production business in parallel to diversify our supply of clean hydrogen.

Responding to the transition to hydrogen co-firing for all our power generators and nearby power generators in Incheon over the mid-to long-term, and securing clean hydrogen supply infrastructure targeting steel mills and industrial complexes

We will expand supply infrastructure to meet the growing needs for hydrogen co-firing of our Generators 5-9 in Incheon and adjacent public power generation companies. By building reliable hydrogen supply infrastructure targeting the Pohang and Gwangyang Steelworks, we aim to actively contribute to carbon emissions reduction efforts of Group affiliates over the long haul.

Case

Pursuing clean hydrogen supply infrastructure

The amendment of the Hydrogen Economy Promotion and Hydrogen Safety Management Act (Hydrogen Act) in 2022 kick-started the government's efforts to promote clean hydrogen generation and implement the clean hydrogen certification program. The clean hydrogen power bid market will open in 2024 with 6.5 TWh capacity, and a notice was issued in May 2023 outlining the government's bid plan amounting to 9.5 TWh in total including a 3 TWh bid in 2025. Under the 10th Basic Plan for Long-term Electricity Supply and Demand, clean hydrogen and ammonia power generation is projected to rise to 13 TWh (2.1%) by 2030 and to 47.4 TWh (7.1%) by 2036. POSCO International is pursuing a transition to co-firing for our own power generation, and is closely communicating with the government to support the stable implementation of the CHPS policy. In building clean hydrogen supply infrastructure in Korea, we aim to respond to the needs of Group affiliates and other external consumers as well as our own power generation needs while contributing to the nation's attainment of the NDC (Nationally Determined Contribution) goal by 2030.

Key Figures

Renewable energy generation capacity

(Unit: GW)

2023 0.08

2026E 0.08

2031E 0.9

Climate and Environmental Impact

Green Business

Climate Risk and Opportunity Response Strategy of Energy Industry

Response Performance and Plan

LNG

2023 Performance

Strengthening midstream LNG operations by initiating the construction of Terminal 2 (Tanks 7 and 8, Pier 2)

In step with the projected increase in LNG demand to fuel the energy transition, we broke ground for Terminal 2 in 2023 to be constructed near the Gwangyang LNG Terminal.

2024 Plan

Securing demand in the vicinity of the LNG terminal through direct pipeline access and managing the ongoing construction of Tanks 6-8

In building a portfolio with direct pipeline access targeting power plants that plan to transition from conventional coal to LNG for power generation, we aim to sign binding contracts with potential consumers in the vicinity of our LNG terminal. Through rigorous construction management, we will also complete Tank 6 and proceed with the construction of Tanks 7 and 8 in the first half of 2024.

2030 Goal/Vision

Responding to LNG demands with the transition of steel mills to carbon neutrality and expanding terminal connected business

We plan to expand infrastructure near our Pohang and Gwangyang mills to meet increasing LNG demand in line with the commercialization of Hyrex (hydrogen reduction steelmaking). Our goal is to build LNG infrastructure that can encompass the renewal of Incheon Power Plant Generators 3 and 4, the expansion of terminal linkage projects (including bunkering), and the POSCO Group's carbon neutrality initiatives.

Power Generation

Enhancing the integration of the LNG value chain through securing terminals and other key assets

We have collaborated with public enterprises to secure sites and conduct preliminary reviews for building hydrogen infrastructure in Incheon, Gwangyang, and Pohang. Through these efforts, we aim to solidify our position as a leading private terminal operator and maximize value by expanding terminals and securing key assets.

Building hydrogen supply infrastructure to support LNG co-firing power generation and hydrogen supply for steel production

We will first build power generation infrastructure supporting clean hydrogen co-firing for Generators 3 and 4 in Incheon, and then pursue cooperation with adjacent public power generators to establish hydrogen infrastructure. To seize the demand for power generation and industrial hydrogen in Gwangyang, Yeosu, and Hadong, we will review joint infrastructure development in consultation with potential customers and initiate work to obtain relevant permits.

Expanding business through locally-focused marketing and investment attraction and building Group-wide hydrogen supply infrastructure

We plan to deliver a range of solutions including direct pipeline access to expand our business and retain customers based on strategic partnerships. We also aim to ensure the timely construction of business infrastructure, maximize profits through increased LNG trading, and build infrastructure to respond to LNG co-firing power generation and hydrogen supply for steelmaking.

E&P-CCS

Pursuing cooperation with major E&P companies for CCS commercialization

We signed an MOU with Pertamina, a state-owned oil company in Indonesia, to conduct joint studies for CCS commercialization. A concept of proof study was also completed for CCS business in Australia, along with a joint study performed on a cross-border CCS commercialization in Malaysia.

Participating in joint underground repository development and obtaining CCS underground repository business permits

We will sign a joint study agreement with Indonesia and obtain business permits for promising underground repositories. We plan to conduct technical storage potential evaluations to participate in domestic CCS demonstration projects while developing power plant-connected CO₂ capture demonstration plans and reviewing their feasibility to establish our CCS value chain.

Pursuing CCS business

We will secure underground CO₂ repositories in Korea, Southeast Asia, and Australia among others while pursuing CCS business to contribute to Group's efforts to reduce carbon emissions over the long haul.

Key Figures

Natural gas reserves

(Unit: Tcf)

2023¹⁾ 2.0

2030E²⁾ 2.5

1) Sum of reserves of the Shwe Project in Myanmar and Senex Energy
2) Estimates made by including owned exploration blocks and new assets

LNG terminal capacity

(Unit: 10,000kl)

2023 73

2026E 133

2030E 227

2035E 227

LNG generation capacity

(Unit: GW)

2023 3.6

2026E 3.6

2030E 6.8

2035E 7.5

Climate and Environmental Impact

Green Business

Climate Risk and Opportunity Response Strategy of Agri/Bio Industry

Response Performance and Plan

Agro Business

2023 Performance

Establishing a refinery corporation and attracting strategic investors

Following the establishment of a refinery corporation in Indonesia in the first half of 2023, we proceeded with the preliminary process for plant construction including obtaining necessary permits and selecting an EPC company. In the second half of 2023, we attracted strategic investors to ensure the stable operation of the corporation and jointly explore opportunities for new business expansion.

2024 Plan

Expanding the plantation and building a palm oil refinery plant

We aim to strengthen our sustainable palm value chain business by acquiring palm plantations that meet our NDPE policy and RSPO principles. In addition, we plan to meet the 2025 operational target timing by establishing the refinery's plant construction site safety management and proactive raw material supply chain.

2030 Goal/Vision

Growing into an integrated, sustainable palm business company

We will actively pursue greenhouse gas emission reduction projects and biofuel projects using renewable raw materials. Through this, we will build both upstream and downstream value chain, and grow into an integrated sustainable palm business company.

White and Green Bio

Contributing to establishing a bio and recycled material business ecosystem in Korea

Expanding our biomaterial (PBAT, PLA) and recycled material business, we played a role in creating a biomaterial ecosystem. We also discover promising startups developing novel materials and expand new business in the process through efforts for joint global market entry.

Expanding the territory of bio and recycled material business

Collaborating with global major players and venture firms in Korea and abroad, we aim to expand the realm of our business territories from bio and recycled materials to Carbon Nanotubes (CNT), and other future materials connected with rechargeable batteries.

Emerging as a leader in bio and recycled materials at the Group level

Investing in production facilities and acquiring technology for bio plastics, biomaterials, and recycled plastics, we aim to establish a value chain covering the entire bio industry.



Key Figures

CPO production

(Unit: 10,000 tons)

2023	21.0
2024E	22.1
2025E	21.8
2026E	22.2

Sales of bioplastic and recycled materials and inputs

(Unit: 10,000 tons)

2023	3.0
2024E	5.5
2025E	9.6
2026E	17.1

Revenue of bioplastic and recycled materials and inputs

(Unit: KRW 100 million)

2023	727.0
2024E	995.0
2025E	1,609.0
2026E	2,724.0

Climate and Environmental Impact

Achieving Carbon Neutrality and Mitigating Environmental Impact

Analyzing Physical Risks for Their Financial Impact

POSCO International conducted scenario analysis to assess key operations for physical risks stemming from climate change and the resulting financial impact. This analysis process covered our Incheon LNG Combined Cycle Power Plant, Gwangyang LNG Terminal, PT.BIA in Indonesia, and the Shwe Project in Myanmar (offshore/onshore) in alignment with S&P Global’s Climanomics Hazard Modeling methodology. Each operational site was analyzed for the financial impact caused by eight climate hazards (extreme heat, pluvial flooding, coastal flooding, drought, wildfire, tropical cyclone, water stress, fluvial flooding). The results of the financial impact analysis are evaluated in terms of the Modeled Average Annual Loss per scenario, in 10-year increments, up to 2100. The analytical model applied a physical risk scenario - the IPCC SSP(Shared Socioeconomic Pathways scenario).

1) Climate change scenarios that model projected socioeconomic changes by taking into account population, economy, technology policies and other factors that affect climate change

Financial Impact of Physical Risks Between 2020 and 2029

(Modeled Average Annual Loss) 0~1% ~2% ~5%

Category	Scenario	Extreme heat	Pluvial flooding (heavy rainfall)	Total
Incheon LNG Combined Cycle Power Plant	SSP1-2.6	0.66%	0.33%	0.99%
	SSP2-4.5	0.62%	0.31%	0.93%
	SSP3-7.0	0.55%	0.31%	0.86%
	SSP5-8.5	0.64%	0.32%	0.96%
Gwangyang LNG Terminal	SSP1-2.6	0.29%	0.25%	0.54%
	SSP2-4.5	0.27%	0.24%	0.51%
	SSP3-7.0	0.27%	0.24%	0.51%
	SSP5-8.5	0.29%	0.25%	0.54%
PT.BIA(Indonesia)	SSP1-2.6	4.12%	0.53%	4.65%
	SSP2-4.5	4.09%	0.49%	4.58%
	SSP3-7.0	4.03%	0.49%	4.52%
	SSP5-8.5	4.40%	0.51%	4.91%
Shwe Project in Myanmar (offshore)	SSP1-2.6	0.02%	0%	0.02%
	SSP2-4.5	0.01%	0%	0.01%
	SSP3-7.0	0.01%	0%	0.01%
	SSP5-8.5	0.01%	0%	0.01%
Shwe Project in Myanmar (onshore)	SSP1-2.6	0.10%	0.05%	0.15%
	SSP2-4.5	0.10%	0.05%	0.15%
	SSP3-7.0	0.09%	0.05%	0.14%
	SSP5-8.5	0.09%	0.05%	0.14%

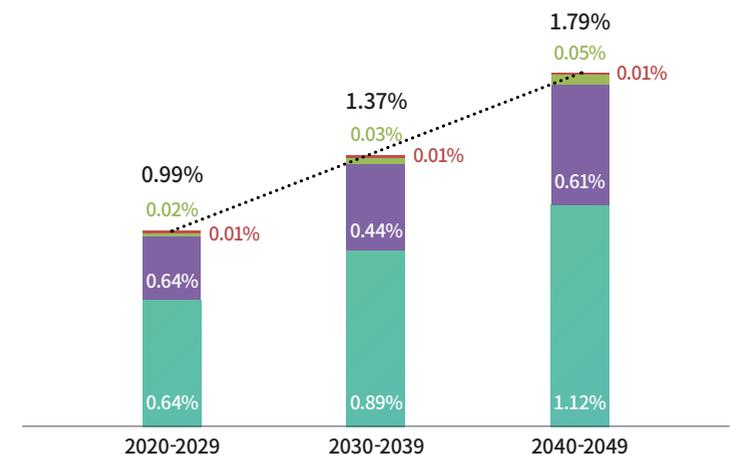
* No impact from coastal flooding, droughts, wildfires, tropical cyclones, water stress, and fluvial flooding

Financial Impact from Physical Risks under the SSP5-8.5 Scenario (Modeled Average Annual Loss)

Incheon LNG Combined Cycle Power Plant

(Key Climate Risks: Extreme temperature, Pluvial flooding, Wildfire, Tropical cyclone)

Extreme heat Pluvial flooding Wildfire Tropical cyclone



Business site	Our Response
Incheon LNG Combined Cycle Power Plant	<p>Extreme heat</p> <ul style="list-style-type: none"> - Provide advance notice when special weather reports are published for heatwaves and others, establish and operate a safe working system - Operate rest areas within the workplace to protect workers from heatwave-related illnesses <p>Pluvial flooding (heavy rainfall)</p> <ul style="list-style-type: none"> - Maintain and repair vulnerable storm drains as part of the checks performed against heavy summer rains to further strengthen flood prevention in the workplace (maintain drains and ensure the availability of water pumps and other prevention equipment)

Climate and Environmental Impact

Achieving Carbon Neutrality and Mitigating Environmental Impact

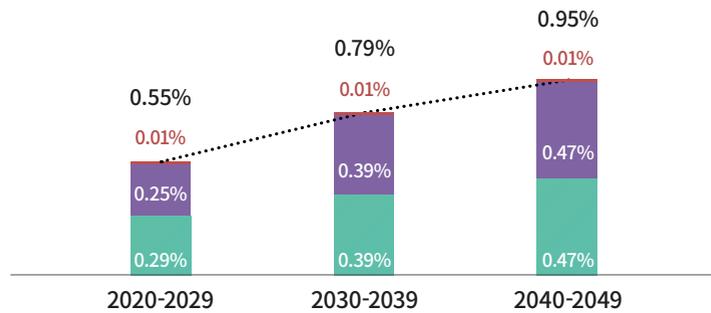
Analyzing Physical Risks for Their Financial Impact

Financial Impact from Physical Risks under the SSP5-8.5 Scenario (Modeled Average Annual Loss)

Extreme heat Pluvial flooding Wildfire Tropical cyclone

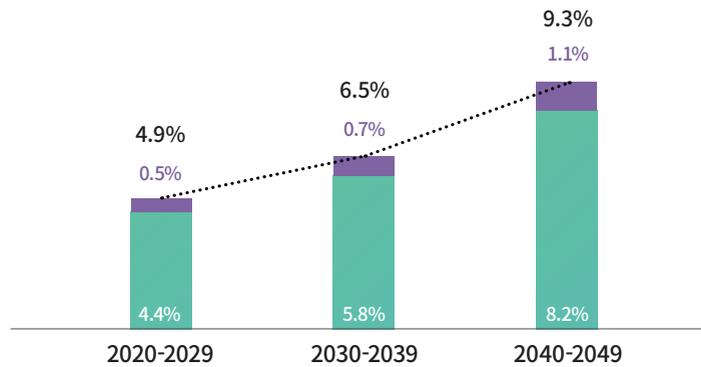
Gwangyang LNG Terminal

(Key Climate Risks: Extreme temperature, Pluvial flooding, Tropical cyclone)



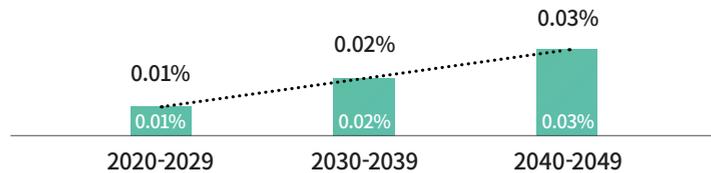
PT.BIA Indonesia

(Key Climate Risks: Extreme temperature, Pluvial flooding)



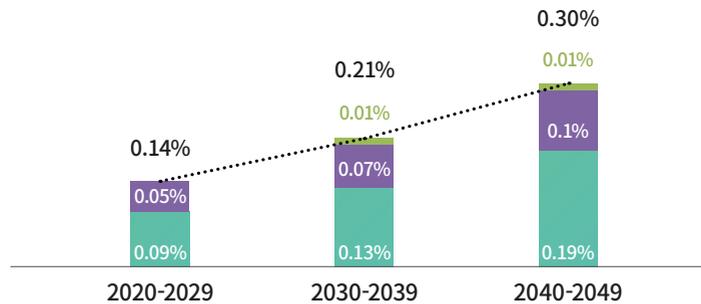
Shwe Project in Myanmar (offshore)

(Key Climate Risks: Extreme temperature)



Shwe Project in Myanmar (onshore)

(Key Climate Risks: Extreme temperature, Pluvial flooding, Wildfire)



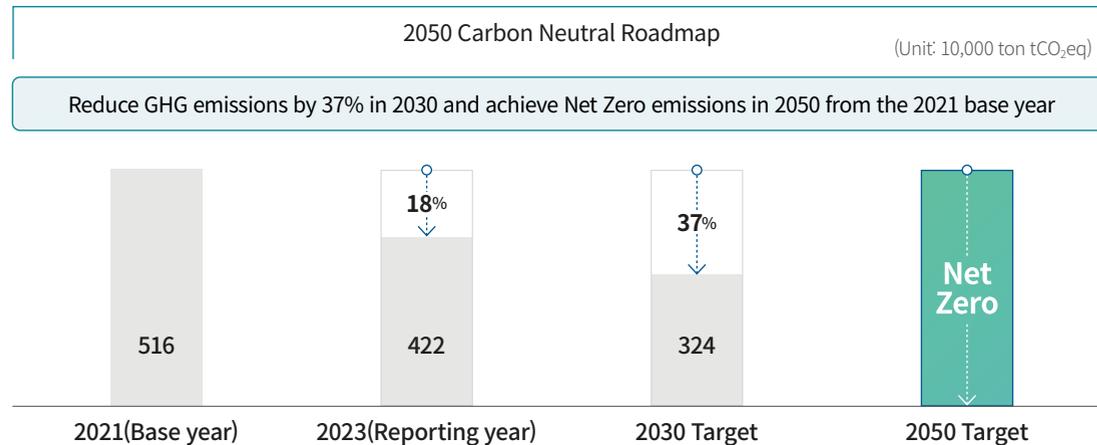
Business site	Our Response
Gwangyang LNG Terminal	<p>Extreme heat</p> <ul style="list-style-type: none"> - Arrange emergency equipment (BOG compressor, flaring system) to prevent overpressure in LNG tanks resulting from increased BOG (Boil-Off-Gas) generation - Establish and operate worker health manuals in preparation for extreme heat to prevent heat-related illnesses <p>Pluvial flooding (heavy rainfall)</p> <ul style="list-style-type: none"> - Develop scenarios to respond to emergency situations such as flood and storm damages and conduct regular response drills - Frequently remove sediments to prevent reduction in drainage capacity caused by sediment accumulation in drains (vacuum suction trucks) - Maintain minimum operations in the event of power supply disruptions by mobilizing emergency generators
PT.BIA Indonesia	<p>Extreme heat</p> <ul style="list-style-type: none"> - Secure reservoirs for water supply for each plant to stabilize plantation operations in preparation for heatwaves and droughts - Make emergency generators available in areas suffering unstable power supply within the estate - Establish worker health manuals and perform monitoring in preparation for extreme heat, and work to establish SOPs for new job categories such as harvest mechanization - Install internal weather observatories (10 units in total) within the estate to collect location-based weather data, and improve the stability of the working environment and work efficiency through real-time monitoring <p>Pluvial flooding (heavy rainfall)</p> <ul style="list-style-type: none"> - Institutionalize regular drain inspections within the estate and establish and operate an emergency system for urgent road network repairs
Shwe Project in Myanmar (onshore)	<p>Extreme heat</p> <ul style="list-style-type: none"> - Engage specialized research institutions in the initial structural design phase to identify extreme maximum values of natural disasters and factor in the data in the design process to prevent any deformation of structural components <p>Pluvial flooding (heavy rainfall)</p> <ul style="list-style-type: none"> - Ensure structural designs that consider natural disasters such as coastal flooding and cyclones in the construction phase, and fully establish emergency response procedures - Reinforce slopes with rebar and concrete in the vicinity of operations and perform regular maintenance on catchment areas to prevent flooding

Climate and Environmental Impact

Achieving Carbon Neutrality and Mitigating Environmental Impact

Carbon Neutrality Commitment

We defined our '2050 Carbon Neutral Roadmap' to set our carbon emissions reduction goal and implementation plans to reduce GHG emissions by 37% in 2030 and to reach net zero in 2050 against 2021. 2050 roadmap applies to the HQ and domestic subsidiaries which account for the majority of our GHG emissions, and is aligned with the Korean government's nationally determined contributions(NDC) for 2030. We will gradually include overseas subsidiaries to operate this roadmap on par with global standards. In April 2024, we created a dedicated carbon neutrality department to establish a well-structured carbon neutral implementation system. The department is tasked with developing our carbon neutral roadmap implementation strategy, reviewing issues that arise in the implementation process, and keeping our strategy up to date with changing business conditions.



To achieve carbon neutrality, during the direct reduction (Scope 1) phase, POSCO International will gradually switch from LNG to hydrogen co-firing/100% hydrogen firing for its key domestic operations – 3.4GW-capacity Incheon LNG Combined Cycle Power Plant – in consideration of government policies and its technology commercialization timeline while adopting CCS technology in stages to mitigate the remaining carbon emissions of the plant. To this end, the CCS Commercialization Department was launched in February 2023 to implement a CCS demonstration project by drawing on the company's capabilities established in undertaking its gas field development project in Myanmar. POSCO International plans to progressively scale its CCS business in Korea and abroad, comprehensively taking into account international conventions, economic feasibility of operation, and underground storage technology development among others. As to indirect reduction pathways (Scope 2), POSCO International aims to acquire carbon credits through PV and on/offshore wind power and expand its renewable energy business to respond to RE100 at the Group-level.

Reduction Plan	
Scope 1 Fuel transition	- Gradually switch fuels at the Incheon LNG Combined Cycle Power Plant (LNG – hydrogen co-firing, 100% hydrogen firing)
Scope 1 CCS	- Apply CCS in stages at power plants - Establish CCS storage(Korea, Southeast Asia)
Scope 2 Renewable energy	- Secure RECs through PV and on/off-shore wind power generation - Lead offshore wind power and other renewable energy business for Group-level response to the RE100

Case

Responding to the Renewable Portfolio Standard (RPS)

We have successfully responded to the Korean government's Renewable Portfolio Standard (RPS) program for seven consecutive years, contributing to boosting the nation's low-carbon, green energy industry. The RPS program mandates power generators to produce a set proportion of their power using renewable energy to facilitate the use and distribution of renewable energy and revitalize relevant industries. To aid in the transition into a greener energy mix and the promotion of public welfare through environmental conservation, POSCO International responded to the compliance obligations allocated in 2023 (1,870,631REC), and will remain committed to meeting our obligations under the RPS program in step with the government's policy initiatives.

* Ratio of annual compliance obligations pursuant to the Enforcement Ordinance of the Act on the Promotion of the Development, Use, and Diffusion of New and Renewable Energy: 2% (2012) → 13% (2023) → 25% (2030)

Climate and Environmental Impact

Achieving Carbon Neutrality and Mitigating Environmental Impact

Environmental Management Governance

Our merger with POSCO Energy in January 2023 served to bolster POSCO Group's energy strategy. To meet the green energy needs of POSCO Group, the Green Energy Development Division under the Energy Business Development Group is pursuing renewable energy and hydrogen business development. The Carbon Neutrality Part created under the Power Business Development Division also drives our proactive efforts to reach carbon neutrality.

Category		Role & Responsibility
Energy Policy Division (Dedicated organization)	Energy Policy Department	Analyze & address laws/policies/systems in the climate environment energy and power industries, network with external organizations
	Electric power trading	Forecast & analyze the renewable energy and power markets, trade in RPS certificates and emission allowances
Legal Division		Respond to environmental energy laws/ regulations

Participating in the GHG Emissions Trading System

POSCO International is subject to the Korean Emissions Trading System. Our operational sites participating in the allocation and trading of allowances abide by the Framework Act on Low Carbon, Green Growth and the regulations governing the allocation and trading of GHG allowances. In 2023, we were allocated 3.55 million tons of allowances and our GHG emissions were 4.22 million tons. Our Incheon LNG Combined Cycle Power Plant contributed to effective power grid operations through constrained power generation, and will be given nearly 1.75 million tons of additional allowances by the government. To mitigate GHG emissions, we pursue efficiency gains by the operation and expansion power-saving equipment, and will review hydrogen/ammonia cofiring generation and CCS business to reduce GHG emissions.

Investing in Improving the Workplace Environment and Energy Reduction activities

Each year, we develop and implement investment plans to reduce environmental impact by replacing facilities and developing ecofriendly products while increasing environmental benefits. In 2023, total of KRW 2.35 billion of environmental investment was made at the Incheon LNG Combined Cycle Power Plant to improve the work environment and to reduce resource consumption and environment-related expenses.

Category	Investment plan	Execution Rate (Amount)
Incheon LNG Combined Cycle Power Plant	- Replace catalysts to improve the efficiency of SCR installed at Generator 6 for air pollution control	100% (KRW 2.35 billion)
	- Prevent the spread of foam in drains to eliminate potential complaints on marine pollution	
	- Install inverters to mitigate CO ₂ emissions through reduced power consumption and ensure the integrity of machines	
	- Purchase new laboratory equipment to replace existing ones for environmental analysis	

Establishing an Environmental Management System

The Shwe Project in Myanmar is establishing an environmental management system in accordance with the ISO 14001 (2015) for systemic environmental management. The Shwe Project has remained certified to ISO 14001 (2015) since 2019 through certification renewal in 2022. POSCO Mobility Solution completed certification renewal audits for the ISO 14001 international environmental management system standard to remain certified by December 2026. Internal audits and third-party surveillance audits are conducted each year for the verification of environmental management.

Operating Eco-friendly Vehicles

In 2023, we operated a total of 13 electric vehicles in our business fleet and completed the conversion of 71 of our corporate cars for employees to low-emission hybrid vehicles. Currently, these low-emission vehicles account for over 65% of total. We also introduced 13 hydrogen-powered electric buses in 2023 to reduce environmental impact.

Eco-friendly Vehicles Operated

(Unit: no. of vehicles, %)

	2021	2022	2023
EVs/hybrid vehicles	0(0%)	47(60%)	84(65%)
Hydrogen fuel cell buses/CNG buses	19(41%)	23(45%)	23(46%)

Environmental Management Training for Employees

We provide environmental management training to all employees to raise environmental awareness. In 2023, training courses for environmental awareness training, including courses such as 'Steel Industry, Changing the Carbon Neutral Paradigm', were provided by POSCO Group University and external institutions.

Climate and Environmental Impact

Achieving Carbon Neutrality and Mitigating Environmental Impact

Manage and Reduce Greenhouse Gas Emissions

Alternative Operation of Highly Efficient Power Generation Facilities

Constructed in 2015, Units #7 to #9 at Incheon LNG Combined Cycle Power Plant are highly efficient power generation facilities and have reduced GHG power generation intensity compared to Units #1 and #2 through efficient use of fuel. In 2023, the operation of Generators 7-9 helped reduce GHG emissions by nearly 1,196,000 tCO₂.

Improved Performance of Waste Heat Recovery by the Turbines at Units #5 and #6

In 2015, Units #5 and #6 of the Combined Cycle Power Plant improved performance by recovering the waste heat generated when driving the gas turbines for cooling at the Units and then providing additional steam. Compared to the previous method, this waste heat recovery reduced annual GHG emissions by approximately 7,000 tCO₂ in 2023.

Upgrading Gas Turbine Filters

From 2020 to July 2021, the filters used for the air intake system at Unit #3 to #6 of the Combined Cycle Power Plant were replaced one by one with improved ones (high efficiency particulate air (HEPA) filters) to prevent poor performance due to the contamination of air compressors in gas turbines. This resulted in over 6,000 tCO₂ in avoided GHG emissions.

Installing power-saving devices (inverters) for feed water pumps

In July 2023, we installed power-saving devices (inverters) for feed water pumps on Generator 5 to reduce internal power consumption through increased generation efficiency. This is translated into 1,160tCO₂ in reduced GHG emissions for five months following their installation in 2023.

GHG Emissions Performance and Targets in 2023

Category	Unit	2021 Performance	2022 Performance	2023 Performance	2023 Goal
GHG emissions intensity	tCO ₂ e/MWh	0.383	0.376	0.378 ¹⁾	0.367

* Based on the transmission of the Incheon LNG Combined Cycle Power Plant

1) Power generation rose due to the increasing dispatch orders issued by the Korea Power Exchange in line with changes in its power supply/demand plan

Reduce Environmental Impact at Operational Sites

Managing Water and Wastewater

POSCO International recognizes the importance of water resources and seeks to reduce water consumption and minimize discharge of water pollutants during steam production and facility operation. Incheon LNG Combined Cycle Power Plant regularly manages concentration of emitted pollutants through the telemonitoring system (TMS) and checks whether there is any problem with emission and control facilities in real time.

As a result, the concentration of water pollutants in the discharged effluent in 2023 was kept at 3% to 11% of the standards under the integrated environmental permit system. In addition, the good quality effluent with low level of pollution is reused for the process to reduce water consumption.

Managing Air Pollutants

POSCO International complies with the laws and systems for controlling and reducing air pollutants and furthermore, intends to contribute to keeping air clean through voluntary monitoring and reduction activities. The Incheon LNG Combined Cycle Power Plant automatically measures air pollutants emissions in real time through the TMS (telemonitoring system)

and controls air pollutants emissions 24/7 through CleanSYS. The measured data is transmitted to Korea Environment Corporation in real time. In addition, the Incheon Power Plant installs and operates the facilities to prevent air pollution such as ULNBs (ultra-low NOx burners) and SCR (selective catalytic reduction; a facility that reduces air pollutants emissions such as NOx by injecting vaporized ammonia into exhaust gas). Externally, we sign voluntary agreements to reduce particulate matters and voluntary agreements for aggregate air pollution management to improve the air quality in our communities. Such efforts allowed the Incheon LNG Combined Cycle Power Plant to reduce its nitrogen oxide emissions to 46% of the allocated discharge limit and maintained NOx concentrations at 18% of the legally-permissible threshold in 2023.

Managing Chemicals

POSCO International manages and uses chemicals in compliance with relevant laws, such as the Chemical Substances Control Act, the Occupational Safety and Health Act, and through the operation of its own management system. In accordance with the Chemical Substances Control Act, Incheon LNG Combined Cycle Power Plant has established and operated its off-site consequence analysis and risk management plans to strengthen the safety control system and the prevention and management system for hazardous chemicals. In addition, POSCO Energy has done everything it can to prevent damage from chemical accidents, such as installing devices to prevent over-injection around the facilities and regularly providing training in raising awareness of chemical spills and in emergency response to help field staff improve the ability to deal with chemical spills. Actively engaging in safety management activities with local authorities and other locally-based companies, we were recognized for 'excellence in the hazardous chemicals category of the chemical safety community' by the Han River Basin Environment Administration in 2023.

Climate and Environmental Impact

Achieving Carbon Neutrality and Mitigating Environmental Impact

Managing Waste

The entire waste processing (generation, storage, transportation, and final disposal of waste) is managed transparently through the Allbaro system operated by Korea Environment Corporation. In order to conserve resources, POSCO International seeks to minimize the amount of general and designated waste generated at business sites and to increase the amount of recycled waste. By installing and operating waste transfer stations at each business site, POSCO International has efficiently managed the waste generated at the business site and has entrusted waste disposal companies with the disposal legally. The proportion of waste recycled through outsourcing out of total waste is 100% at our Headquarters in Songdo, 50% at the Incheon LNG Combined Cycle Power Plant, and 36% at the Gwangyang LNG Terminal. The Incheon LNG Combined Cycle Power Plant generates plastic, vinyl and other domestic waste as well as fish, mussels, and oyster shells in the withdrawal of seawater. Rather than landfilling marine waste, we are adopting the aerobic composting process (decompose and stabilize waste using microorganisms to turn them into compost that can be used for the soil without affecting the environment) to recycle such marine waste and reduce our environmental footprint as a result.

Promoting Resource Circularity

Sourcing Iron Scraps

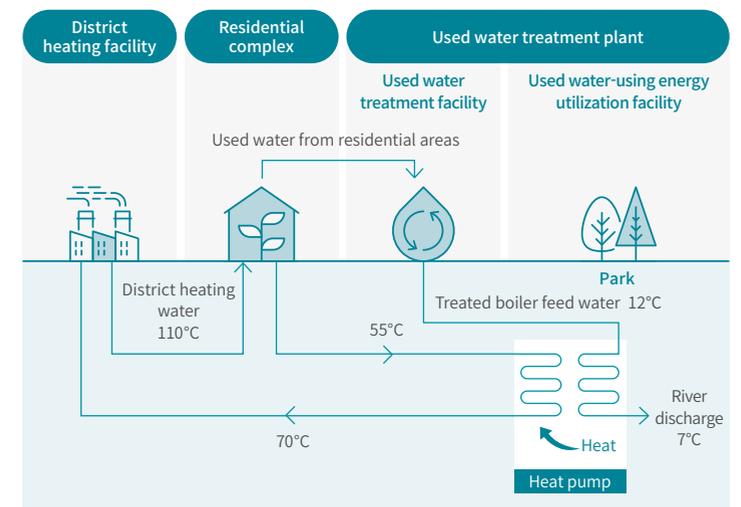
As a way to achieve carbon neutrality in the steel industry, the demand for iron scraps is constantly rising in the steel production process. Compared to the conventional blast furnace which depends on coal, electric arc furnaces produce molten iron using recycled iron scraps, which generates the effect of reducing CO₂ emissions by 25% or less. Hence, POSCO International plans to invest over KRW 20 billion by 2025 in building iron scrap collection locations in Korea and abroad to establish a reliable iron scrap procurement system. In addition to the four iron scrap collection locations built in 2022, we added four new ones in the second half of 2023. We are also supporting mid/small-sized scrap companies with their facility investment to facilitate the iron scrap recycling industry. This, will help us establish a closed-loop ecosystem for iron scrap recycling and expedite the industry-wide efforts towards carbon neutrality.

Recycling Raw Materials and Waste While Improving Packaging Materials

POSCO Mobility Solution's STS Division fully reclaims the scraps generated from stainless processing and recycles them as raw materials. To reduce packaging materials, recycled paper is replacing the white paper used as coil interliner in the Skin Pass Mill (SPM) process. In 2023, we opted for recycled paper to meet nearly 1% of our coil interleaving paper consumption needs (recycled paper used for nearly 370 tons of cold-rolled steel), and are working to boost the proportion of recycled paper on an ongoing basis.

District Heating System Utilizing Sewage Heat

POSCO International is producing energy by recycling wasted sewage heat, thereby replacing fossil energy and protecting the natural environment. Since 2014, we have been operating the nation's first and largest "district heat supply facility that recycles waste heat energy" at Tancheon Water Treatment Center. Nearly 1.1 million tons of domestic sewage is released each day from the Tancheon Water Treatment Center into the Han River, and the average end-of-pipe temperature is 12°C. POSCO International recovers the heat energy from the sewage treatment plant that would otherwise be discarded through heat pumps and supplies the heat for heating to nearby areas. We are currently producing and supplying heating energy that supports 20,000 households annually (200,000 Gcal/year). As a result, this project replaces 20,000 tons of oil and reduces approximately 34,000 tons of carbon dioxide emissions annually.



Climate and Environmental Impact

Achieving Carbon Neutrality and Mitigating Environmental Impact

Protecting Ecosystem Biodiversity

As the importance of natural capital grows globally and the international community's interest in biodiversity issues increases, POSCO International understands the importance of biodiversity conservation and promotes various business-related conservation activities at its domestic and overseas sites.

Conserving Incheon's Flagship Species and Wildlife

We signed an MOU with Incheon City in 2022 to promote local biodiversity, and is engaging in joint projects to promote the conservation of flagship species¹⁾ and wildlife. This involved improving the environment of the Black-faced Spoonbill Eco Center and installing signboards at key habitats of Incheon's flagship species to raise community-level awareness on the importance of conserving flagship species. We also support observers to take a closer look at endangered species in a safer environment.

1) Flagship species: This concept was first proposed in the Guidelines for Country Studies on Biological Diversity published by the United Nations Environment Programme (UNEP) in 1993 to refer to species that represent the local ecosystem and thus warrant protection. Flagship species include symbolic plants and animals that reflect the ecological, geographical, social, and cultural specifics of a given region.

Research on Silvery Gibbons in Indonesia

Silvery gibbons are facing the risk of extinction due to habitat destruction and illegal trade, and are known to provide highly valuable insights in studying the evolution of social structures among apes. We signed an MOU with a research team at the Department of EcoScience, Ewha Womans University in 2021 and have since sponsored their research on primates and biodiversity. We also support research efforts to protect the endangered species of silvery gibbons to do our part in conserving biodiversity in Indonesia where we operate.

Mangrove Forest Restoration

PT.BIA has engaged in forest restoration efforts since 2019 to plant mangrove seedlings to restore the Taman Wisata Alam Mangrove near Jakarta, Indonesia, which was damaged due to coastal development. As of the end of 2023, 700 seedlings were planted, and we will plant 200 seedlings each year to continue with our efforts for ecological conservation. In Kyauk Phuy located in the northwestern part of Myanmar, we have initiated planting activities since 2011 under the Mangrove Conservation program to create and manage a mangrove forest sized nearly 2,472 acres (nearly 1,000 ha).

Safeguarding Ecosystems in Wildlife Protection Areas

To implement the RaCP (Remediation and Compensation Procedure) approved by the RSPO (Roundtable on Sustainable Palm Oil), PT.BIA signed an MOU with the Papua Natural Resources Conservation Center to promote the protection of the Lake Bian Wildlife Reserve (LBWR) in October 2023. Under this MOU, we engage in forest and ecosystem protection activities that cover the LBWR near the plantation estate as well as areas of high conservation value within the estate. It is noteworthy that the LBWR amounts to 139,600 ha, nearly five times the size of the reclaimed plantation area (27,741 ha) and is recognized for its high ecological protection value as an international habitat for migratory birds. PT.BIA set up a dedicated team along with the Papua Natural Resources Conservation Center and the local community to take stock of animals and plants inhabiting the LBWR and to develop biodiversity management plans. To reduce the major risks of illegal poaching and trade of protected species, regular monitoring is also performed with the dedicated team. The RaCP program initiated in 2021 will continue for 25 years until 2046 with the budget of USD 62,000,000.

Joining the TNFD Forum

We are keenly aware of the importance of biodiversity issues and the potential impact of natural capital losses on the wide-ranging global operations that we pursue at POSCO International. We will take our TNFD Forum membership granted in June 2024 as an opportunity to manage natural capital-related risks and opportunities and elaborate on our activities for biodiversity protection and ecosystem conservation.

Risk Management

Risk Management Procedure

As a globally integrated corporation engaging in wide-ranging businesses worldwide, we are exposed to a broad array of risks including market/credit/investment risks. The risk of climate change is one of the most important issues for our business operations, and is integrated into our short/mid/long-term business plan, strategy, and investment deliberation and managed accordingly. Business divisions identify risks associated with climate change and the environment each year, and integrate them in making decisions on new investments and developing business strategies. Business plans and strategies that are highly relevant to climate change are escalated to the Management Committee through the ESG Council. To identify and manage climate-related risks, we performed scenario analyses to identify physical risks this year. The financial impacts verified through such analyses will be reflected in the decision-making process of respective business divisions and top management.

Investment Deliberation	<ul style="list-style-type: none"> - Identify climate-related risks/opportunities during investment deliberation including business feasibility reviews - Conduct in-depth reviews on businesses at heightened environmental risk
Business Management	<ul style="list-style-type: none"> - Conduct environmental risk assessment through the ESG checklist by investment corporation - Collect GHG emissions data - Review GHG emissions reduction measures
Mid-term Strategy (3~5 years)	<ul style="list-style-type: none"> - Reflect climate-related risks/opportunities and financial impacts in setting mid-term strategies by business group and investment corporation (allowance purchase expenses, investments in environmental impact reduction technology, etc.)

Employee Value Enhancement

Our Commitment

Strategic Approach	Mid/long-term Goal	Plans for 2024	Key Achievements in 2023
Attracting talent and nurturing experts	<ul style="list-style-type: none"> Systematically nurture talent for integrated business (π talent¹⁾) and preemptively attract top talent Nurture global staff and increase global staff in leader positions Nurture entrepreneurial talent aligned with our strategic direction 	<ul style="list-style-type: none"> Provide level-specific leadership upskilling training Develop specialized digital capabilities <ul style="list-style-type: none"> Expand training courses and digital training programs Promote self-directed learning for employees (Top Performer Challenge, interLEARNER : global learning challenge) Establish an IDP (Individual Development Plan)-aligned career development system and improve the local expert/short-term overseas dispatch programs to bolster our business capabilities Develop and implement global staff nurturing plans by overseas corporation <ul style="list-style-type: none"> Long-term dispatch to the HQ motivational training for outstanding global staff 	<ul style="list-style-type: none"> Provided integrated leadership training to leaders (6 sessions) Strengthened re-skilling/up-skilling training <ul style="list-style-type: none"> Opened digital skill training Facilitated self-directed learning and supported year-round e-learning <ul style="list-style-type: none"> Launched the Top Performer Challenge (2 sessions, attended by 164 persons) Operated the Learner of the Year program (based on cumulative points earned, awarded 3 best learners) Supported global staff with LinkedIn Learning (217 accounts) Improved the assessment system to support employees' capacity building and improve coaching Performed HR assessment on global staff at key trading corporations (US, Japan, China, Mexico) Resumed the short-term Global Mobility program for outstanding global staff, and created a long-term Global Mobility program
Respecting human rights and creating a great workplace	<ul style="list-style-type: none"> Create a great workplace Foster performance generating culture through trust, communication, and collaboration Developing skills for future business and foster creative culture <ul style="list-style-type: none"> Respond to business environment and management trends and improve expertise Pursue smart work through digital technology <ul style="list-style-type: none"> Improve working processes and work efficiency through AI Reach 3.5% in employment rate for disabilities by 2025 	<ul style="list-style-type: none"> Create inter-organizational synergy Enhance communication among different generations and levels Boost diversity within the organization Create a DX-enabled smart work environment 	<ul style="list-style-type: none"> Pursued post-merger integration <ul style="list-style-type: none"> Hosted a company-wide vision announcement ceremony and the Unity Workshop for organizations integrated for performing common functions after the merger interFACE Lunch Talk, interTHANKS events Improved communication between managers and workers <ul style="list-style-type: none"> Townhall meetings, regular discussions, year-round events Co-mentoring: Interactive coaching between executives and junior staff Thank-you coupons for leaders Introduced flexible work hours Joint teambuilding: Improved collaboration by promoting inter-organizational workshops

1) π talent: Global talent capable of developing and leading business by leveraging business insights gained through expertise and diverse business experience in Korea and abroad spanning at least two areas(item/region/division level)

Employee Value Enhancement

Attracting Talent and Nurturing Experts

Recruiting Talent based on Expertise and Personality

To provide employment security for job applicants and streamline our recruitment process, we shifted from the recruitment-aligned internship program to 100% permanent recruitment. As our business areas expanded after the merger, we are working to enhance our brand as an employer to ensure the timely recruitment of talented individuals with job expertise. Given that job applicants may not be familiar with the B2B aspect of our business, we encourage prospective employees to visit our operational sites and upload diverse content on our official promotion channels (YouTube, News Room) to help them better understand our business, corporate vision, job functions, and corporate culture.

Ensuring the Diversity of Talent

As to the externship program to be launched in the second half of this year, its project implementation and coaching sessions will take place in the metaverse environment once or twice a week to provide job experience to even more applicants. In addition to advantages offered to applicants from low-income and multicultural families, we will separately recruit new employees based on their national merit, continuing with our policy to give precedence to applicants suffering vulnerabilities in the job market.

Attracting Global Top Talent

In 2023, we hired professionals in the areas of agro business, investment, and AI through overseas recruitment in the US as part of our efforts to attract top talent. In 2024, we plan to hire in Europe as well as in the US to secure professional talent required to conduct global green business in alignment with our strategic direction. To support capacity-building for locally-hired employees at overseas corporations, we operate the Global Mobility program to provide them with the opportunity to work at the HQ (9 persons in 2023, 6 persons in 2024). We also launched a long-term Global Mobility Program (1 year) in 2024 to ensure participating employees develop a deeper understanding on our operations both at the HQ and local corporations and could potentially substitute for expatriates in the upcoming years.

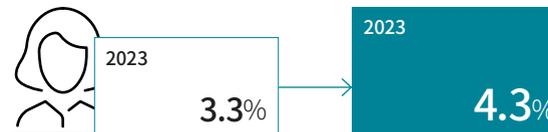
Operating Talent Development Programs

Each year, we share our key training operation directions and training course guidance to help employees choose and attend necessary courses. In 2023, 'employee training guidance' was published to outline our training operation directions and detailed courses to ensure employees improve their self-directed learning capabilities. On two occasions in the first and second half of 2023, we also introduced e-learning content on the Group-wide HRD (Human Resources Development) platform and launched learning challenges using such content. Our overall efforts to facilitate training led us to operate a total of 4,381 training courses (234 offline and 4,147 e-learning courses) in 2023.

Nurturing Female Talent

To promote diversity, we finalized our female talent development plan through reporting it to the Board of Directors in September 2023. Established based on the feedback we gathered from employees, this plan will pursue the following three priorities of 'operating the W-Mentoring program to nurture female leader candidates', 'bolstering competency and supporting external networking opportunities to nurture female executive candidates', and 'building a corporate culture that respects diversity and expanding infrastructure promoting work-life balance'. We also set a goal of increasing the percentage of female leaders to 4.3% by 2026 through implementing our female talent development plan. Specifically, special lectures on success stories, leadership style assessments, and workshops were held under the W-Mentoring program to help talented female employees develop leadership skills and set their growth vision. We also supported them in attending external seminars once a month to network with leaders outside the Company.

Goal of increasing female leaders



Surveying to Improve the Quality of Training

To upgrade the content of respective courses and improve their transfer of learning, we survey participants following the completion of their training and reflect the results in planning future training courses. For instance, feedback gathered through new hire and global staff surveys was integrated into launching the 'Sales Process Role Play' course as participatory new hire training in 2022, and arranging the 'Learning Mate' program to choose tutors for practical finance and trade courses among new hires to address questions each other and promote mutual learning.

In reflection of feedback from global staff and expatriates, a live course on 'ethical management' was included as part of our global staff onboarding training: this training was specifically improved in a way to facilitate communication between instructors and learners by organizing O/X quizzes in the second session based on the learner feedback collected from the first session. Apart from this, post-training checks and monitoring are performed on task implementation to ensure employees better apply their learnings to their day-to-day work

Training hours and expenses per employee (non-consolidated)

2023

40 hours

1.56 KRW million

Employee Value Enhancement

Attracting Talent and Nurturing Experts

Global Leadership

Job competency development	<ul style="list-style-type: none"> Operate common job training focused on accounting, funding, trade finance, ERM, and other trade processes for all employees wishing to attend such courses (9 courses, annual)
Leadership training for leaders	<ul style="list-style-type: none"> Operate regularly each year to help leaders improve their leadership competency <ul style="list-style-type: none"> Recognize one's leader role and improve leadership skills (communication, motivation, decision-making, coaching) and labor management competency Understand the notion of diversity, equity and inclusion and recognize their importance Introduce the latest digital trends and area-specific applications
Training for prospective and returning expatriates	<ul style="list-style-type: none"> Provide tailor-made training for prospective expatriates <ul style="list-style-type: none"> On-the-job training, rotational assignments in related departments Intensive local language learning courses for applicants to improve business communication competency Offline training to develop global leadership skills and the ability to nurture local staff Training to help family members quickly assimilate to their new home (preparing for relocation, children's education, spousal career opportunity, etc.) Provide returnees with training on change in policies, systems, and corporate culture
Executive Candidates training	<ul style="list-style-type: none"> Select executives to attend external CEO courses (3 executives completed in 2023)
Promotion training	<ul style="list-style-type: none"> Provide training to employees promoted to specialized roles on the topics of recognizing one's new role, communication with employees, and healing activities
Digital skill training	<ul style="list-style-type: none"> Provide New Collar (big data analytics), Chat GPT, and advanced Excel trainings to help improve digital competencies and digital tool application skills

Energy Expertise

Working-level leadership training	<ul style="list-style-type: none"> Operate engineer CoP training (communication, learning, exchange) (monthly) <ul style="list-style-type: none"> Updates on project progress and facility operational improvement at the department level, sharing of the latest technology trends Communication team building and external instructors' lectures aligned with humanities education, quarterly communication exchanges Develop level-specific leadership competency through regular shift worker training (quarterly) <ul style="list-style-type: none"> Lectures provided by external instructors on leadership and communication as part of regular training for shift workers (work goal setting, organizational work execution and communication, level-specific competency requirements, etc.) Regular training joined by shift workers and resident workers (annual)
Technical Training Center	<ul style="list-style-type: none"> Continuously operate 39 technical training courses as well as technical training courses on the learning platform <ul style="list-style-type: none"> Continuous operation and improvement of existing 39 courses in line with the mandatory training system Create e-learning courses based on technical training course videos and upload them on the learning platform for employees to receive facility learning at any given time and location Operate job skill introduction training to nurture new hires into competitive professional technical staff (18 weeks) <ul style="list-style-type: none"> Strengthen job competency through basic facility training (8 weeks) and hands-on practice training (10 weeks) Daily/weekly assessments, task presentations, reporting, and other various evaluations Operate job introduction training to provide on-site training for new engineers (4 weeks) <ul style="list-style-type: none"> Basic job training (drawings and P&ID, department job introduction, safety, etc.) and basic facility training
Domestic degree support system	<ul style="list-style-type: none"> Operate domestic degree programs for employees in P3 (manager) ~ P5 (general manager) positions to nurture future entrepreneurs Support On-Job MBA programs for leaders through recommendation and selection: 1 person selected in the energy business unit in 2023 Support Off-Job MBA programs and the energy master's degree program at Seoul National University of Technology and Science for employees in P3 (manager) and P4 (senior manager) positions through internal contest: 3 persons selected in the energy business unit in 2023

Global Staff Competency

Trade Academy for Junior employees	<ul style="list-style-type: none"> Practical trade training (3 courses on trade process, contract preparation, incoterms) and learning problems (operated 3 real-time online training sessions 2 times and completed by 172 employees in 2023) provided for junior employees
Training for global staff promoted to managers	<ul style="list-style-type: none"> Training on Company overview (mid/long-term vision, HR systems, etc.) and leader capacity-building (leadership, career development, etc.) Add courses on updated company regulations and 'ethical management' including prohibition of illegitimate employment through solicitation, and arrange advanced leadership/coaching courses (completed by 28 persons)
New hire training	<ul style="list-style-type: none"> Preliminary online remote training (company overview corporate citizenship, ethics management, etc.) for newly recruited global staff to increase a sense of belonging and support organizational onboarding Partially update the course content on advanced communication skills, vision creation, and understanding of different cultures in reflection of employee feedback
Support for LinkedIn Learning subscription	<ul style="list-style-type: none"> Support global staff to freely choose from over 15,000 types of learning content in business, digital and other areas (217 accounts) Use the content for year-round self-directed learning and for assigning pre/post-learning tasks in training new hires and newly-promoted managers
Global Staff On-boarding guidebook	<ul style="list-style-type: none"> Provide onboarding e-guidebook tailored to overseas organizational heads, mentors, and new hires (regularly updated with system changes and others) to support systemic onboarding and strengthen basic job competency Open an onboarding channel on the learning platform to provide content for learning basic job knowledge including trade practices, item knowledge, finance & accounting, and data analysis Guide respective overseas corporations, office heads, and HR personnel to use the guidebook to ensure cycle-aligned onboarding support

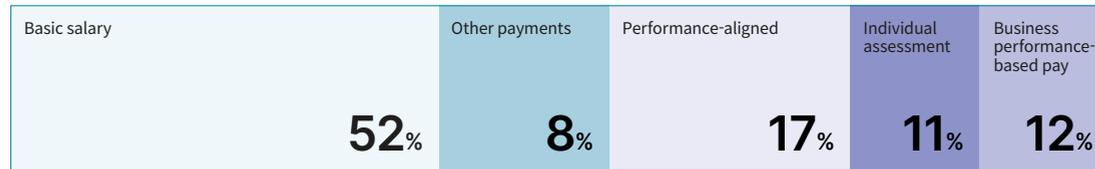
Employee Value Enhancement

Attracting Talent and Nurturing Experts

Operating the Performance-aligned Compensation System

Our performance-aligned compensation system aims to motivate our employees to engage in their work and generate organizational performance. Our employee wage package consists of 60% fixed pay and 40% variable pay: variable pay is determined each year in consideration of individual assessment results, organizational assessment results, and company-wide performance. Specifically, variable pay ratios were expanded between high and low grades to boost morale among top performers. We will continue to operate and upgrade our compensation system to help employees improve their work performance.

Wage package



Fixed pay **60%**
(Basic salary/Other payments)

Variable pay **40%**
(Performance-aligned/Individual assessment/
Business performance-based pay)

Supporting Employees Working in Remote Overseas Locations

We improve our operational standards and treatment to motivate employees working in remote locations to tap into new markets. As part of such efforts, we established our deliberation process on remote location assignments, including the introduction of a deliberation committee, to increase employees' acceptance of our remote location grading scheme while improving and expanding relevant support programs on an ongoing basis. In 2022, we conducted inaugural on-site inspections to identify local living conditions and collect difficulties employees may face by directly visiting and reviewing nine cities in Southwest Asia and Africa where our employees are stationed. This was followed by the forward-looking improvements made in the support we provide to these employees, including increased allowances and provision of supplies to help better cope with less ideal living conditions in these remote areas. We plan to conduct regular inspections as part of our efforts to visit and check remote overseas locations, and engage in on-site inspections primarily in those regions that have not received such inspections yet in 2024.

Respecting Human Rights and Creating a Great Workplace

Operating Labor Management Councils and Labor Unions

We operate the labor management council to promote shared interests through mutual participation and cooperation between labor and management. The council operates in accordance with the Act on the Promotion of Worker Participation and Cooperation, and consists of eight representatives from various business groups and levels. In particular, a female employee representative and a short-tenured employee representative are separately elected among labor members to heed the voice of diverse members of the Company.

The council meets regularly on a quarterly basis, and convenes working-level meetings to consult on issues on an as-needed basis, along with level-based, year-round labor-management discussions. In Incheon and Gwangyang where our domestic operations are located, the field labor management council convenes separately to improve their working environments and conditions taking into account the specifics of the site. The labor union in Energy Business Unit discusses issues with the Company concerning wages, welfare & benefits system improvement, and employee grievance handling among others while conducting wage negotiations each year and signing collective bargaining agreements every two years. The Company fully protects the employees' freedom to engage in labor union activities pursuant to Article 33 of the nation's Constitution and labor laws, and strives to establish mutually-beneficial labor relations and improve working condition.

Composition

(As of April 2024)

Category	Role and Responsibility	Cycle	Members(Membership Ratio)	
POSCO International	Labor management council	Quarterly	8 from labor and management each	
	(Field) Labor management council	Quarterly	7 from labor and management each	
	Labor union		243 persons (13%)	
POSCO Mobility Solution	STS Division	Labor management council	Quarterly	Ansan: 5 from labor and management each Pohang: 3 from labor and management each
		Labor union		235 persons (67.3%)
POSCO Mobility Solution	Core Division	Labor management council	Quarterly	4 from labor and management each
		Labor union		282 persons (52.9%)
	Plate Division	Labor management council	Quarterly	3 from labor and management each
	Labor union		0 person (0%)	

Employee Value Enhancement

Respecting Human Rights and Creating a Great Workplace

Key Consultation Issues in 2023

We provide wide-ranging benefits to all our employees, including permanent and contract positions. Our labor management councils and labor unions serve to identify necessary institutional improvements to keep current with the changing working conditions as well as ideas to disseminate a positive corporate culture while diversifying communication channels with employees. It is noteworthy that weekly selective work hours (flexible work hours) were expanded to cover all employees at the HQ in 2023 to bring flexibility to the working environment. We also created a remote work program to support employees working at home to meet their specific work needs or childcare needs, and collected the varying opinions of employees in establishing and expanding such programs. In addition to existing Smart Work Centers (SWC), new SWCs opened in Samsung and Songdo to ensure flexibility in workplace locations.

Improvements made for Employees' Working Conditions

Category	Support Provided
Expansion of selective work hours	<ul style="list-style-type: none"> Expanded optional flexible working hours from select departments to all employees at HQ Will continue to review flexible work arrangements by referring to the biweekly four-day workweek system adopted by some POSCO Group affiliates
Launching of the remote work program	<ul style="list-style-type: none"> Created and implemented a remote work program for employees working at home to meet their specific work needs or fulfill their childcare needs
Expansion of SWCs	<ul style="list-style-type: none"> Opened SWCs in Samsung and Songdo in addition to existing ones
Improvement in commuting conditions	<ul style="list-style-type: none"> Adjusted commuter bus routes and expanded the proportion of premium buses to improve commuting conditions
Lunch expense adjustments	<ul style="list-style-type: none"> Increased monthly lunch expense support (KRW 120,000 – KRW 140,000)
Meal price adjustments at in-house cafeterias	<ul style="list-style-type: none"> Increased lunch meal prices and company subsidies by KRW 1,500 respectively

Handling Employee Grievances

To collect and handle employee grievances, we assigned grievance handling members(1 male, 1 female) under the labor management council. These members together with the employee members of the labor management council interview employees to collect grievances in their affiliated business group and job level, and work to resolve these grievances through labor-management consultation.

In interviewing member employees for their grievances, labor members of the council keep a record of the grievances raised, and those out of their jurisdiction are addressed through cooperation with HR, labor, and other relevant departments. The progress made in handling grievances is notified within 10 days of receiving them. If grievances are not resolved at this stage, they are sent to the labor management council for discussion.

Employee Communication

Post-merger integration activity

Declaration of a new vision	<ul style="list-style-type: none"> Promoting the integrated energy and global business vision internally and externally and engaging all employees to raise awareness of "One Company" Joined by over 1,300 employees, delivered a vision speech, held a ceremony, and arranged a pre-ceremony event engaging employees from both organizations to promote integration
PMI Workshop (Post Merger Integration)	<ul style="list-style-type: none"> Established a corporate culture of positivity and collaboration early on after the organizational integration through change management and communication facilitation Shared a new corporate identity among 7 integrated organizations and 4 organizations fulfilling common functions, made corporate culture assessment, and identified shared working methods
Energy site visit program	<ul style="list-style-type: none"> Visit programs to Incheon Power Plant and Gwangyang Terminal to enhance understanding of the energy business and promote cross-sector communication
interface Lunch Talk	<ul style="list-style-type: none"> Supported cross-functional dining to breakdown organizational silos and disseminate a corporate culture of care and respect Joined by 166 persons in 2023

Strengthening vertical communication across different job levels

CO-Mentoring	<ul style="list-style-type: none"> Operated the Co-Mentoring program to provide interactive coaching between management and young employees Joined by 106 employees in 2023
Management-employee communication program	<ul style="list-style-type: none"> Townhall meeting: Open communication on corporate policies and strategic directions (once company-wide, once at the business unit level) Gift-Luck: Management visits to the Incheon power plant and Gwangyang LNG terminal to encourage employees on-site along with snack cars Coffee Chats for expatriates: Engage in year-round virtual discussions with expatriates working at the frontline to offer encouragement and motivation (joined by 24 persons including those assigned to remote locations and those working separated from their family, on 4 occasions)

Building a creative working environment and generating collaborative synergy

Flexible work hours	<ul style="list-style-type: none"> Expanded autonomy in choosing one's working hours to improve work engagement and efficiency
Pursuit of the work smart initiative for efficient work methods	<ul style="list-style-type: none"> Pursued paperless office powered by IT devices, including distributing more tablets for staff use, optimizing the operation of output devices, and introducing Teams as a company-wide collaboration tool Pursued efficient work methods and built a culture of quick communication and action through the smart reporting action guide campaign and group-level improvement activities
Joint teambuilding	<ul style="list-style-type: none"> Promoted communication and collaboration among energy-related business organizations (wind power, hydrogen, LNG terminal, etc.) Joined by 79 persons on 5 occasions in 2023

Employee Value Enhancement

Respecting Human Rights and Creating a Great Workplace

Maternity Protection and Childcare Support

We operate a range of programs to support employees' pregnancy, childbirth and childcare to actively join in the government's childbirth encouragement policy to overcome the national challenge of low birth rates. To promote childbirth among employees while relieving their childcare burden, we created baby gifts(worth of KRW 500,000) in addition to the existing childbirth grants(KRW 2 million for the first child, KRW 5 million for the second child). Furthermore, we raised the tuition support for employees with multiple children(KRW 120 million for 3 children, KRW 160 million for 4 children). Work-at-home for childcare is now available across the board (previously available for Energy Business Unit only). We operate two in-house daycare centers at the Headquarters in Songdo, one in Seoul and one in Cheongna to meet the childcare needs of all our employees.

Program under Operation¹⁾

Category	Program	Target	Support
Pregnancy	Prenatal checkup leave	Pregnant employee	1 day/month leave (paid)
	Fertility treatment leave	Employees	6-day paid leave + 4-day unpaid leave per year
	Fertility treatment expense support	Employees and their spouse	Up to KRW 1 million per session (treatment, surgery, diagnosis, testing, etc.)
Childbirth	Childbirth grants	Employees and their spouse	KRW 2 million for 1st child, KRW 5 million for 2nd child and onwards
	Baby gifts	Employees	KRW 500,000
Childcare	Flextime	Applicants	Start and finish work 1~2 hours before and after the regular work schedule
	In-house daycare center	Employees with a child 5 years old or younger	4 daycare centers under operation
	Parental leave	Employees with a child 8 years old or younger	Up to 2yrs (1 yr paid + 1 yr unpaid)
	Reduced workhours during parenthood	Employees with a child 8 years old or younger	Up to 2 yrs, 15~30 work hours/week (proportional decrease in wage)
	Working from home during childcare period	Employees with a child 8 years old or younger	Half-day work from home (4h) in connection with the reduced working hours during childcare period (4h), full-day work from home (8h), fixed OT (35hours/month) within basic annual salary is not paid
	Tuition support for multi-child families	Employees with multiple children	KRW 120 million for 3 children, KRW 160 million for 4 children

1) Voluntary program which supports the legal obligations

Corporate Culture Assessment

Each year, we conduct online P-GWP surveys and Focus Group Interviews on all employees to assess our organizational culture in general. This serves to identify employees' satisfaction with the five factors that have impact on our organizational culture(vision, organizational management, institutions/support systems, employee relationships, work methods) and to perform correlation and causality analyses on these factors. Analysis results are used to identify the weak points compared to the previous year, and make improvement plans for the following year.

While our scores rose across all areas in 2023 from the previous year, we still looked over areas where scores improved only slightly compared to others as well as the answers provided by respondents for open-ended questions to identify improvement agendas. In response to, the feedback gathered from our employees requesting increased cross-functional communication and expanded interactive communication on company-wide business and vision, we strengthened year-round communication activities including monthly discussions between organizations and between management and employees and Gift-luck as well as company-wide townhall meetings. In conducting this survey in 2024, we will check whether improvements were made as intended, and will pursue further improvement and reinforcement of relevant programs if deemed necessary.

Employee Value Enhancement

Risk Management

Human Rights Impact Assessment

To protect the human rights of all employees in accordance with international human rights norms, POSCO International established a human rights management process that aligns with the OECD Due Diligence Guidance for Responsible Business Conduct. This steers our efforts to conduct regular human rights impact assessments (due diligence) on employees with an aim to take stock of human rights management at the operational site level and to identify and manage relevant risks. Each year, we announce our modern slavery and human trafficking statement including human rights due diligence results drafted in conformity with the Modern Slavery Act of the UK and Australia and approved by the Board of Directors.

[Modern Slavery and Human Trafficking Statement 2023-24](#)

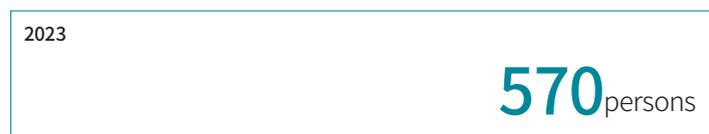
Status and Goal of Human Rights Due Diligence at Overseas Worksites

(Unit: worksites)

2021 ¹⁾	Performance		Goal		
	2022	2023	2024	2025	2026
0	4	5	5	8	8

1) In 2021, due diligence was not conducted amid the spread of COVID-19

Participants in the Human Rights Due Diligence Conducted at Overseas Operations



* 10% or more of all employees at each operational site (randomly chosen, including contract employees)

Conducting Human Rights Due Diligence

POSCO International conducts human rights impact assessments to assess human rights management status at key overseas investment sites and to identify and manage relevant risks. In 2023, we revisited the questionnaire for its fit with the specific conditions of each site prior to due diligence. To improve the accuracy of responses, we partially revised the questionnaire by considering the terms included based on their use frequency and level of understanding on the part of respondents. In 2023, the scope of due diligence covered the Shwe Project, the Rice Processing Complex (RPC), and hotel in Myanmar, PT.BIA operating a plantation in Indonesia, and PT.KPE operating a by-product gas power plant, and the due diligence results informed our efforts to identify improvement and management tasks. We developed task implementation plans by taking into account the business conditions of respective operational sites, and are executing these plans in stages. The due diligence conducted in 2023 revealed that none of these sites faced increased risk for compulsory/child labor and the violation of freedom of association and collective bargaining, and zero risks were identified in relation to discrimination.

Human Rights Management Process



Result of Human Rights Due Diligence Impact Assessment Results

Out of 10 improvement tasks derived from human rights due diligence in 2022, seven short-term improvement tasks were all completed, and three mid-term tasks are in progress continuously. In particular, based on the human rights management policy for all employees, human rights training has been conducted, and communication on its grievance handling channels and procedures has been strengthened. Presently, PT.BIA is working on a project to organize guidance on job and working conditions in the hiring process. As of June 2024, the implementation rate of improvement tasks in 2022 is about 90%.

In 2023, PT.BIA improved its human rights impact assessment process to minimize any reduction in response rates or distortion in responses attributable to the literacy skills of employees working at the plantation. To help employees better understand the written due diligence, interpreters were employed who have no interest in PT.BIA to provide explanations before the survey. As a result of due diligence in 2023, we identified such improvement tasks as ensuring job changes reflect employees' preferences, communicating the process to appeal performance assessment results, protecting the anonymity of whistleblowers and transparently disclosing grievance handling outcomes, and communicating the details of labor-management council (labor union) activities.

Percentage of positive responses	Establishing a human rights management system	Creating transparent employment and working conditions	Operating grievance channels and mechanisms	Banning compulsory labor and child labor	Guaranteeing a safe workplace	Guaranteeing the freedom of collective bargaining and association
PT.BIA	93.5	82.2	81.6	95.3	98.6	72.5



* Implementation of improvement tasks (as of June 2024): 90% (9 tasks completed and 1 under implementation out of 10 tasks)

Employee Value Enhancement

Risk Management

PT.KPE

In 2023, we included PT.KPE, our by-product gas power generation plant located in Indonesia which became our subsidiary through a merger, into the scope of due diligence. In conducting the inaugural human rights impact assessment on PT.KPE, we engaged a high percentage of nearly 60% of total employees in the paper-based due diligence process to assess its human rights management status in more detail. This showed that positive responses were relatively low in such items as ensuring role changes in reflection of employees’ preferences and providing sufficient explanations on one’s new role, communicating the process to appeal one’s performance assessment results, and informing the freedom of joining and leaving the labor-management council (labor union), and improvement tasks were identified to address these deficiencies.

Percentage of positive responses	Establishing a human rights management system	Creating transparent employment and working conditions	Operating grievance channels and mechanisms	Banning compulsory labor and child labor	Guaranteeing a safe workplace	Guaranteeing the freedom of collective bargaining and association
PT.KPE	98.7	83.7	81.1	99.3	98.7	80.4



Operational Sites in Myanmar (Shwe Project, RPC, Hotel in Yangon)

The due diligence results identified at three operational sites in Myanmar which received human rights impact assessments in 2023 allowed us to confirm vulnerable areas and identify the common risk of insufficient conditions for free wage negotiations in relation to transparency in employment and the working environment. This prompted us to identify the cross-cutting improvement task of establishing procedures and conditions for employees to take initiative in proposing wage negotiations. Action plans will be also developed and implemented in a way that suits each of these operations. In addition, tasks were defined in relation to operating grievance handling channels and mechanisms, including activating grievance handling channels through improved awareness on the presence of such channels and transparently disclosing the progress and results of grievance handling.

Percentage of positive responses	Establishing a human rights management system	Creating transparent employment and working conditions	Operating grievance channels and mechanisms	Banning compulsory labor and child labor	Guaranteeing a safe workplace	Guaranteeing the freedom of collective bargaining and association
Shwe Project	93.9	89.2	80.8	95.5	99.6	83.0
RPC in Myanmar	84.0	90.8	83.4	85.6	84.5	94.9
Hotel Yangon in Myanmar	99.8	93.2	98.9	98.1	99.1	94.5

Case

Monitoring the Implementation of Improvement Tasks at the Shwe Project in Myanmar

POSCO International has been conducting human rights impact assessments on field employees working at the Shwe Project in Myanmar, one of our key overseas operations. For the areas where positive responses were relatively low based on the 2022 assessment results – ‘establishing a human rights management system’, ‘operating grievance handling channels and mechanisms’, and ‘guaranteeing the freedom of collective bargaining and association’, the Shwe Project is developing and implementing short-term, mid-term, and long-term improvement plans. In particular, we focused on the short-term improvement task of internalizing human rights policies in 2023, and phased-in activities to strengthen human rights management at work. This included translating the human rights management policy revised by the Headquarters in 2022 into Myanmar and English languages and making it available for all employees working at the project site as well as informing employees that they could address any relevant inquiries with the help of HR personnel. In addition, special training programs on respect for human rights were regularized to promote and embed a corporate culture respecting human rights, and work is underway to strengthen communications on grievance mechanisms and procedures. The human rights impact assessment performed in 2023 served to monitor the progress made on the improvement tasks defined the previous year, and to verify the reductions made in the adverse impact of analyzed risks through such management activities. We also identified improvement tasks in areas where positive response rates were relatively low based on the 2023 assessment results. These tasks include providing sufficient explanations when changing one’s role, strengthening anonymity protection for whistleblowers and their identity, and transparently disclosing grievance handling procedures and submission results. The Shwe Project is developing and managing plans to implement these tasks, and the Headquarters will actively support the Shwe Project’s human rights risk management activities.

Evaluating the Effectiveness of Improvement Tasks

Key Vulnerable Areas	Implementation Tasks	Impact Assessment Results (percentage of positive responses)	
		2022	2023
Conduct regular human rights training	Regularize training programs, manage the completion status of training	46.2%	84.6%
Provide human rights policies and raise awareness	Make the human rights policy available in the language used by workers	36.9%	100%
Operate grievance handling channels and mechanisms	Operate grievance handling channels in the language that workers understand	26.2%	81.6%

Sustainable Supply Chain

Our Commitment

Strategic Approach	Mid/long-term Goal	2024 Plan	Key Achievements in 2023
Supply chain ESG management	<ul style="list-style-type: none"> · Advance ESG impact management in response to the EU's supply chain due diligence directive - Establish an IT system-based management system - Conduct on-site due diligence on top priority partners 	<ul style="list-style-type: none"> · Engage in supply chain due diligence and risk prevention activities - Gain consent to abide by the Code of Conduct - Request ESG checklists and identify suppliers covered by on-site ESG due diligence 	<ul style="list-style-type: none"> · Established a supply chain management system - Developed the supply chain code of conduct and the pledge to abide by the code - Set business criticality and ESG risk assessment criteria - Established paper-based ESG due diligence and on-site due diligence systems
Win-win partnership	<ul style="list-style-type: none"> · Strengthen global marketing support for SMEs and startups - Bolster support programs by expanding collaboration with external organizations(8 to 10 organizations) - Expand companies receiving support for global market entry(63 to 70 companies) 	<ul style="list-style-type: none"> · Expand collaboration programs with external organizations(No. of companies supported) - Incheon Startup Park's Smart-X Global(4) - Korea International Trade Association's Go Global with POSCO International Program(9) - Korea Institute of Environmental Technology's global supply chain support program(5) - Korea Small and Medium Enterprises Promotion Agency's export counseling(24) - Daegu Techno Park's Dive with POSCO International(2) - Korea Foundation for Cooperation of Large & Small Business, Rural Affairs' large & small businesses' joint market entry support program (9) - POSTECH Holdings' Tips Town World Show with POSCO International (10) 	<ul style="list-style-type: none"> · Worked with external organizations to explore overseas markets(No. of companies supported) - Incheon Startup Park's Smart-X Global (3) - Daegu Techno Park's Dive with POSCO International (3) - Korea Small and Medium Enterprises Promotion Agency's export consultation for Thailand and Vietnam (24) - Korea International Trade Association's export consultation for the US market (5) - Korea Institute of Environment Technology's global supply chain support program (9) - POSTECH Holdings' global market entry capacity consulting (19)

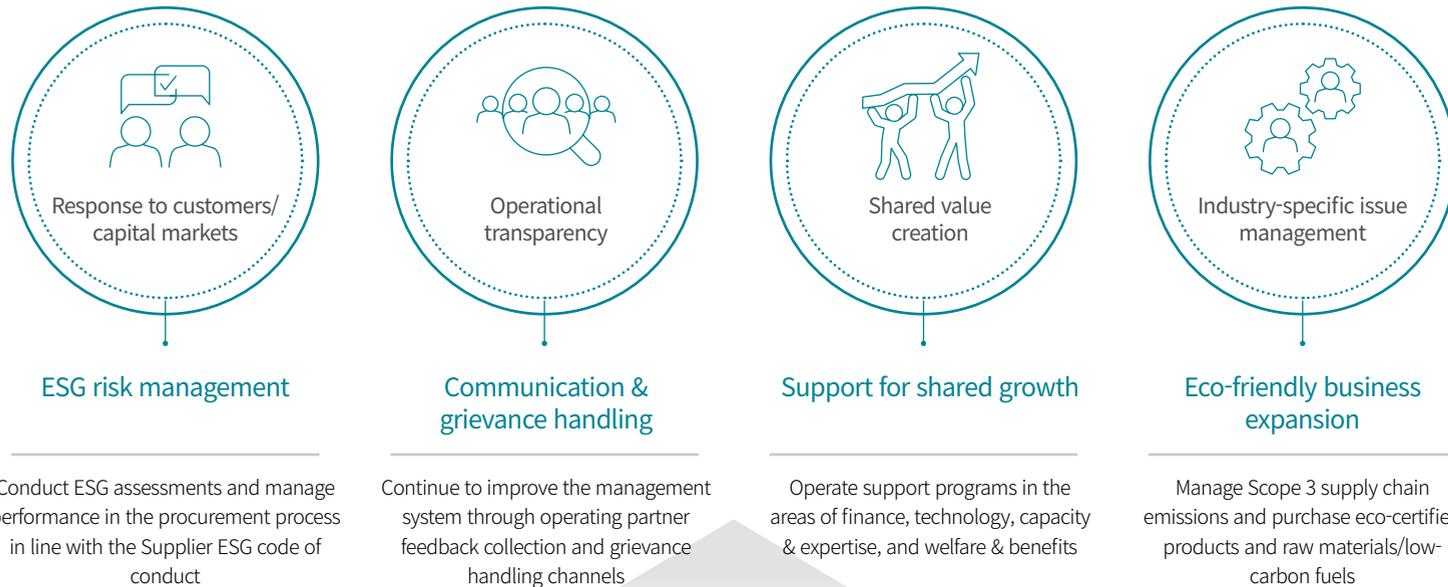
Sustainable Supply Chain

Supply Chain ESG Management

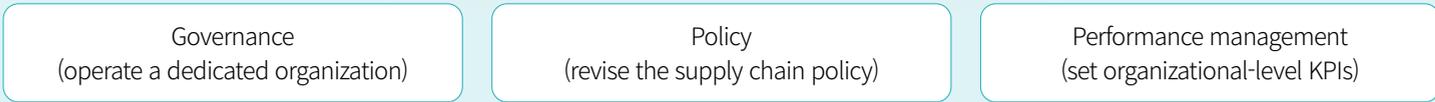
Supply Chain ESG Management System

POSCO International established our supply chain ESG management system in accordance with the OECD due diligence directive to preemptively respond to the supply chain due diligence legislation of the EU and other major countries and to meet our customer and investor needs for supply chain ESG management.

Sustainable Supply Chain Pioneer for Green & Global



Supply Chain ESG Implementation System



Supplier Code of Conduct

POSCO International assists all our suppliers of products and services in fulfilling their sustainability responsibility through our Supplier Code of Conduct. The Code reflects identified supply chain risks and opportunities in each of the Environmental, Social, and Governance areas, and includes a system to effectively manage factors in respective ESG areas. Consisting of 34 provisions in six categories, the Code aligns with the UN Global Compact and the EU Corporate Sustainability Due Diligence Directive regarding basic norms on the environment and human rights and considerations for shared growth, fair trade, safety, intellectual property protection, and quality management.

Supplier Code of Conduct

Area	Sector
E	Environment
	Labor and human rights
S	Health & Safety
	Others
	Ethics
Management system	Business management system

ESG Code of Conduct Compliance Pledge



Category

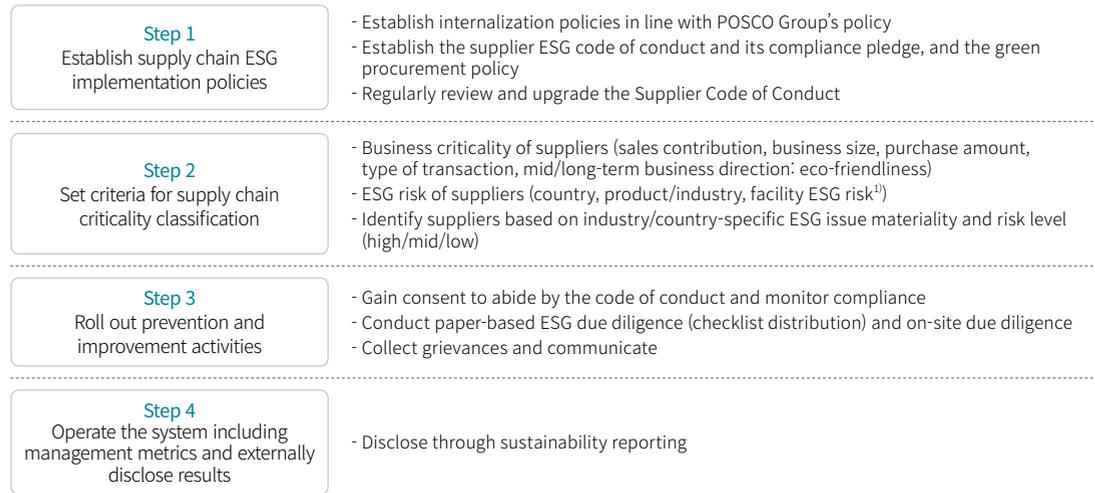
Key Details

Target	Have all suppliers, vendors, manufacturers, contract parties, and subcontractors sign the ESG code of conduct compliance pledge
Provisions of the Pledge	<ol style="list-style-type: none"> 1) Full understanding of the ESG code of conduct 2) Cooperation with paper-based/on-site ESG due diligence 3) Duty to notify any non-compliance with the code of conduct

Sustainable Supply Chain

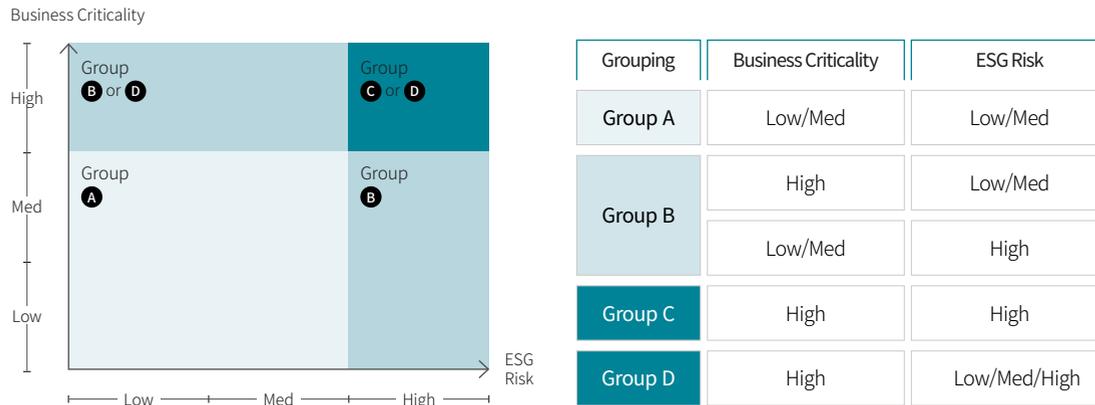
Supply Chain ESG Management

Supply Chain ESG Management Process



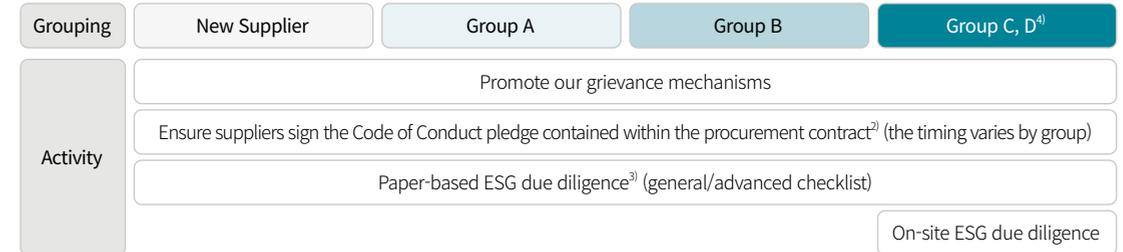
1) Facility ESG risk: ESG risk associated with construction or shopfloor operations

Supplier ESG Risk Grouping Criteria



Supplier ESG Risk Management Plan

Activities Undertaken by Supplier Group



2) New suppliers (upon contract signing), Group A (~2026), Group B (~2025), Group C (~2024)

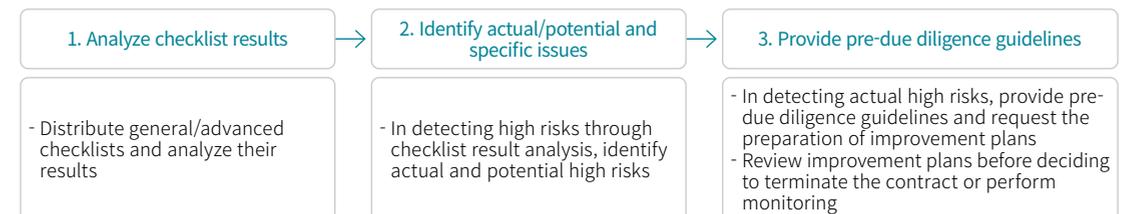
3) General checklist (Group A: Every three years, Group B: Every two years), Advanced checklist: Group C

4) Refer to any and all third-party headquarters, corporations and offices (excluding law firms) including agents who may interact or have interacted with existing/prospective customers, and conduct integrity due diligence when identifying high risks for four corruptive practices (fraud, conflict of interest, sexual exploitation, and abuse) specified in the UN guidelines

Prevention and Improvement Activity

POSCO International plans to conduct paper-based ESG due diligence according to supplier grouping results in the second half of the year and on-site due diligence afterwards. Both paper-based and on-site ESG due diligence follow our Supplier Code of Conduct: paper-based ESG due diligence covers Group A, B, and C including new suppliers, and on-site ESG due diligence covers Group C. In conducting paper-based ESG due diligence, we will distribute a general checklist consisting of cross-cutting items based on industry initiatives and supply chain metrics and an advanced checklist containing both cross-cutting items and on-site items considering specifics of risk management in each of the ESG areas from the viewpoint of construction and shopfloor work. On-site ESG due diligence will be conducted on suppliers identified for actual risks through paper-based ESG due diligence to review their improvement plans and monitor their implementation.

Supplier On-site ESG Due Diligence Process



Sustainable Supply Chain

Supply Chain ESG Management

Integrity Due Diligence

Prior to supply chain ESG risk due diligence, we conduct integrity due diligence on agencies that we do business with (service providers in the Group D under the supplier ESG risk classification system). As of June 2024, integrity due diligence was completed on 73 out of 158 suppliers. This involves the identification of suppliers' integrity performance and predictable risks in line with the ethics checklist and their consent to comply with the ethics pledge. The due diligence results will inform our efforts to consider risk factors in the due diligence assessment checklist to strengthen actual supplier ESG risk assessments.

Country	Number of suppliers
Australia	5
Brazil	3
China	18
Germany	4
India	16
Indonesia	8
Japan	2
Republic of Kazakhstan	1
South Korea	2
Mexico	3
Morocco	1
Myanmar	2
Papua New Guinea	2
Poland	3
Singapore	1
England	2
Total	73

Responsible Minerals Sourcing

To advance responsible minerals sourcing, we established our responsible minerals sourcing policy in 2023 in accordance with POSCO Group's ESG policies, and disseminate this policy at all levels of the Company. We cooperate with our customers' conflict mineral policy, support our suppliers with conflict mineral management, and participate in the Group-level conflict mineral joint response council, working on multiple fronts to establish responsible mineral sourcing practices. As of 2023, POSCO International made zero transactions on 3TG and cobalt.

Responsible Mineral Management Process

We limit our business with suppliers that have adverse environmental and social impact in accordance with our Responsible Mineral Management Guidelines, and strive to avoid minerals mined in conflict areas. We define Conflict Affected and High Risk Areas(CAHRAs), and designated CAHRAs through investigation into relevant countries and regions including conflict-ridden areas in Africa. To identify conflict mineral risks that may occur early from the supplier registration phase, we examine suppliers for their management data and responsible mineral sourcing policy. Smelters and refiners aligned with these suppliers are also reviewed for their CAHRA status, and verified for their RMI¹⁾ conformance through third-party due diligence. If they are evaluated non-conformant through such due diligence process, they could be de-listed from our supplier registration system.

For registered suppliers, we request their consent to comply with our conflict minerals policy, and also request them to fill out the C(M)RT²⁾ and verify their smelters and refiners for conformance. We assess our current suppliers for conflict mineral risks, and use assessment outcomes in classifying suppliers into the 'high-risk', 'management target' and 'general' categories. For high-risk suppliers, we request independent third-parties to conduct specialized due diligence to review and improve on their risks. 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) RMI(Responsible Minerals Initiatives): 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

Sustainable Supply Chain

Win-Win Partnerships

Win-Win Partnerships with Small/Mid-sized Enterprise and Start-ups

As a company with one of the largest global networks in Korea, we support SMEs and startups that wish to go global but lack management, quality, and production systems and capabilities. We operate the Global Marketing Portal to help promote these companies, and provide continuous support to develop new businesses and pursue win-win partnerships. From the vantage point of ESG management, we participate in the UN Global Compact mentoring program to support mentee companies to internalize ESG management and promote win-win partnerships as a leader in ESG management.

Win-Win Cooperation Funds

In October 2021, we signed an agreement with the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs to contribute KRW 30 billion to the Win-win Cooperation Funds, and signed another agreement to contribute KRW 13.3 billion to the Funds in September 2022. As of the end of 2023, we provided nearly KRW 35.7 billion to 148 companies. These SMEs and startups leveraged the investments they received to expand business opportunities with global customers through technology development, facility investment, and overseas market entry. We will continue to contribute to the Funds to prioritize and support eco-friendly, low-carbon businesses in step with the emerging trend of ESG management as well as the seven core businesses of POSCO Group.

Key Achievements of the Win-Win Cooperation Funds

Category	Item	Description
Technology development/ R&D	Intellectual property rights	Structural system for post-beam connection, etc.
	Technology certification	Security camera technology certification, etc.
	Patent	Patent registration for smart pedestrian detection technology
Facility investment for productivity improvement	Productivity improvement	DONGJINMI: Improved productivity by 250% through the introduction of new laser cutting equipment (production output: 100 tons/month → 350 tons/month) Commercialized eco-friendly low-carbon technologies to produce synergy (developing equipment for co-firing of hydrogen and LNG gas)
	Defect rate reduction	S&S INC.: Reduced defects by 33% through the introduction of automatic sorting equipment
	Sales increase	Total sales rose by KRW 169.5 billion at beneficiary companies (KRW 107 billion aligned with POSCO International's sales)
Overseas market advancement	Counseling	1,464 cases customer counseling through attendance at the Expo Dubai and other overseas exhibitions
	Orders	Won KRW 2.68 billion ground effect vehicle supply contract signed with a local Italian Operator
	Contracts	79 cases including specialized food category broker contract to do sales business with large retailers, etc.

Global Marketing Support through Cooperation with External Organizations

We have signed MOUs with external organizations in Korea to scale up overseas expansion programs for promising SMEs and startups. In 2023, we teamed up with the Korea Small and Medium Enterprises Promotion Agency to provide 12 companies with export consultations on Bangkok in Thailand in July and on Ho Chi Minh in Vietnam in November, which resulted in USD 91 million in consultation value and the signing of 10 MOUs and two sample contracts. In October 2023, we supported five companies under the Korea International Trade Association's Go Global with POSCO International program to receive export consultations on New York, the US, which led to USD 52 million in consultation value and six MOUs signed. Specifically, our support for Innovac (successful first export valued at USD 50,000 to Vietnam in August 2023) was chosen as a best practice and was recognized at the 2nd 'Win-Win Honors' Awards hosted by the Ministry of SMEs and Startups in 2023.



Export consultations in Thailand and Vietnam



Export consultations in the US



'Win-Win Honors' Awards

Reinforcing Practical Support

We identify the needs of SMEs and startups and support them with consulting to meet their practical needs. This includes training on necessary certifications and ESG areas, along with POSCO Group's JUMP and QSS (Quick Six Signa program designed to help SMEs with productivity improvement) which benefited WooriKids Plus, Daekang, and Daewoo Steel Wire. We also assist these companies with customer credit checks and contract reviews which they may find challenging to implement on their own. For business travel or exhibition participation, we provide end-to-end support ranging from exhibition preparations to sample transport and customs clearance and even post-exhibition follow-up responses when necessary as well as arranging local buyer meetings.

Health and Safety

Our Commitment

Strategic Approach	Mid/long-term Goal	2024 Plan	Key Achievements in 2023
Establishing the health & safety management system	<ul style="list-style-type: none"> Reinforce the H&S management system <ul style="list-style-type: none"> Develop a safety culture assessment system Develop a company-wide integrated H&S management system 	<ul style="list-style-type: none"> Bolster the execution of on-site safety management and establish a health and safety platform to improve work efficiency Strengthen management and establish an assessment system for overseas operations lacking safety infrastructure or newly incorporated 	<ul style="list-style-type: none"> Achieved company-wide certification for compliance with the Serious Accidents Punishment Act (certification led by the law firm DR & AJU) Achieved ISO 45001 for all domestic/overseas investee companies required to obtain this certification (8 companies)
Improving health & safety communication and capabilities	<ul style="list-style-type: none"> Improve the stability of H&S activities <ul style="list-style-type: none"> Training H&S experts at each worksite Introduce the BBS(Behavior Based Safety) system 	<ul style="list-style-type: none"> Engage in CSO (Chief Safety Officer) activities to encourage employees to embed safety activities in their daily routine Launch safety activities with leadership at overseas corporations setting an example and reinforce their responsibility for safety Raise safety awareness across the entire operations with the help of short-form video contents engaging all employees 	<ul style="list-style-type: none"> Undertook regular safety inspection activities (monthly/quarterly/annually) on domestic/overseas affiliated companies, and held information exchanges (quarterly) Bolstered safety audits <ul style="list-style-type: none"> Direct operation (monthly), overseas (annual), curtain wall construction (weekly) Implemented the Inter-Health program(smoking cessation, moderate alcohol consumption, dietary habits, workout: WalkOn, body fat loss) Expanded psychological counseling (year-round in Seoul), and supported virtual counseling 24/7 Achieved the 'Healthy-friendly Business' certification granted by the Ministry of Health and Welfare
Bolstering incident prevention activities in the workplace	<ul style="list-style-type: none"> Bolster partner safety management <ul style="list-style-type: none"> Strengthen H&S-related expense/institutional support Add regulations to ban re-subcontract Apply smart safety technology <ul style="list-style-type: none"> Diagnose and check equipment through smartphones Share our smart safety system with partners 	<ul style="list-style-type: none"> Conduct regular inspections on 23 sites to prevent serious injuries and improve management performance Reinforce drills for serious injury rapid response teams (enhance capabilities to respond to unexpected situations) Expand the application of the Serious Accidents Punishment Act (workplaces with 50 or less employees) Disseminate smart safety technology and work automation through AI, RPA and other methods 	<ul style="list-style-type: none"> Operated the serious injury rapid response organization and guidelines <ul style="list-style-type: none"> Held regular serious injury drills (annual) Conducted risk assessment on the entire curtain wall process, assigned safety observers, and deployed Smart Safety Supported ordering personnel to prepare the basic health and safety register (quarterly review)- Tanks 6, 7, 8 at the Gwangyang LNG Terminal and Samcheok Blue Power Deployed Smart Safety technology - Introduced Smart Ball and Smart Safety Belt across all domestic operations

Health & Safety

Establishing the Health & Safety Management System

Developing a Health & Safety Strategy

POSCO International established our health and safety management system in compliance with legal requirements and international standards while maintaining the ISO 45001 certification. This system applies to all stakeholders accessing our operations as well as our own employees, and efforts are made at all levels to provide a safe and healthy workplace through continuous improvement. To establish our health and safety management system and maintain ‘zero high-consequence injuries’, we defined top strategic priorities of ‘bolstering the execution of the safety management system’, ‘internalizing a safety culture with full employee participation’, ‘leveling up the safety performance of overseas corporations and affiliates’, and ‘advancing the occupational health prevention management system’, and are making progress accordingly in 2024. As to injury-related metrics such as TRIFR and LTIFR, we are tracking our progress on the mid/long-term goal of achieving 3% reductions each year.

Implementation Strategy	Strengthen the execution of the safety management system				Engage all employees in embedding safety into corporate culture				Enhance safety performance at overseas corporations and affiliated companies				Advance the occupational health prevention management system								
	Category	2024	2025 ³⁾	2026	2027	Category	2024	2025 ³⁾	2026	2027	Category	2024	2025 ³⁾	2026	2027	Category	2024	2025 ³⁾	2026	2027	
Goal	TRIFR ¹⁾	2.13 ↑	2.13	2.07	2.00																
	LTIFR ²⁾	0.31 ↓	0.31	0.30	0.29																

1) TRIFR(Total Recordable Injury Frequency Rate)

2) LTIFR(Lost Time Injury Frequency Rate)

3) The 2025 goals remain unchanged from the preceding year due to the expansion of operations subject to management (traction motor core plant in Poland)

Alignment with Company-wide Performance Assessment

Alignment with Assessment	Alignment with Assessment
KPI	<ul style="list-style-type: none"> • 20% of total in assessing health and safety performance of the health and safety officer • Health and safety indicators account for 10% of total in assessing production corporations in Korea and overseas
Safety MBO	<ul style="list-style-type: none"> • Mandatory safety MBO(Management by Objectives) for Energy Business Unit’s field leaders(general managers/group heads in P6 and below positions) • Reflecting safety activity goals and action plans aligned with our core value of putting safety first in goal-setting(10%)

Bolstering the Health and Safety Management System

POSCO International achieved ISO 45001 for eight domestic and overseas investee companies and three domestic locations including the Headquarters and those in Incheon LNG Combined Cycle Power Plant and Gwangyang LNG Terminal that are required to certify to this international health and safety management standard, and also for all five overseas sites including the Shwe Project, PT.KPE, PT.BIA, POSCO International Textile, and LAE in Papua New Guinea. We were also certified for compliance with Korea’s Serious Accidents Punishment Act across our entire operations by an external law firm. In tandem with this, we regularized safety inspections on domestic/overseas affiliated companies on a monthly/quarterly/annual basis and information exchanges on a quarterly basis. This allowed us to identify 255 necessary improvements across 18 sites including those in Incheon and Gwangyang, PT.BIA, POSCO International Textile, and POSCO Mobility Solution. Apart from this, we established serious injury rapid response guidelines, and are conducting annual drills in preparation for serious injuries to facilitate relevant organizational operation.

Operating Health and Safety Councils

POSCO International operates various regular safety and health councils to strengthen safety and health communication and identify and prevent harmful risks in advance. Also, the health and safety plan is reported every year to the Board of Directors for approval. In addition to operating such decision-making bodies, we appointed the Chief Safety & Health Officer (CSO) to manage health and safety risks, and established a dedicated organization heading and overseeing health and safety operations at all levels, to establish health and safety systems, prevent accidents, and performing inspections and audits in sync with wide-ranging business conditions in Korea and abroad.

Key Activities of Health and Safety Councils

Council	Cycle	Target Attendees	Activity
Occupational Health and Safety Committee	Quarterly	Equal numbers of labor and management members at the Incheon LNG Combined Cycle Power Plant and the Gwangyang LNG Terminal	<ul style="list-style-type: none"> • Deliberate and decide on health and safety matters, including the development of occupational injury prevention plans in the workplace (Article 24 of the Occupational Safety and Health Act)
Health and safety information exchange with overseas operations	Quarterly	HQ and 10 overseas worksites	<ul style="list-style-type: none"> • Regularly compile and address company-wide H&S statistics, and discuss issues • Disseminate safety laws/H&S management standards and systems
Self-initiated safety meeting	Monthly	Leaders at the Incheon LNG Combined Cycle Power Plant and the Gwangyang LNG Terminal	<ul style="list-style-type: none"> • Share safety activities and safety risk improvement activities at the worksite level
Partner safety meeting	Quarterly	Chief officers, Safety Section, and site managers of partner companies at the Incheon LNG Combined Cycle Power Plant and the Gwangyang LNG Terminal	<ul style="list-style-type: none"> • Consultation on matters including risk assessments conducted in the workplace (Article 79 of the Enforcement Regulation of the Occupational Safety and Health Act)
Group-wide health and safety council and Communication Day	Monthly	14 Group affiliates	<ul style="list-style-type: none"> • Upgrade standardization of H&S management by reviewing and sharing the H&S management system operational status of Group affiliates

Health & Safety

Improving Health and Safety Communication and Capabilities

Key Activities in 2023

To embed health and safety management into our day-to-day routines, we provide a range of trainings and drills to our employees and partner employees while operating campaign communication channels to build a health and safety culture across the entire value chain. Operating a wide array of communication councils specifically ensures that we heed the voice of all stakeholders and continue with improvement activities.

Health & Safety Trainings and Exercises

Competency enhancement training	<ul style="list-style-type: none"> Trained risk assessment experts across our entire operations with the help of third-party specialized organizations Provided training on oxygen and hazardous gas concentration measurement for power plants through the Korea Occupational Safety and Health Agency (KOSHA)
Emergency drill	<ul style="list-style-type: none"> Operated the safety experience center at power plants, provided VR-assisted safety experiences, and practiced CPR solutions Selected possible scenarios across all domestic/overseas operations and performed 260 periodic response drills in total Operated the company-wide emergency response team in preparation for cyclones to preemptively inspect 14 sites, including directly-operated, contracting, and affiliated companies, and provided real-time monitoring and support Conducted joint emergency response drills with the local 119 safety center near the Incheon power plant Provided safety training to the families or employees working at the Incheon power plant and local community members
Partner safety training	<ul style="list-style-type: none"> Provided safety training including safety rules to those newly given access to power plants and terminals Supported our business partners with fire drills, CPR training, and H&S reinforcement training
Robust process to respond to serious injuries	<ul style="list-style-type: none"> Established and operated the phased response process to address the occurrence of serious injuries, and organized a serious injury response team and conducted drills Identified necessary improvements in relation to confirming the identity of the injured, care for bereaved families, and enhanced procedures for the target and scope of operations to be suspended

Health & Safety Culture Development

H&S campaigns and promotions	<ul style="list-style-type: none"> Established a 'No-Blame Culture' to point out but not blame mistakes while encouraging rewards Strengthened year-round hazard/risk identification (operated social network channels) Selected and awarded best safety observation cards Held a contest for risk assessment slogans and awarded best practices for risk assessment implementation
Establishing a field-driven safety management system and strengthening safety execution	<ul style="list-style-type: none"> Strengthened responsibility for safety through the on-site Check & Feedback activities led by executives and leaders (executive: at least 3 times per week, leaders: 5 times and more per week) Promoted communication through regular on-site safety mentoring, and produced and used the safety calendar for enhanced execution

Communication Channel

Communication council	<ul style="list-style-type: none"> Operate the Occupational Health and Safety Committee (Incheon LNG Combined Cycle Power Plant, Gwangyang LNG Terminal, each overseas corporation), H&S information exchanges with overseas investment corporations, self-directed safety meetings at the Incheon LNG Combined Cycle Power Plant and the Gwangyang LNG Terminal, and partner safety meetings Engage in health and safety communications and operate KakaoTalk information channels to receive concerns through the safety whistleblowing channel (either anonymously or under one's real name), take action, and provide health and safety information
Smart Safety	<ul style="list-style-type: none"> Displayed QR codes at the top of the safety work permit to support on-site workers to easily access work safety standards and necessary safety actions

Health & Safety

Reinforcing Incident Prevention and Partner Support

Key Activities in 2023

We engage in leadership-led Check & Feedback activities and pre-work on-site safety activities to ensure more rigorous incident prevention in the workplace, and support partners with health and safety management guidelines, health and safety assessments, safety meetings and consulting services to assist them in establishing a well-structured health and safety management system.

Incident Prevention in the Workplace

Leader Check & Feedback activities	<ul style="list-style-type: none"> • Rolled out 'execution-focused Check & Feedback' activities: management, leaders, and safety departments perform patrols by unit task to observe and review the safety of worker behaviors, facility conditions, and compliance with standard procedures
Pre-work on-site safety activities	<ul style="list-style-type: none"> • Took rigorous pre-work safety measures through risk assessment and TBMs before commencing all work procedures • Performed risk assessments on non-routine, non-standard, unscheduled work, and did not perform work without risk assessment • Established and updated safety work standard manuals to prevent incidents in performing maintenance/repair to ensure effective risk assessment
Efficient safety organization development and operation	<ul style="list-style-type: none"> • Operated a company-wide safety organization and assigned expatriates in charge of safety to establish a safety management system early on and monitor its implementation • Clarified roles & responsibilities (rule & process) for level-specific safety activities and systematically verified compliance with safety standards
Regular audits and inspections	<ul style="list-style-type: none"> • Conduct regular health and safety audits and inspections on all domestic and overseas operations under the supervision of the Safety & Health Department at the HQ • Conduct regular inspections with the site-specific safety department taking the lead as well as joint inspections with partners
Right to stop work and the safety whistleblowing channel	<ul style="list-style-type: none"> • All stakeholders may exercise their right to stop work when identifying unsafe situations in the workplace, and submit reports to the safety whistleblowing channel (either anonymously or under one's real name)

Case. Rolling out Leader Check & Feedback Activities

To clarify safety roles and responsibilities in the workplace and establish a culture of safety with our top management leading by example, heads of corporations, business groups, 지구, and plants periodically perform itinerant inspections on-site and on maintenance and repair to take stock of our safety management. This strengthened our top management's commitment to safety, and promoted safety awareness-raising activities for employees under the leadership of management. Such activities include holding TBMs as part of morning briefings, plantation workers wearing safety gear, implementing safety innovation tasks, and integrating special safety provisions in signing construction contracts. Conducting regular inspections allows us to observe areas where our leadership's commitment to safety has yet to reach and to identify and implement necessary improvement tasks.

Partner Support

Partner health and safety management guidelines	<ul style="list-style-type: none"> • Highlight that POSCO International's health and safety management guidelines apply to all stakeholders including employees to preemptively identify and eliminate health and safety risks for all stakeholders, continuously improve the health and safety management system, and establish a health and safety cooperation system with partners
Establish a field-driven safety management system and enhance safety execution	<ul style="list-style-type: none"> • Supported health and safety supplies and facilities, including COVID-19 disinfection supplies, personalized protective glasses, and rest areas • Collected partner feedback through joint inspections and improved safety facilities and risk factors • Made our health care room available and shared health care activities to prevent work-related illnesses • Supported training and training materials to help partners with injury prevention • Achieve zero partner injuries in 2023
Safety management system operation	<ul style="list-style-type: none"> • Establish a safety management responsibility system in line with the size and risk of work performed by subcontractors <ul style="list-style-type: none"> - Mandatory safety management expenses(3%) for high-risk work through the qualified subcontractor selection program - Make sure safety accounts for 40% of the partner performance assessment(annual) conducted for contract renewal to ensure partners' safety management → Request partners who fail to meet the set internal standards based on assessment results to identify and implement improvements - Prohibit workers with medical issues specified in the contract terms and conditions, restrict bid participation as penalties for non-compliance - Conduct random inspections on safety management plan implementation for qualified partners performing high-risk work • Support safe work operations by identifying and improving work risks through joint safety inspections, itinerant inspections, and health and safety councils
Operating partner safety meetings	<ul style="list-style-type: none"> • Operate monthly partner safety meetings and conduct quarterly joint itinerant inspections to make necessary improvements
PSM technical support consulting	<ul style="list-style-type: none"> • Disseminated safety culture among locally-based companies through PSM matching support consulting led by KOSHA <ul style="list-style-type: none"> - Paid visits at least once a month to assist partners in establishing a process safety management system and a health and safety management system along with PSM safety supplies

Health & Safety

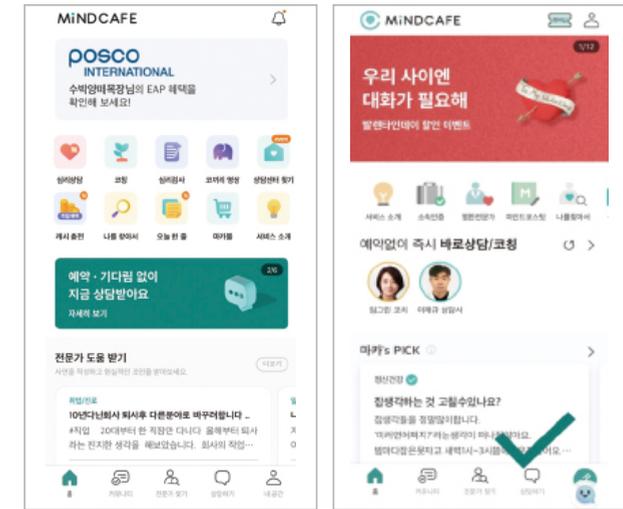
Advancing the Occupational Health Preventive Management System

Key Activities in 2023

We provide a range of health care programs to promote the health of our employees and their psychological well-being. In 2023, we launched the Inter-Health Program, which we named after an employee contest, with four themes: smoking cessation, sobriety, dietary improvement, and exercise to reduce body fat. Specifically, we made donations matching the walking exercises performed by our employees to raise KRW 100 million in 'With Walk Donation', and delivered them to ChildFund Korea. In addition, we expanded the hours of operation of our Seoul Psychological Counseling Center to 24 hours a day and provided non-contact support, and operated a mandatory psychological counseling program for leaders to improve organizational culture. In recognition of such efforts, we were certified as the 'Health-friendly Business' by the Ministry of Health and Welfare with high scores on November 24, 2023. We also made our health care room available for partners and operated health promotion programs while providing supplies for heat-related illnesses and supporting CPR training. At the curtain wall construction site, we conducted AI-assisted electrocardiogram tests before work to prevent high-consequence injuries caused by cerebro-cardiovascular diseases.

Employee Health Management

<p>Health check-ups and follow-up management</p>	<ul style="list-style-type: none"> Supported annual comprehensive checkups (paid leave) for all employees and biennial comprehensive checkups for their spouses POSCO Mobility Solution: Provide general/comprehensive check-ups to all employees Support special check-ups for high-risk work employees, including brain cardiovascular disease examination Operate health promotion and hearing preservation programs based on work environment measurement results Provided tetanus vaccination for workers that handle metal (663 persons in 2023)
<p>'Inter-Health' health promotion program</p>	<ul style="list-style-type: none"> Operated four company-wide sub-programs – smoking cessation, moderate drinking, dietary habits, and workout – and publicized the program through in-house promotions and a slogan contest ① Supported smoking cessation training, counseling, and supplements, ② encouraged moderate drinking, ③ held dietary habit events (low-sodium meals), and ④ operated the monthly Walk-on event along with the body fat loss challenge event
<p>Musculoskeletal disease prevention</p>	<ul style="list-style-type: none"> Regularly investigate causes of musculoskeletal strain, and assess hazards by conducting symptom surveys on employees exposed to musculoskeletal risks, improvement measures were implemented by gathering feedback from specialized organizations Installed Ceragem equipment and operated low-frequency therapeutic devices to prevent musculoskeletal diseases
<p>Strengthened mental health care for employees</p>	<ul style="list-style-type: none"> Expanded psychological counseling (Seoul) and supported 24/7 virtual counseling Operated a mindfulness-themed meditation program (Songdo) Operated the monthly Healing Day program Operated the psychological counseling program mandatory for leaders (for 291 persons) Provided mental healthcare services in partnership with the Incheon Seo-gu Mental Health Welfare Center (Incheon)
<p>Supporting Partners with Health Management</p>	<ul style="list-style-type: none"> Make medical rooms constantly available and operate additional temporary medical rooms at large-scale repair sites (Incheon) Launch the '505' health promotion campaign for partners (Incheon) Provide support to prevent heat-related illnesses, including cold water, insulated storage boxes, rest areas, and saline glucose Support CPR training for partner employees Conduct AI-assisted electrocardiogram tests on all employees during TBMs before work (curtainwall construction site)



24/7 virtual psychological counseling app



Health-friendly business certificate



Establishment and operation of psychological counseling reservation site

Health & Safety

Risk Management

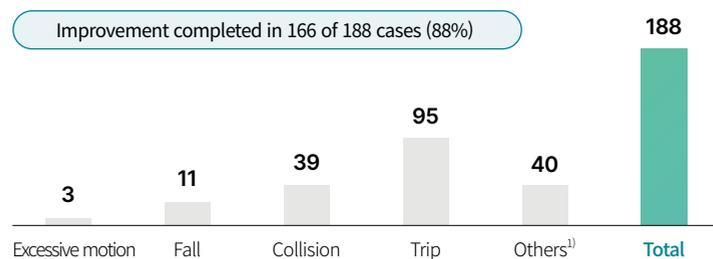
Near-miss and Potential Risk Analysis

In analyzing near-misses and potential risks, we categorize risks by type and make improvement accordingly. Our 2023 near-miss analysis identified risks such as trips, crashes, falls, being jammed, and being struck by falling objects concerning facility improvement and orderliness, and revealed that trips (95 cases) and crashes (39 cases) accounted for the highest proportion. The analysis results will inform our efforts to develop plans for focus areas requiring improvement in 2024.

All our operations follow the PDCA (identify & improve, review, and reward best practices) cycle for hazard/risk management. We identify and improve risk factors (P,D) for all workers in our workplace through near-miss, Risk Top 5, joint inspection, risk assessment, and Safety Whistleblowing activities. The Safety Whistleblowing program is made available for internal/external stakeholders including partners, and 100% of cases received were handled. In the review (C) phase, regular inspections are performed under the supervision of the health and safety officer of the operational site and the CEO. In the final reward (A) phase, groups and/or individuals are rewarded for their best practices to motivate employees to participate in our safety activities. When an incident occurs, this is immediately escalated to the CEO, and the incident is reported within 24 hours, followed by the investigation report made within seven days and the action taken reported within 30 days. We also implement prevention measures to make doubly sure that similar incidents do not occur.

Near-miss Analysis Results in 2023

(Unit: cases)



1) Others: Electric shocks, traffic, being struck by falling objects, exposure to extreme temperatures, collapse, cuts, punctures, and being jammed

Process Safety Management Assessment

In January 2023, we completed the timely notification of safety licenses for the merger without any special issues, and in the case of the Process Safety Report (PSM), we re-evaluated the implementation status in accordance with the Ministry of Labor's notification. In addition, 17 items for improvement are planned to be completed within the year based on the result of the new evaluation of the PSM implementation status from March 11 to 14, 2024.

Monthly Safety Inspection Themes and Actions Taken

Theme	Action Taken
Inspecting protective gear storage boxes	Replaced gas mask filters, etc.
Testing and inspecting eyeshower facilities	Performed maintenance on eyeshower facilities, replaced signboards, etc.
Inspecting forklifts and mobile cranes	Verified whether forklifts and mobile cranes on the premise received automotive inspections and safety inspections

Safety Case

POSCO International is implementing the Operations Safety Case²⁾ program established in accordance with regulations of the UK Health and Safety Executive (HSE). In partnership with ERM, a third-party specialized organization, we assessed the Shwe Project in Myanmar for any critical hazards to evaluate the performance of relevant facilities, the appropriateness of the maintenance system, and our accident prevention and response capabilities while making necessary improvements. To minimize risks from critical hazards, we strengthened the performance evaluation criteria for process safety prevention/protection facilities and added them to the risk assessment items, and strengthened emergency response system inspections and training drills. This enabled us to maintain zero injuries while proceeding with phase 2 and phase 3 developments of the Shwe Project. In undertaking the upcoming phase 4 development, we will align our risk assessment with Safety Case requirements to manage risks at the ALARP (As Low As Reasonably Practical) level.

2) In the wake of the Piper Alpha disaster which resulted in the loss of 167 lives in 1988, the UK Safety Case Regulation was updated and disclosed accordingly to mandate offshore platform operators to prepare and gain approval for the Safety Case specific to their facilities.

Rigorous Risk Assessment

We updated our regular risk assessment in line with the amendments made to the Ministry of Labor and Employment 'Workplace Risk Assessment Guidelines' in 2023. This was also paired with the improvement of our regular risk assessment procedures and forms to establish a hazard/risk management system. At the department level, all work duties and tasks were listed and work risk analysis procedures were added to their work scope, along with the addition of 'hazard/risk factors' to relevant standards to make it easier to identify risk factors. A special inspection team was organized to establish a risk assessment system and review its implementation from September 11 to 14 in 2023. On top of this, a company-wide inspection team consisting of safety department leaders and working-level personnel was set up to review our implementation against the checklist provided by the Ministry of Employment and Labor. This demonstrated that all our operations were at a 'satisfactory' level, and work is ongoing to improve some deficiencies identified. To establish a field-driven, self-disciplined prevention system early on, we invited external experts to provide advanced training aiming to nurture risk assessment experts. This came in tandem with ongoing risk assessments performed to integrate risk assessment into our daily routine and a 1-month special hazard/risk identification period held between April 18 to May 15 in 2023.

Third-party Certification Audits for Compliance with the Serious Accidents Punishment Act

POSCO International was certified for our company-wide compliance with the Serious Accidents Punishment Act under the supervision of DR & AJU, a law firm. To bolster our execution of this Act, we received audits for two months from June 2023 to certify our Incheon power plant and Gwangyang terminal for compliance with the Serious Accidents Punishment Act in September 2023.

Ethics/Fair Trade

Our Commitment

Strategic Approach	Mid/Long-term Goal	Plans for 2024	Key Achievements in 2023
Embedding ethics management into our day-to-day routine	<ul style="list-style-type: none"> Establish a global top corporate culture of compliance Establish a systemic prevention process to ban unjustified requests to raise the bar on anti-corruption Create a Corporate Citizenship culture to pursue trust and creativity through ethical risk management 	<ul style="list-style-type: none"> Perform preventive audits in Korea and overseas to eliminate management risks and unethical practices Expand on/offline training by region/job level to eliminate any ethical blind spots Update our ethics regulations in reflection of UN guidelines (anti-corruption, fraud, conflict of interest, sexual ethics) and establish manuals to respond to noncompliance with respect for human rights to bolster ethics infrastructure Build counseling and investigation channels operated by external professionals to strengthen the objectivity of investigations and the protection of victims Supplement the operation of the ethics practice council and reinforce ethics training for vulnerable overseas locations 	<ul style="list-style-type: none"> Provided all employees with special lectures by external instructors to raise awareness on sexual ethics and respect for human rights Held ethics discussions for group heads and section leaders, gathered grievances from working-level departments, and raised an ethical mindset Conducted ethics reviews in tandem with comprehensive reviews conducted in Korea and overseas and preventive audits conducted on high-risk areas Created the ethics practice council and internalized self-directed ethical practices at the working-level department level Introduced an ethics survey for domestic investee companies lacking their own audit organization, and supported follow-up measures including ethics training and investigation/interview/reporting to address concerned raised
Establishing a culture of fair trade	<ul style="list-style-type: none"> Identify laws and regulations at increased risk of non-compliance and engage in status review, training, risk assessment, and effectiveness assessment to advance our CP operations and establish a corporate culture of compliance Establish a culture of compliance management and fair trade compliance on par with global standards 	<ul style="list-style-type: none"> Strengthen CP programs and disseminate a culture of compliance <ul style="list-style-type: none"> Continue with updating integrated operational manuals and review subcontract operations to optimize evaluation methods and strengthen assessment and monitoring in the process Organize and operate a compliance council for high-risk departments Supplement and improve in reflection of effectiveness assessment results <ul style="list-style-type: none"> Expand participation in CP events, and diversity training content Roll out compliance activities and improve CP operational personnel at overseas organizations Share data and expand partner support through POSCO Group-wide collaboration 	<ul style="list-style-type: none"> Provided training on major laws and systems including EU's Carbon Border Adjustment Mechanism, the US' IRA, and Korea's Serious Accidents Punishment Act Disclosed our compliance operations through the Korea Exchange Produced and uploaded videos detailing compliance control regulations and other company regulations in English Produced short-form videos on key legal issues and posted them on our webzine Held legal conferences for partners operating at our Incheon power plant and Gwangyang LNG terminal Received an AA rating(excellent) in Fair Trade Commission assessment
Anti-corruption	<ul style="list-style-type: none"> Develop and implement an anti-corruption compliance system in reflection of global standards 	<ul style="list-style-type: none"> Commit to eradicating corruption, ethical misconduct, and modern slavery through CEO messages Review the compliance system of overseas organizations Translate and provide key ethics-related company regulations into local languages, produce videos outlining such regulations in local languages and conduct training Conduct compliance due diligence on third-parties as well as on-site due diligence on high-risk third-parties 	<ul style="list-style-type: none"> Pledged to adhere to fair trade and anti-corruption principles Uploaded our MSA commitment on our corporate website and the Australian and UK government websites Performed risk assessment on 4 major unethical behaviors Translated company regulations associated with anti-corruption into local languages

Ethics/Fair Trade

Embedding Ethics Management

Ethics Management System

Core Value



Operational Directions

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

Governance

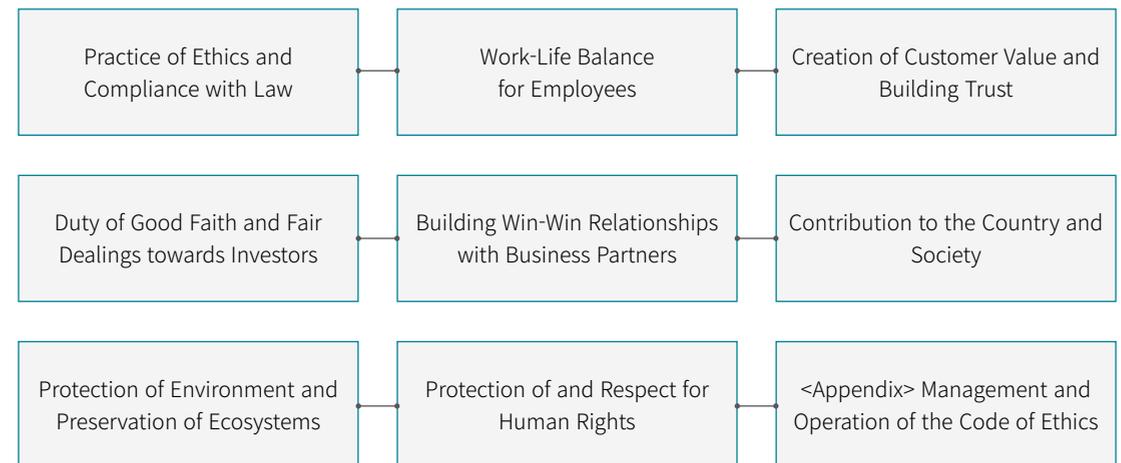
The Corporate Audit Division, which is under the direct leadership of the CEO, is responsible for our company-wide ethics management operations. To reinforce the prevention of unethical practices through a specialized ethics management organization, we separated the Ethics Management Section under the Corporate Audit Department 1 to create the Corporate Ethics Bureau. We also created the ethical practice council to embed ethics awareness across all levels of the Company through employees' self-initiated ethical implementation and engagement in ethical management. This council is joined by 39 mid-level employees, including assistant managers and managers at respective departments, and is tasked with promoting self-directed departmental communication and making activity proposals for ethical management implementation.

Code of Ethics

We believe that ethical values should be the top priority for all our employees, and stipulated our Practice Guidelines to highlight the importance of compliance for all employees. In addition, we partially updated the Code of Ethics to encourage employees' active implementation. We will proactively keep our Code of Ethics up to date with changing conditions to bolster ethical management. Each year, we ensure our employees sign the ethics pledge. In 2023, we expanded the scope of this pledge to include global staff leaders at major overseas investment corporations, having all our employees sign the ethics pledge. In 2024, we are working to ensure our domestic and global employees sign the ethics pledge, and communicated our Code of Ethics in 10 major languages to advance ethical management globally.

Practice Guidelines

Our Practice Guidelines that set the course of action for our employees to properly comply with the Code of Ethics are made available for all our stakeholders including employees through our website and work guides. Guidelines on the prevention of sexual and workplace harassment and on the prevention of conflict of interest were added in 2018 and 2019 respectively. We inform our employees to continuously practice these guidelines and train them on specific details through e-learning. To help global staff working at overseas organizations develop a deeper understanding on our ethical management, we translated seven ethics regulations and guidelines into 10 different languages and produced relevant training videos in 10 languages while making them available across the board in 2024.



Ethics/Fair Trade

Embedding Ethics Management

Ethics Training for Domestic and Overseas Operations

A wide array of ethics training is provided to raise ethical awareness among employees in Korea and overseas and to prevent relevant issues from occurring. In 2023, we conducted training on 118 occasions, including special lectures offered by external instructors on respect for human rights for all employees at our domestic operations, leader training, online/offline training and campaigns.

Ethical Management Training Conducted in 2023

(Unit: courses, persons)

Category		Courses	Completion
HQ	H1 external instructor training on respect for human rights	1	1,785
	H2 external instructor training on respect for human rights	11	1,385
	Ethics training for new hires	1	14
	Ethics training for experienced hires	1	3
	Ethics training for returning expatriates	2	35
	Ethics training for prospective expatriates	1	34
	Ethics training for leaders	44	273
	Ethics training for investee companies and partners	19	315
	Monitoring and post-survey individual training	21	21
	Company-wide ethics campaign	11	17,358
	Discussions at the ethics practice council	7	35
	e-learning on business ethics	1	1,661
Overseas	Ethics training for overseas organizational heads	5	94
	Overseas on-site ethics training	15	136
	Training for global staff dispatched to the HQ	1	3
	e-learning on business ethics	1	209

Ethical Management Training Provided in 2023

(Unit: persons)



* Scope: Employees at the HQ and expatriates at overseas operations

Reinforcing Communication on Ethics Management

We provide counseling to help employees cope with ethical dilemmas that may occur during work, as well as making efforts to terminate unethical practices and establishing a culture of human respect. The surveys were conducted for all domestic and global work places including our global staff, and necessary action is taken for relevant organizations or leaders based on the survey results.

Monitoring Performance of the Ethics Counseling Center

(Unit: persons)

Category	2021	2022	2023
Code of Ethics	23	22	40
Fair Trade	4	2	-
Korea's Anti-graft Act	3	0	0
FCPA ¹⁾ related	3	2	0
Others(workplace bullying etc.)	4	9	2

1) Foreign Corrupt Practices Act

Ethics/Fair Trade

Establishing a Culture for Fair Trade

Governance

We operate the CP Department as a dedicated CP organization under the Legal Department 1 of the Legal Division, and the CP Department is responsible for the operation of the compliance officer and fair trade compliance. Meanwhile, our Voluntary Compliance Committee convenes regularly to share matters concerning our CP operations. At the committee meeting held in April 2023, the voluntary compliance manager appointed committee members while sharing key CP plans for 2023 and providing training. The committee served to share cases of fair trade noncompliance and collect grievances from the field in June, and to review and disclose our compliance with subcontract laws in February and August.

Compliance Program

We endeavor to comply with the Fair Trade Commission's fair trade compliance regulations. Our independent compliance program has been developed and operated since 2011, and we post the CP Fair Trade Guidebook and the Subcontractor Handbook on our website.

CP department revised the existing handbooks into the CP Fair Trade Guidebook by including compliance management and other varying compliance issues. This Guidebook is made available for all employees through our enterprise portal and mobile platforms, and reflects regulatory amendments. We also reorganized our existing online training and notified all employees to attend online training while encouraging all employees at designated high-risk departments to complete such training.

In 2023, we received an excellent rating of AA in the compliance program operational assessment led by the Fair Trade Commission. This assessment aims to rate companies for their fair trade compliance and their training and oversight performance. This year's assessment highly recognized our efforts to conduct overall reviews on our adherence to subcontract laws, hold legal conferences for partners, engage in pre-work consultations with responsible departments in entering into subcontract agreements, make it easier for all employees to receive training, and establish an internal audit system through the appointment of the CP manager and council members at respective business groups.

Fair Trade Training Curriculum

Operate online mandatory training for high-risk and relevant departments	<ul style="list-style-type: none"> Provide training to high-risk and relevant departments Operate CP training for high-risk departments, members of the Voluntary Compliance Committee, and fair trade leaders to promote voluntary participation at all job levels and raise awareness on fair trade compliance
Develop and implement job level specific training	<ul style="list-style-type: none"> Provide the appropriate CP training for different job levels and situations for new hires, experienced hires, returning/newly-appointed expatriates, and global staff at overseas organizations Provide all employees and members of the Legal Division with on/offline training on key pending issues, including the EU CBAM, the Serious Accidents Punishment Act, and the US IRA
Provide video training to global staff at domestic/overseas organizations	<ul style="list-style-type: none"> Translate key company regulations in 10 local languages while producing and providing related videos for the purpose of training and dissemination for global staff at overseas corporations and offices

Fair Trade Training Conducted in 2023

Category	Training content(method)	Target	Completion (no. of persons)
Job level specific training	Business management and fair trade (online training, July, 2023)	Person-in-charge	346
	Special subcontract and fair trade training (online training, year-round)	High-risk departments	172
Comprehensive competency test	Ethics/fair trade subjects(offline training, year-round)	Promotion candidates	32
Training-related activities	Fair trade disclosure training(offline training, May 2023)	Disclosure and verification person-in-charge	19
	POSCO Compliance Academy(Offline, Q3)	CP personnel at Group affiliates	2

Ethics/Fair Trade

Establishing a Culture for Fair Trade

Fair Trade Consulting Support for POSCO Group Affiliates and Partners

We endeavor to establish a culture of fair trade with POSCO Group affiliates and partners. We share our know-how with partners including fair trade-related rules, training, oversight, and other operational plans, and support them in receiving fair trade consulting. In October 2023, we hosted the CP conference for partners working in relation to our Incheon power plant and Gwangyang LNG terminal to brief them on precautions to take in entering into a subcontract agreement and heed the difficulties they face.

Fair Trade Consulting Support Provided in 2023

Group Affiliate	Description of Consulting Provided
Partners for our Incheon power plant and Gwangyang terminal	Held the CP conference for partners to outline subcontract and fair trade laws and gather their difficulties
POSCO Holdings	Expanded the partner CP certification program, provided support in achieving CP ratings, created a training program pool
POSCO E&C, POSCO PLANTEC	Prepared CP ratings assessment report and shared 2022 on-site assessment results.
POSCO Future M	Opened quizzes and shared FCPA materials
eNtoB	Shared relevant materials and know-how on CP assessments

Bolstering Our Overseas CP System

Legal Audit

We conduct legal audits on overseas corporations and offices designated or mentioned as high-risk. This ensures that we go over the legal responses made by respective corporations and offices and verify their procedures to report and handle claims that occur. Such audits also cover such administrative procedures as the practice of review prior to contract signing, criteria for requesting reviews, and the method of contract document storage as well as seal management regulations, locks, usage records, and access restrictions. This essentially aims to ensure the proper implementation of such procedures and supplement any deficiencies identified.

Due Diligence on Agents and Other Third-parties

We identify and manage our third-party engagements in line with the findings generated by external investigators that working with agents and other third-parties who enter into a contract with our overseas corporations and offices gives rise to an increased possibility of corruptive interventions and thus requires periodic and continuous management. Specifically, we assess and manage third-party risks in accordance with our internal standards, and conduct separate research to examine third-party companies for their background, current status, and possible regulatory non-compliance. The written investigation results are verified for their consistency with substantive details to prepare compliance due diligence reports. If necessary, we proceed with additional written investigations or on-site due diligence for intensive review and management.

Compliance System Review

We review and reinforce the compliance system of overseas corporations and offices designated or mentioned as high-risk. This involves taking stock of their implementation status in relation to operating compliance/ethics norms, responding to local regulations, providing relevant training, operating HR and labor systems, operating information security systems, and adhering to anti-corruption principles, and requests are made for improvement when deemed necessary.

Compliance System Review Items

Category	Review items
Compliance and ethics norms	- Presence of company regulations concerning anti-corruption and ethics, disciplinary actions, company regulations made available in local languages - Regular practice of pledging to abide by ethical standards
Response to local regulations	- Identification of and response to local regulations involving noncompliance risk
Relevant training	- Statutory training provided pursuant to local laws - CP training
HR and labor system	- Operational status pursuant to current laws, including standard employment contract reviews and overtime work management among others
Information security system	- Training on information security - Security implementation including the signing of non-disclosure agreements for trade secret protection
Anti-corruption compliance	- Appropriateness of responses related to anti-corruption, including processes governing donations and employment solicitation and whistleblower mechanisms

Ethics/Fair Trade

Risk Management

Clean POSCO International System

Our Clean POSCO International System documents and manages recommendations and solicitations to establish a corporate culture of integrity and fairness. When an employee registers the received solicitation request on the system, we provide guidelines on how to refuse the request, and follow set step-by-step procedures to investigate the case thoroughly. This system encourages employees to voluntarily report solicitations, and serves as a primary mechanism in establishing a fair trade culture. To create a transparent and ethical culture, we are also strengthening our internal whistleblowing mechanisms. In accordance with provisions on the prevention of conflicts of interest, former POSCO International employee data is uploaded on the system and decision makers are re-alerted before granting approval on business with these entities.

Protection of Whistle blowers

Identity Protection

If whistleblowers or other participants of investigation are believed to suffer any disadvantage on HR or other matters, they are eligible for change in positions or assignments.

Confidentiality

Even if whistleblowing is discovered due to business conduct or by chance, information on whistleblowers and other participants of investigation should remain strictly confidential.

Protection against Reprisals

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

Operational Procedures

01

Register the details of solicitation on the system

02

Verify the details by the Corporate Audit Division

03

Notify the applicant

04

Investigation and proper measures taken by the Corporate Audit Division if needed

Internal Control

The Corporate Ethics Bureau under the Corporate Audit Division constantly monitors any noncompliance with applicable regulations and guidelines at the Headquarters and across all our domestic and overseas operations through our unethical practice and workplace harassment reporting system. The Corporate Audit Departments 1 and 2 engage in internal control operations along with general work audits to conduct reviews on legal compliance required for business conduct, the presentation of financial statements, and the appropriateness of the internal accounting control system. All audit findings, including the above-mentioned process, are reported to the Audit Committee.

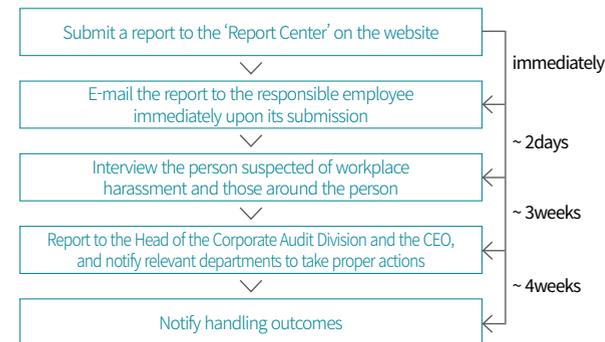
Ethics Audit

We conduct ethics audit by surveying our domestic and overseas workplaces every year. Ethics audits and audits on submitted reports are regularly conducted, and special audits are made on an as-needed basis. In 2023, we conducted ethics audit through surveys and monitoring on 100% of our domestic operations and 42(78%) of our overseas corporations and business sites.

Abuse of Authority Report Center

We operate the Abuse of authority Report Center for all stakeholders, including employees of our business partners, 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



Reporting Channel

Cyber Channel	Visit https://www.poscointl.com/eng/index.html > Reporting Center > Report abuse of authority , or Visit https://www.poscointl.com/eng/index.html > Ethics Management > Report abuse of authority
Corporate Audit Division (Phone/Email)	Tel: 02-759-2194 E-mail: poscointl.ethics@poscointl.com
Post/Visit	Corporate Audit Division POSCO International, 165, Convensia-daero, Yeonsu-gu, Incheon, Korea, 2

Partner Grievances Submitted and Handled in 2023

Report Center	Cases Submitted	Cases Handled
Unethical behavior	0	0
Abuse of authority	1 ¹⁾	1

1) This concern was raised against customer center staff for negligence and unprofessional customer response, and an explanation was sent to the concerned group and to the person who raised this concern.

Ethics/Fair Trade

Risk Management

Proactive Fair Trade Risk Reviews and Audits

We prevent unethical practices in fair trade and subcontracting by engaging in pre-discussions with employees who may potentially face ethical dilemma during work. Our Fair Trade Consultation Office helps employees with decision making in actual work situations. The CP Department establishes CP risk assessment criteria to preemptively assess risks and follow up on high-risk departments.

Risk Review Activities

Analyze fair trade risks by business unit	<ul style="list-style-type: none"> Analyze departments, business, and cases that may potentially lead to fair trade noncompliance Identify the potential risk of violating major fair trade regulations and review high-risk departments Analyze fair trade laws, regulations and conditions based on the previous risk map, complete the company-wide risk assessment table for noncompliance with fair trade/subcontract laws, and manage through self-checks and full contract audits Develop and implement risk mitigation measures based on assessment results, develop residual risk mitigation plans for high-risk departments and continuously manage them
Take stock of and audit fair trade operations	<ul style="list-style-type: none"> Perform full contract audits with a focus on identified vulnerabilities and high-risk groups following self reviews, and guide the use of the standard contract form Examine our regulatory compliance in line with the Fair Trade Commissions' large enterprise policy, and perform audits on fair trade risks through reports submitted or our own monitoring Prevent regulatory noncompliance through the supervision system <p>* No disciplinary actions taken in 2023</p>

Fair Trade Self-check Risk Controls Performed by Department

Organization	Relevant Work	Level of Risk	Risk Controls and Outcomes
Public project	Machinery import/export, defense industry, public procurement, IT healthcare, bio	Medium	Perform full contract audits, distribute the standard subcontract form, and provide special subcontract training during the second half of the year
Automotive parts	EV traction, motor electronic section, automotive parts shipping	Medium	
Human Relations Department	Benefits, wage management	Low	Prepare the checklist on changes occurring at POSCO Group(monthly), and send the list to POSCO's legal affairs division each month for approval

Subcontract Transaction Reviews Made in 2023

Category	Division of Work	Key Review Items
2023. 01.	Full audits for subcontract disclosure	Payment amount, payment period, payment methods, etc.
2023. 06.	Review of subcontract payments made	Review of contracts and contract terms and conditions among others
2023. 07.	Full audits for subcontract disclosure	Payment amount, payment period, payment methods, etc.

Information Security

Our Commitment

Strategic Approach	Mid/Long-term Goal	Plans for 2024	Key Achievements in 2023
Information security	<ul style="list-style-type: none"> • Operate a secure and convenient information security management system on par with global standards • Respond to the increasingly intelligent and sophisticated cyber security threats • Assist investee companies to enhance their information security performance as an intermediary holding company 	<ul style="list-style-type: none"> • Gain recognition for information security excellence for 3 straight years • Bolster the information leak monitoring system based on big data • Take action to establish legal compliance in relation to the amended Personal Information Protection Act • Achieve the TISAX information security certification as requested by German car OEMs • Establish an information security management system • Raise employees' information security awareness • Expand the AI-assisted cyber threat detection system • Establish an attack surface management system • Establish and operate information security management standards for investee companies • Establish a cyber attack monitoring and response system for investee companies • Review and improve information security performance for investee companies 	<ul style="list-style-type: none"> • Recognized for information security excellence for 2 straight years • Maintained the ISO 27001 certification at the HQ • Made reviews and took action to abide by the Personal Information Protection Act • Separated the network between the Incheon power plant and the Gwangyang LNG terminal • Introduced AI/ML-powered e-mail money transfer fraud prevention solutions • Applied ML-based endpoint unknown threat detection solutions • Joined public-private cyber emergency response drills • Integrated the information security management system in the relation to the merger with POSCO Energy • Reviewed information security operation activities (150 activities) each quarter and made improvements • Developed a plan for integrated security cloud operations for major overseas corporations • Assessed key overseas locations for information security performance - 3 companies in Myanmar, 4 companies in Indonesia • Joined information security exchanges with POSCO Group affiliates

Information Security

Information Security Strategy

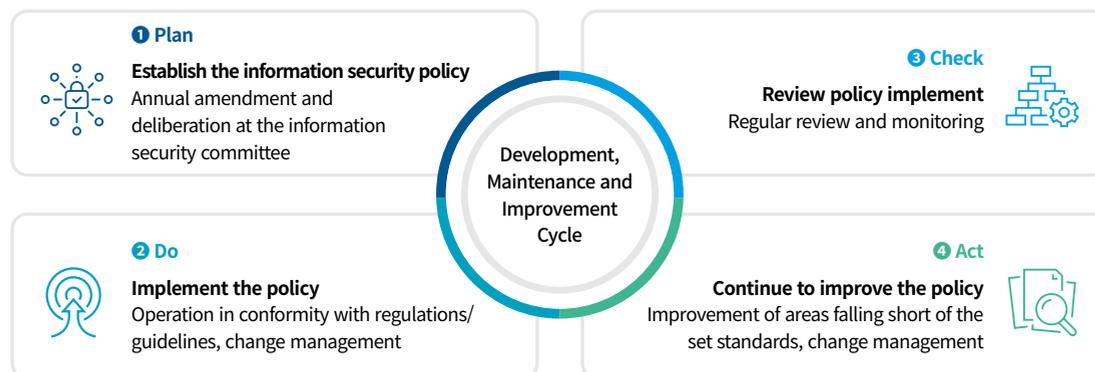
POSCO International has organized three information security strategies: 'Strengthening the global standard information protection management system', 'Internalizing the information protection management system', and 'Improving the information protection level of domestic and foreign subsidiaries'. The activities that we undertake as an intermediary holding company are intended to improve the information security operations of investee companies in Korea and abroad while ensuring the quality of our information security management system at the Headquarters. We also seek help from external security experts each year to review our information security management system and identify vulnerabilities, which are then addressed through improvement measures to reinforce the system at the HQ level.

In 2023, we established an inspection and improvement plan for the 'creation, utilization, and disposal' life cycle of personal information in accordance with the revision of the Personal Information Protection Act, and took action based on priorities. For our investee companies that are relatively lacking in information security, we conduct customized information security assessment to guide them to take action for identified vulnerabilities. In 2024, we plan to provide cloud-based network security services for investee companies for their secure internet use while establishing an integrated security control monitoring and response system to help enhance their security performance. After the merger with POSCO Energy in January 2023, we established a unified information protection policy based on a comparative analysis of the different policies of the two companies. In particular, the Incheon LNG Combined Cycle Power Plant and the Gwangyang LNG Terminal included in the merger were classified as national critical facilities, which prompted us to establish and revise relevant policies in reflection of applicable laws and regulations. We also remain certified to the ISO 27001 International Information Security Management System Standard to support our global business operations, and will achieve the TISAX certification developed by the German Association of the Automotive Industry in 2024 to tap into EV and other broader new businesses areas.

Information Security Organization

We operate a dedicated company-wide information security organization under the executive-level Chief Information Security Officer (CISO) to keep our information security management system up to date. Amid the mounting importance of information security along with the emergence of ESG management, our Information Security Executive Committee is up and running chaired by the CEO and attended by all Board members to share the latest trends of and necessity for information security and to make decisions on our important information security policies. To strengthen the execution of information security policies and systems, we also organized the Information Security Working Committee chaired by the CISO and joined by information security managers and working-level staff from respective business functions to proactively coordinate on information security agendas and gather feedback so that our information security policies are widely disseminated and implemented in our employees' day-to-day routine.

Strategic Key to Information Security (PDCA, Plan - Do - Check - Act)



Information Security Working Council

Information Security

Bolstering the Global Standard Information Security Management System

In September 2022, we achieved the ISO 27001 International Information Security Certification to gain global recognition for our information security capabilities, and received surveillance audits in 2023 to proactively safeguard and manage our critical information assets through the well-organized information security management system. In particular, our entire HQ operations, including overseas subsidiaries, remain certified to ISO 27001 as this international certification standard covers IT security, operation, development, maintenance and support systems for an entity's global business system. We made information security disclosures on our investments, personnel, certifications, and activities to the Korea Internet & Security Agency (KISA) in accordance with the amended Information Protection Industry Act in 2022, and was recognized by the KISA, a government agency, for the excellence and reliability of our information security management system for two straight years in 2022 and 2023.

As our supply of permanent magnets, motor cores and other automotive parts to European car OEMs expands, we plan to achieve the TISAX information security certification required by German, EU and other global car OEMs by the end of 2024 to support and facilitate relevant business activities.

Upgrading the Information Security Operations of Investee Companies

Amid the increasingly intelligent and sophisticated cyber threats, we engage in wide-ranging activities to assist investee companies relatively lagging behind in information security capabilities to improve their information security management system as a way to drive our sustainable operations and growth. This starts with preparing and providing information security regulation and guideline templates to investee companies and offering guides and training materials to help them undertake activities to raise information security awareness. In particular, the sustained attempts to commit trade payment fraud through e-mail hacking alerted us to introduce and operate machine learning-based e-mail money transfer fraud prevention solutions for investee companies. In 2023, we established essential PC and network security solution application guides for respective investee companies to respond to cyber attacks. In 2024, work is currently underway to adopt essential security solutions in consideration of the business conditions of different investee companies to establish an integrated monitoring and response system against cyber attacks to provide a secure working environment by the end of 2024. In 2024, on-site checks will be made on eight domestic investee companies in line with our information security checklist to provide improvement guides and practical assistance to remedy the deficiencies identified. Beyond Korea, we will engage in annual information security assessment and assistance for investee companies operating in key overseas locations to mitigate security risks they may face.

Employee Awareness-Raising Activity

In 2023, we assessed our employees' awareness on information security and collected their feedback while benchmarking other companies to address identified vulnerabilities. In 2024, we are focused on strengthening training for employees involved in information security operations and on providing various programs to invoke employees' attention and interest in information security and encourage their voluntary participation.

In particular, we offer information security training tailored to employees handling personal data and HR & labor relations managers, along with producing and distributing posters displaying essential internal information security rules on a quarterly basis. These posters will be made available in the five languages of Korean, English, Chinese, Indonesian, and Spanish for overseas investee companies to help elevate their information security awareness.

Our information security newsletters serve to keep our employees current with the latest information security trends and precautions. In tandem with this, quarterly phishing e-mail simulations are conducted to embed information security awareness in our day-to-day routine, along with semiannual daily security checks. We reward employees for their contribution to reporting suspicious phishing e-mails or money transfer fraud e-mails with a small token of appreciation to improve positive perceptions on information security activities.

Information Security

Robust Response to Intelligent Cyber Threats

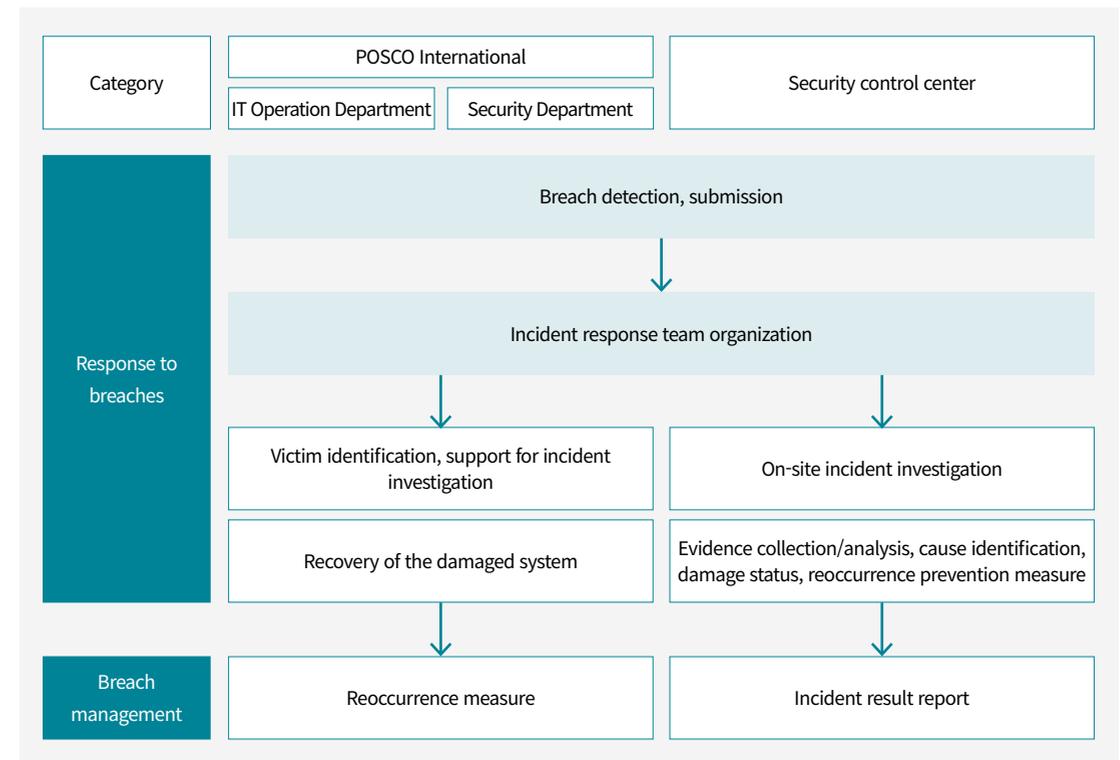
As cyber attacks grow sophisticated year after year, information security requirements and sanctions become increasingly robust in response. This is why we at POSCO International keep monitoring cyber attacks 24/7/365 through our Group-wide security control services to ready ourselves for any emergency in real time. In 2023, we successfully deterred 1,859 cases of cyber threats (six types of intrusion attacks including data leaks, malicious codes, web attacks, and hacking attempts) per month on average. We have designated organizations in line with our security breach response guidelines to enable prompt response based on the emergency contact list in the event of a breach. Furthermore, we cooperate and partner with five external specialized organizations to swiftly respond to any intrusions that do occur. Public-private cyber threat response drills also serve to verify and improve our response system. In addition, we stay informed on recent intrusion incidents with the help of the National Intelligence Service and other specialized security organizations and reflect such information into our operations. Upon detecting any risk associated with information security, we immediately communicate this to employees through card news, information security newsletters, and pop-ups. Globally, hacker organizations supported by governments in China, Russia, Eastern Europe, and North Korea launch e-mail hacking attacks as a means of earning foreign currency, leading to continued increases in money transfer fraud and the resulting damages. As our operations inherently involve frequent e-mail interactions with overseas business partners, this makes us a continued target of e-mail money wire fraud. In response, we introduced AI/ML-assisted e-mail security solutions to deter email attacks and trade fraud damages, which enabled us to detect and block a total of 3,871 BEC (Business Email Compromise) email attacks in 2023. To combat the breach of internal corporate data, we conduct preventive monitoring to ensure our former employees are not involved in any leak of trade secrets. When detecting suspicious behaviors, we offer them an opportunity to provide justification. In 2023, there were zero incidences of data breach, and we will further advance our monitoring system in the years ahead.

External Information Security Audit

We independently engage in information security management system inspection and improvement while achieving and maintaining external information security certifications. Our information security management system receives rigorous inspections by independent and professional external experts each year to pursue necessary improvements on the deficiencies identified as such. Every May, we identify critical IT assets that we own, check IT assets for their vulnerabilities, and identify actions to be taken. This is followed by the development of a masterplan to periodically review whether necessary actions are properly taken. We also engage professional third-party white hackers to launch simulated hacker attacks on our publicly available websites each year to discover and remedy vulnerabilities. All information systems that we develop are reviewed by external experts for source code vulnerabilities, and actions are taken to remedy the vulnerabilities uncovered through penetration testing.

Damage Reporting and Handling

Our privacy policy is disclosed on our website and outlines the customers' rights concerning all personal information related inquiries, complaints, damage relief, and access. Any damage caused in relation to information security could be reported to our department or personnel responsible for data privacy. We immediately initiate investigation upon receiving such reports and promptly take action when issues are identified. In particular, we purchase data privacy liability insurance each year to compensate for the damage done to the data subject in the event of personal data breaches affecting customers, business partners, and employees. In 2023, zero reports were submitted in relation to data privacy breaches.



Social Impact

Our Commitment

Strategic Approach	Mid/Long-term Goal	Plans for 2024	Key Achievements in 2023
Green Planet	<ul style="list-style-type: none"> Undertake energy efficiency improvement projects to support more than 20 energy-poor households by 2030 Undertake 7 local environmental conservation projects to promote biodiversity by 2028 	<ul style="list-style-type: none"> Improve energy efficiency for 5 energy-poor households near our worksites and support 3 welfare facilities to install solar PV power generators Create 1 community forests and protect flagship species in Incheon to promote biodiversity 	<ul style="list-style-type: none"> Created eco-friendly forests near our worksites <ul style="list-style-type: none"> Created the 4th fine dust reduction forest in Incheon City Park (Kathuryeom Park) Supported energy efficiency improvement and solar PV power generation installation <ul style="list-style-type: none"> Improved energy efficiency for 5 energy-poor households Supported solar PV power installation for 3 welfare facilities Biodiversity conservation <ul style="list-style-type: none"> Improved the environment for the Black-faced Spoonbill Eco Center in Incheon Removed harmful habits and engaged in cleanup activities near the Yangjae Stream
Global Community	<ul style="list-style-type: none"> Undertake 11 global social impact project customized to meet the needs of the local communities where our overseas operations are located by 2028 Undertake 7 multicultural family support projects by 2028 considering the high proportion of such families in Incheon 	<ul style="list-style-type: none"> Support 20 mothers from multicultural families living in Incheon to become self-reliant through capacity building for mental health resilience Support language learning for 700 school-age children from multicultural families in alignment with employee volunteering Support 20 immigrant teenagers in Incheon to provide program to settle in Korea 	<ul style="list-style-type: none"> Improved the basic healthcare environment for community members near our Indonesian palm plantation <ul style="list-style-type: none"> Provided consulting to build new local clinics and necessary medical equipment to strengthen local healthcare infrastructure Provided health check-ups and treatment to 1,518 community members Supported foreign language learning for future generations in Uzbekistan <ul style="list-style-type: none"> Provided English language education to 63 teenagers selected by the local education authorities in Fergana Opened a Korean language training center within the Fergana education center and supported free Korean language education
Future Generation	<ul style="list-style-type: none"> Undertake various support programs for 200 teenagers and young adults by 2008 	<ul style="list-style-type: none"> Support trade/economy/energy/environmental education for 120 children at welfare facilities in the Seoul metropolitan region with the help of undergraduate volunteers Undertake a mental healthcare support project for over 4,300 elementary school students in Seo-gu, Incheon Increase the number of beneficiaries under the 'Mobile ESG Class' operated in Seo-gu, Incheon (children at local children centers – 1st-year middle school students) Support emergency living expenses and education expenses for 100 young carers in Incheon 	<ul style="list-style-type: none"> Operated university student volunteer programs for underprivileged children <ul style="list-style-type: none"> Provided 1:1 learning mentoring and extracurricular activities for vulnerable children in Seo-gu, Incheon (for 16 children at 4 local children centers) Operated the Mobile ESG Class for future generations in Incheon to help them practice eco-conscious daily habits and grow into responsible leaders (13 locations, 52 learning sessions, 580 participants)

Social Impact

Our Approach

InterACT Together

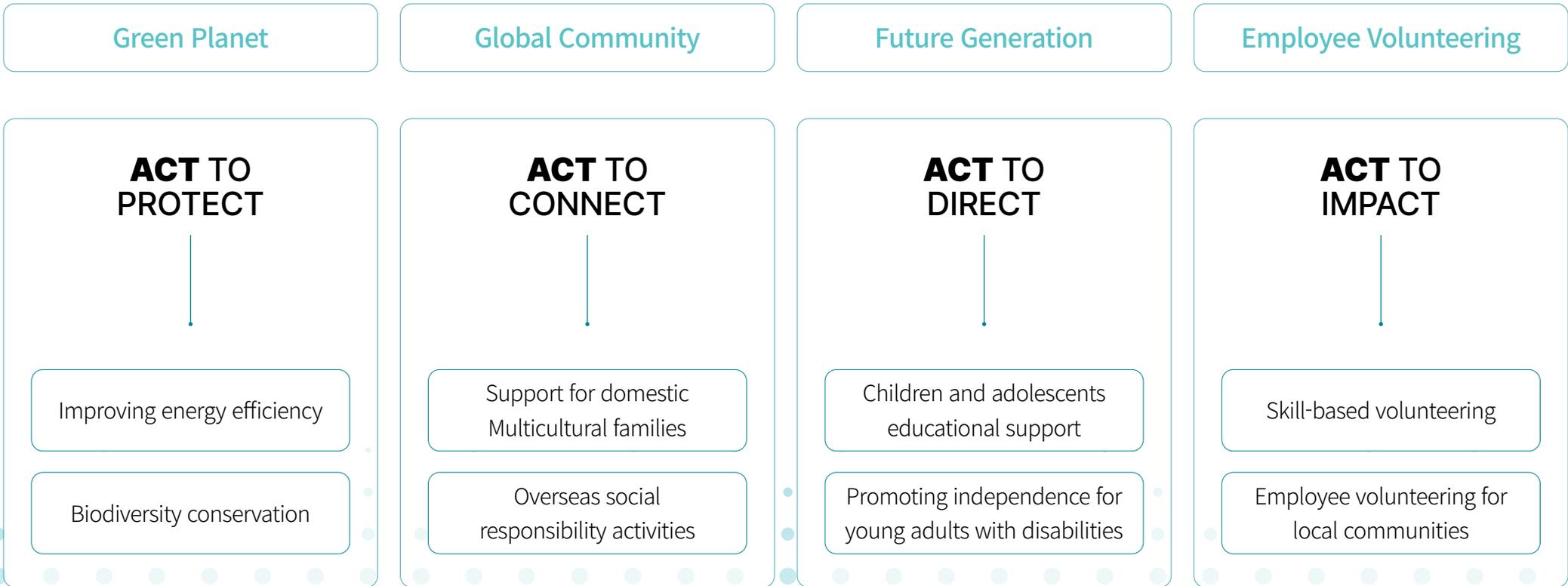
POSCO International acts together for a sustainable future

Mission

Strategies

Goals

Fields of activities



Social Impact

Green Planet

Energy Efficiency Improvement

Helping the poor improve energy efficiency

Since 2012, we have pursued energy efficiency improvement for the energy-poor living in Seo-gu, Incheon where we are based. This involves replacing or repairing worn-out windows and heating devices and performing insulation work to help the socially-underprivileged save on energy costs and provide pleasant living conditions. In 2023, we supported five energy-poor households with internal insulation work, light/window replacements, and new boiler installation to improve their living environment. In continuing with our energy efficiency improvement projects, we will further our efforts to help the energy-poor relieve their energy cost burden and better their residential environment.

Support for PV Power Generators

Since 2013, we have supported social welfare facilities in Gwangyang, South Jeolla, with photovoltaic (PV) power generators. In 2023, we provided PV power generators to three welfare facilities, including a local children center and a self-reliance support facility for people with disabilities. Going forward, we will commit to providing a thriving and safe environment for members of our local communities while continuously pursuing PV power generation to help achieve carbon neutrality at the POSCO Group level.



Supporting Energy Efficiency Improvement for the Energy-poor



Support for PV Power Generators

Biodiversity Conservation

Forestation

Since 2020, we have created forests to reduce particulate matter levels mainly around urban parks in Seo-gu, Incheon where our Incheon LNG Combined Cycle Power Plant is located to help community members live a healthy life. In 2023, PM Mitigation Forest No.4 was established in the Kathuryeom Park in Seo-gu, Incheon: various types of trees were planted including maple trees known for its remarkable benefits in lowering PM levels, along with moss, serving to improve the landscaping of the park and generate large quantities of oxygen, laid out alongside the walking paths. This forest accommodates 88 trees, 1,370 herbaceous flowers, and 75m² of moss, and is expected to reduce nearly 279kg of CO₂ emissions and 174kg of particulate matters.

Raising Awareness on the Local Community's Flagship

Since signing an MOU with Incheon City to promote local biodiversity in 2022, we have been operating the 3-year Incheon flagship species¹⁾ preservation project. Information boards made of PosArt were installed across the key habitats of five flagship species of Incheon to promote these flagship species and raise people's awareness on environmental preservation.

1) Flagship species: Animals and plants selected to represent a specific ecological region



Forestation

Protecting the Habitats of Black-faced Spoonbills(support for environmental cleanups and the registration of Incheon's tidal flats as a World Natural Heritage Site)

To protect the habitats of the endangered species of Black-faced Spoonbills in the vicinity of our HQ, our employees have volunteered since 2023 to reduce ocean litter near the Namdong Reservoir. For seven months between May and December, activities to mitigate ocean litter and ecological trainings were conducted on 14 occasions with over 300 employees participating. Furthermore, we participated in producing educational souvenirs manifesting Incheon's flagship species as part of the city's efforts to register its tidal flats on the list of the World Natural Heritage Sites, doing our part in raising awareness on the importance of safeguarding tidal flats across Incheon's local communities.



Protecting the Habitats of Black-faced Spoonbills

Social Impact

Global Community

Support for Multicultural Families in Korea

Educational Support for Teenagers from Immigrant Backgrounds

We have been an active sponsor for New Dream School, an alternative school for teenagers from immigrant backgrounds in Incheon since 2015. To facilitate their adaptation to Korean society and ensure they grow into responsible members of society, we continue to support them with Korean language education, cultural assimilation, psychological well-being, and nutrition & meals. In 2023, we expanded support for Korean language education by supporting applicants to take the TOPIK, a government-authorized Korean language test. We also exhibit the art works created by these students at the lobby of our HQ building and invite them to the Company, instilling a greater sense of self-esteem among these teenagers and raising awareness on immigrant youth among local communities.

Intermom Project

This project was launched in 2023 to help mothers from multicultural families in Korea develop an increased mutual understanding and acceptance while building their psychological resilience. On/offline sessions were provided to 16 mothers from diverse cultural backgrounds. Reflecting the positive feedback we collected from these participants, we will continue to promote the acceptance of diverse cultures based on mutual respect.



Support for Teenagers from Immigrant Backgrounds

Overseas CSR Programs

Enhancing Primary Healthcare Infrastructure for Local Communities near Our Palm Plantation in Papua, Indonesia

Since 2017, we have been operating the Social Impact program to improve the healthcare environment in Papua, Indonesia. Last year, we provided consulting to build new local clinics and sponsored necessary medical equipment to help strengthen local healthcare infrastructure. A booking system was introduced to enable the process of preliminary clinic visit – diagnosis and treatment – follow-up visit, and oral hygiene and sex education was offered to children and teenagers on an ongoing basis. This helped set the condition for all local residents, regardless of gender and age, to take care of themselves, promoting sustainable health for community members.

Period	Patients treated (persons)	Training participants (persons)
2017.08.20~08.29	160	-
2017.10.21~10.29	1,003	-
2018.06.30~07.08	1,089	85
2018.10.06~10.14	859	110
2019.07.06~07.14	1,143	111
2019.10.06~10.13	1,133	154
2022.09.17~09.25	1,869	351
2023.06.24~07.02	1,518	100



Enhancing Primary Healthcare of Palm Plantation in Indonesia

‘Speak for Success’, Our Education Support Program for the Future Generations of Uzbekistan

Our Speak for Success program initiated in 2022 aims to support teenagers in Uzbekistan with English and Korean language learning to improve their employability skills. In 2023, we offered English language education to 63 teenagers in Fergana chosen by the local education authorities for four months (April 3 ~ July 31). We also opened a Korean language training center within the Fergana education center in partnership with the Korean Education Center in Tashkent in December 2023 to provide free-of-charge Korean language education to teenagers in Fergana.



Education Program for the Future Generations of Uzbekistan

Social Impact

Future Generation

Educational Support for Children and Adolescents

POINTERS Undergraduate Volunteers + POINT Class

Our 'POINTERS' undergraduate volunteer group has been running since 2013 to provide a better learning environment for disadvantaged children living in the vicinity of our power plant. In 2023, one-on-one learning mentoring was conducted to visit and support 20 children at five local children's centers in Seo-gu, Incheon, along with various volunteer activities such as making wind power generator models and properly sorting out waste. In 2024, we will design a curriculum around the topics of trade, economy, environment, and energy in reflection of our business characteristics to encourage our future generations to take interest in these topics and become a responsible member of our society.

Mobile ESG Class

We have operated the Mobile ESG Class program since 2022 to help future generations in Incheon to develop eco-friendly daily routines and grow to become responsible future leaders. In 2023, this program was provided to 580 children at 13 local children centers in Seo-gu, Incheon, and was positively received by participating children and centers. In 2024, we plan to expand its beneficiaries to include middle school students in Seo-gu, Incheon.



POINTERS Undergraduate Volunteers



Mobile ESG Class

Support for Healthy Growth

'INTER-RAIL', Train Travel for Group Homes

We operated the 'INTER-RAIL' domestic train travel program in 2023 for about 100 children and youth from 18 group homes (shared living homes) in Incheon. This provided participating children and teenagers who found it difficult to experience outdoor activities amid the pandemic with an opportunity to ride the E-TRAIN where they can both learn and play to tour around the Jeonju Hanok Village and the National Institute of Economy in Seochon. Combining tourism, culture, and education, this program was joined by 20 employee volunteers to ensure participating children and teenagers bring with them memorable experiences. Going forward, we will design further programs to support the healthy growth of children living at group homes.



Group Home Traveling by Train

Integrated Support for Young Carers

Since 2023, we have supported young carers with living expenses and education expenses so that these teenagers, facing difficulties in maintaining their livelihood as they shoulder the dual burden of continuing their education all while taking care of household, overcome their challenges and move forwards their future dream with confidence. While these young carers are desperately in need of help, they are barely recognized and receive much-needed assistance. In 2024, we will focus on raising awareness on and identifying young carers, and provide emergency support immediately upon discovering them to help them step forward their own future dream.

'The First Step' to Celebrate the 1st Birthday of Babies Awaiting Adoption

We sponsored photo shoots and birthday parties for 12 babies turning one year old in April and May and living in foster care while waiting for adoption, celebrating their first birthday. Our employee volunteers arranged the entire event, directly preparing the birthday table, assisting the doljabi ceremony, taking photos, and MCing the ceremony to create special memories for foster parents while offering congratulations to these babies for their first birthday. Looking ahead, we will continue to celebrate the first step taken by babies awaiting adoption and support their healthy and thriving future.



Celebrating the 1st Birthday of Babies Awaiting Adoption

Social Impact

Employee Volunteering

Employee Talent Donation

Interstellar Supporting Language Education for Children from Multicultural Families

Interstellar, our voice donation volunteer group, volunteers to record children's books to improve language learning at multicultural families and support language development for school age children. A total of 144 employees participated in five volunteer sessions between April and August of 2023. The recorded files were uploaded into 27 reading aids and were donated to nine local children centers in Incheon, along with 540 copies of picture books to help over 700 school age children from multicultural families with their language learning.

Employee Talent Donation

A variety of talent donation activities are undertaken in alignment with employee hobby clubs. For instances, our baseball club members operate baseball classes for children at local children centers in Seo-gu, Incheon. During the Global Good Citizen Week of POSCO Group, our photography club and scuba diving club members took photos of seniors for their longevity and engaged in marine cleanups near their operational sites. In 2023, our employees participated in making a pop-up book themed around eco-friendly energy, scarves, and handkerchiefs, and donated them to less-fortunate individuals in Korea, reaching our ever closer to local communities in so doing.



Interstellar



Employee Talent Donation

Volunteering for Local Communities

Change My Town

Change My Town was designed to encourage our employees to take initiative in making proposals and executing them to resolve difficulties local communities face. In 2023, 195 employees from nine volunteer teams in Korea joined forces to address local community issues: cooking class was provided to married immigrants in Seoul, Incheon, and Gwangyang, food trucks were arranged to offer free meals to homeless people, baking class was conducted for afterschool environmental education at local welfare centers, and learning aids and year-end gifts were donated to local children centers.

Saturday Volunteering

Saturday Volunteering is our CSR initiative voluntarily undertaken by our employees every Saturday. Different weekly programs are operated to protect the habitat of Black-faced Spoonbills in Incheon and Seoul, take care of abandoned animals in Jegi-dong, eliminate harmful plants near the Yangjae Stream, and support facility maintenance at the National Cemetery.



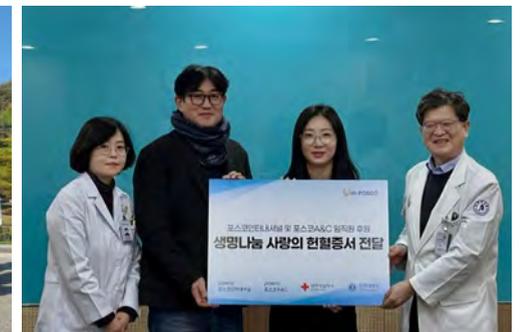
Change My Town



Saturday Volunteering

Blood Drive

Our Blood Drive Campaign that we started in 2016 welcomes anyone working at POSCO Tower-Songdo as well as our own employees. In 2023, 280 people joined this blood drive campaign, and 312 blood donation certificates collected from POSCO International and POSCO A&C employees were provided to the CSR group at Inha University Hospital. This was joined by 162 employees from overseas working at our office in San Paulo, Brazil and PT.BIA in Indonesia among others to further support this meaningful initiative to save lives in Korea and abroad.



Blood Drive

ESG Issue Paper

Myanmar

Shwe Project

Project Overview

POSCO International signed the Production Sharing Contract (PSC) for Block A-1 off the western coast of Myanmar back in 2000. It took 13 years to initiate gas production in June 2013 for the Shwe Project which constitutes the largest overseas resource development project ever undertaken by a Korean private business. The gas produced through this project is supplied to Myanmar and China along the 793km-long onshore pipelines installed between the two countries. Not only does POSCO International ensure the reliable availability of overseas resources through the Shwe Project to serve the national interest of Korea, but has also remained committed to the development of the community in Myanmar to build trust-based relationships with stakeholders. As the international community is tightening sanctions on the military regime in Myanmar in the wake of the emergency situation which broke out in February 2021, POSCO International aims to make the following disclosures on its Shwe Project to continue with transparent communication with the global community and stakeholders.

Business Structure

Shwe Project in Myanmar was initiated in 2000 pursuant to the Production Sharing Contract (PSC), and is structured as an Unincorporated Joint Venture (UJV) under which ownership and liability is separated among investment partners. As such, each party to this UJV has rights and responsibilities over the jointly controlled assets in proportion to the percentage of their respective shareholding, and the proceeds that they receive from the sale of gas are proportional to their share of ownership as an independent gas seller. Meanwhile, the onshore pipeline gas transportation project that connects from the onshore gas terminal to the Chinese border is operated through a joint venture called SEAGP (South-East Asia Gas Pipeline), which was established under the leadership of China's CNPC (China National Petroleum Corporation), separately from the upstream project, the Shwe Project. In the case of SEAGP, China's CNPC-SEAP (China National Petroleum Corporation - South-East Asia Pipeline Company Limited) holds operating rights as the controlling shareholder with a 50.9% stake, and the company is a participating shareholder with a 25.04% stake. Important corporate operation matters, such as suspension of shareholder dividend payments, are decided by resolution at the board of directors or general shareholders' meeting.

Equity Ownership

Category	Upstream	Offshore Midstream	Onshore Midstream	China Onshore Pipeline
Project Scope	Shwe offshore platform	Offshore pipeline (110km)	Onshore pipeline (793km) (Onshore terminal - Chinese border)	Onshore pipeline (1,726km) (Ruili - Guigang)
Type of Project	Consortium		JV (CPNC-SEAGP)	CNPC Sole operation
Project Shareholders	POSCO INT'L (Operator) 51% OVL 17%, MOGE 15%, GAIL 8.5%, KOGAS 8.5%		CNPC-SEAP (Operator) 50.9%, POSCO INT'L 25.04%, ONGBV 8.35%, MOGE 7.37%, GAIL 4.17%, KG-SEAGP 4.17%	CNPC 100%

• OVL(ONGC Videsh Ltd.): Overseas investing corporation of Indian National Oil and Natural Gas Corporation(ONGC)
 • MOGE: Myanmar Oil and Gas Enterprise
 • GAIL: Indian national gas company GAIL (India) Ltd.

• KOGAS: Korean Gas Corporation
 • ONGBV(ONGC Nile Ganga B.V): Overseas investing corporation of Indian National Oil and Natural Gas Corporation(ONGC)
 • KG-SEAGP: Overseas investing corporation of KOGAS

Executive Order 14014 Directive 1 to Sanction Financial Services in Myanmar

On October 31, 2023, the Office of Foreign Asset Control (OFAC) under the US Treasury Department announced the MOGE Financial Services Directive (EO14014_Directive 1) to impose financial sanctions on MOGE (Myanma Oil and Gas Enterprise).

Key Details

- ① On or after December 15, 2023, a US person is prohibited from the provision of financial services to or for the benefit of MOGE except to the extent otherwise provided by law or unless authorized by OFAC.
- ② Aside from financial services, all other activities with MOGE or involving MOGE's property or interests in property are permitted, provided such activities are not otherwise prohibited by law.

* "Financial services" (1138 | Office of Foreign Assets Control)

[Financial services \(1138 | Office of Foreign Assets Control\)](#)

* Application of the 50% rule (1139 | Office of Foreign Assets Control)

[50% Rule \(1139 | Office of Foreign Assets Control\)](#)

This Executive Order applies to all entities, such as a subsidiary or joint venture, that is 50% or more owned, directly or indirectly, by MOGE, and does not constitute any sanction prohibiting the operation of the Shwe Project. This, in effect, sanctions the provision of financial services by a US person to MOGE as of December 15, 2023, and is projected to have limited impact on our operations in Myanmar.



Offshore Rakhine State in northwestern Myanmar (Total height 238M)

ESG Issue Paper

Myanmar

Shwe Project

Litigation on Land Compensation for Local Residents Raised in Relation to the Onshore Gas Terminal

In March 2016, a public interest law center in Korea filed a lawsuit against POSCO International at the Seoul Central District Court with a public interest law firm serving as the legal representative concerning the Company's land compensation process implemented to construct the Onshore Gas Terminal (OGT) in Myanmar. Despite the protracted litigation proceedings which took full three years just to verify the existence of the plaintiffs on the part of their lawyers, the Company faithfully submitted a range of evidence to prove the legality of its land compensation process and proceeded with the court procedures based on legal principles and factual grounds. In all three trials – the first trial on July 21, 2021, the appellate trial on August 18, 2022, and the Supreme Court trial on December 16, 2022-, it was ruled that the Company's land compensation procedures were in accordance with pertinent laws and the Company won all these cases.

Key Details

The issue of human rights violation raised in relation to the Shwe Project by human rights organizations or media first surfaced in the 1990's in the process of developing a gas field by another company, and thus is irrelevant to POSCO International. Acting on the Myanma Oil and Gas Enterprise (MOGE) which was responsible for land acquisition, the Company, followed lawful procedures back then to provide appropriate land compensation to land users. In reflection of feedback from the Myanmar government and external specialists, the Company set land compensation principles in a way that protects the property and human rights of local residents, and organized a land acquisition team along with local government officials, MOGE personnel, and local village heads to host multiple information sessions. This served to provide local residents with detailed explanations on the Company's compensation policy and its procedures in the local language, and to conduct numerous individual preliminary interviews and public hearings to fully integrate feedback from landowners. Gaining consent from the local people entitled to compensation, the Company completed the payment of land compensation which was at least 60% to upwards of 150% above the local legal standards at the time.

Public Procurement Project

Prosecutors' Investigation Concerning the Export of MPSV to Myanmar

In December 2021, the Korean police initiated investigating the Company's export of MPSV (Multi-Purpose Support Vessel) built by Dae Sun Shipbuilding to Myanmar in 2019 for its non-compliance with the Foreign Trade Act. The Company followed lawful procedures and methods pursuant to pertinent laws in exporting MPSV, and faithfully cooperated with the police investigations which included summoning of employees and requesting documentary evidence. On July 20, 2023, the police and prosecutors issued a non-prosecution decision due to lack of evidence, confirming that there was no legal noncompliance nor illegality involved in the Company's export of MPSV.

Key Details

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 introduce Multi-Purpose Support Vessels (MPSV) to transport personnel and equipment to help with the recovery of affected areas and distribute relief supplies to areas lacking proper infrastructure. Prior to exporting MPSV, POSCO International reviewed the Myanmar government's rationale 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 vessels and granted its approval. In June 2017, the delegation of the Myanmar Navy visited the Administration to explain the purpose of deploying 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 technical specifications, 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.

POSCO International is clearly aware of the global community's concerns over and interest in Myanmar. Going forward, we will keep close tabs on the latest trends of the global community and local conditions in Myanmar to abide by the international sanctions against Myanmar that apply to the Company while faithfully fulfilling our role and mission as a global company.

ESG Issue Paper Indonesia

PT.BIA Palm Oil Business

Business Overview

PT.BIA defines its vision as 'Building a Sustainable Palm Business That Contributes to Society', and has fully assessed its impact on the environment and society from the initial business phase to integrate such impact in its decision-making and take necessary action. Building on such efforts, POSCO International was the first Korean company to announce its NDPE (No Deforestation, No Peat, No Exploitation) policy in March 2020, and went on to achieve RSPO (Roundtable on Sustainable Palm Oil) certification in September 2021 to faithfully commit to delivering on the promises it made with the international community.

In August 2009, PT.BIA was granted a plantation business permit (IUP), and received Land Use Change Analysis in September that year to exclude protection forests from the permitted area. As a result, 36,400ha of land was granted as non-forest land by the Indonesian Ministry of Forestry (SKPKH), excluding 3,500ha of wildlife protection areas. The company went on to further exclude 2,205ha of land including swamps and waterways that require protection out of the land that received SKPKH, and earned land use rights (HGU) for the remaining 34,195ha of land allowed for developing plantation, granted under the condition of development pursuant to Indonesian laws. Rather than developing the entire site permitted by the Indonesian government for development, PT.BIA went the extra mile by internally revisiting the environmental impact of its business operations and identified additional 6,454ha of land with high conservation value made up of forests, swamps, and waterways, and voluntarily excluded the land from the scope of development. As a result, PT.BIA proceeded with its development efforts on 27,741ha of land which amounts to approximately 80% of the land initially permitted for development, exceeding the statutory standards set by the Indonesian government in committing to forest conservation and working to minimize environmental impact even from the business development phase.

Protecting Forests and Biodiversity

PT.BIA obtained local permit(Izin Lokasi) for an area of 39,900 hectares from the Indonesian Investment Board in January 2007 prior to commencement of operations, and underwent an Environmental Impact Assessment (AMDAL) process in accordance with Indonesian law. The environmental impact assessment report confirmed that the plantation site was mostly composed of bushes, reeds, and secondary forests. The Location Permit issued by the Indonesian Investment Board also verified that the site fell into the category of Convertible Production Forest, which makes the site available for a transition into non-forest areas.

Note) Areas affected by large-scale fires in 1988

The 1997-98 El Nino is among the strongest recorded in the 20th century, and triggered the global record-breaking natural disaster of large-scale fires that spread across tropical rain forests in Indonesia. PT.BIA's plantation site also experienced massive destruction in most of its forest areas due to the fires that occurred in 1998

Certifications Awarded and Maintained

(As of June 2023)

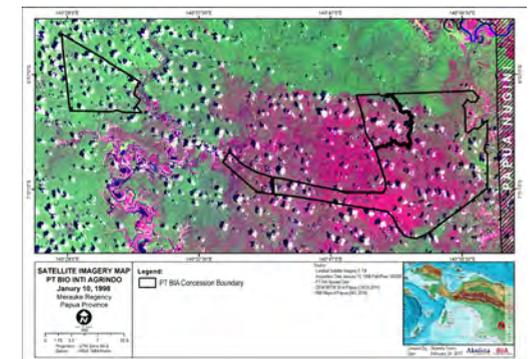
2019. 08	Achieved the ISPO ¹⁾ certification	<ul style="list-style-type: none"> Remain certified through regular third-party audits (annual) (2020~)
2020. 03	Announced the NDPE ²⁾ policy	<ul style="list-style-type: none"> Publish and disclose NDPE implementation progress summary reports (annual) <div style="display: flex; gap: 10px;"> HQ PT.BIA website </div>
2021. 09	Achieved the RSPO ³⁾ certification	<ul style="list-style-type: none"> Remain certified through regular third-party audits (annual) (2022~) Operating the RaCP⁴⁾ approved by the RSPO (2021~)
2022. 07	Achieved the ISO 45001 (health and safety system) certification	<ul style="list-style-type: none"> Remain certified through regular third-party audits (annual) (2023~)

1) ISPO (Indonesia Sustainability Palm Oil): Sustainable palm oil certification granted by the Indonesian government (mandatory)

2) NDPE (No Deforestation, No Peat, and No Exploitation): Policy to prohibit deforestation, peat destruction, and exploitation of local people in conducting palm business

3) RSPO (Roundtable on Sustainable Palm Oil): International certification governing eco-friendly, sustainable palm oil

4) Large-scale, mid/long-term program developed by PT.BIA for environmental protection and community development (period: 2021~2046)



ESG Issue Paper Indonesia

PT.BIA Palm Oil Business

Slash-and-Burn Method

PT.BIA applied legally appropriate methods in clearing the land by using its equipment and personnel. While there were allegations raised over illegal slash-and-burn clearing, this is strictly banned pursuant to Indonesia's domestic laws and may lead to the cancellation of the plantation business permit granted.

Any company given a plantation business permit in Indonesia is obligated not to slash-and-burn for land clearing, and PT.BIA also secured and operated sufficient equipment (bulldozer/excavator) and workforce required to clear the land from the business initiation phase.

Papua in Indonesia where our palm plantation operates is located in the Southern Hemisphere near the equator, and is exposed to the constant flow of southeast trade winds. Land clearing started from the northwestern direction where the port is based and progressed towards the southeastern direction, which is just the opposite of the flow of southeast trade winds (southeast-northwest). If PT.BIA relied on slash-and-burn for land clearing, this would have spread the fire to already-cleared areas as well as PT.BIA's assets and infrastructure, causing massive damages as a result.

PT.BIA has established an independent fire response system to protect community members as well as its plantations and employees from the slash-and-burn practices traditionally implemented by indigenous peoples in the vicinity of its plantations and from fires that naturally occur during the dry season. PT.BIA is equipped with a suite of fire suppression equipment, including fire monitor towers, fire hydrants, fire extinguishers, and fireproof suits on the basis of its fire response manuals. The company also conducts regular fire prevention and response drills for community members as well as its own employees.

Protecting the Quality of Water

In selecting and operating its plantation site, PT.BIA always commits to minimizing its environmental impact on nearby rivers and underground water. While some allegedly claimed that PT.BIA's plantation operation degraded the water quality of the Bian River, the River flows along the periphery of the plantation site, rather than running through it. The plantation site is distanced more than 100m away from any river and more than 5m away from any tributaries pursuant to applicable Indonesian laws. In conformity with the ISPO standards, PT.BIA does not use fertilizers nor agricultural chemicals near the River, and installs signboards in areas close from the River to protect the water quality of the Bian River and other nearby rivers.

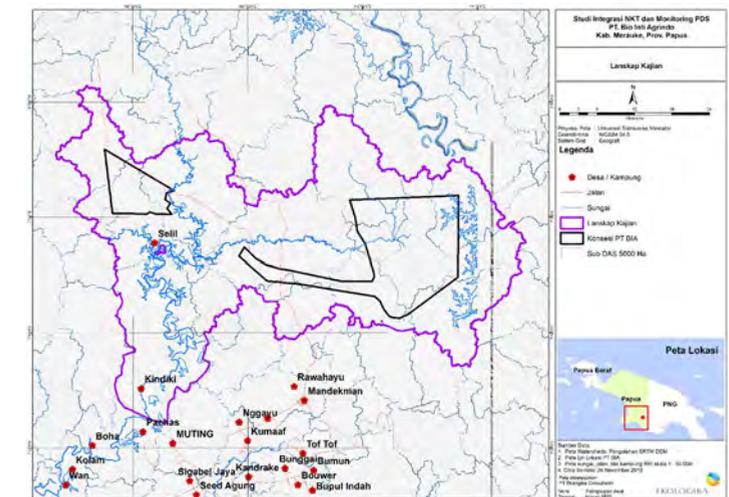
PT.BIA uses the water withdrawn from the reservoir for its CPO mills where FFBs (Fresh Fruit Bunch) are steamed. Three CPO mills currently owned by PT.BIA do not have any pipelines nor drains that discharge into the Bian River and other rivers. The water used at CPO mills (wastewater) is treated through the seven artificial ponds created by PT.BIA as a microorganism-assisted natural purification system, and the organic substances contained are reused for plantation operations (Land Application) in a closed-loop system. As such, PT.BIA does not discharge any of its wastewater into the Bian River.

The Bian River is categorized as Class 2 agricultural water according to Indonesian government's river classification system. In accordance with the regulations and technical guidelines of the Indonesian Ministry of Environment and Forestry, PT.BIA regularly analyzes and monitors the water quality of rivers, and regularly reports analysis results to the Environmental Department of Merauke. To improve the reliability of water quality inspections, the company has engaged indigenous peoples since 2019 in collecting samples for water quality analyses, and held public hearings in areas occupied by indigenous peoples to fully disclose water quality analysis results.

Protecting the Human Rights of Indigenous People

In operating its palm oil business, PT.BIA has sincerely communicated with indigenous peoples for extended periods of time, and provided sufficient information on its plantation business prior to starting operations, along with compensation, employment, and education, in full compliance with the principle of FPIC (Free Prior and Informed Consent). Prior to the development of the palm plantation, PT.BIA worked with the LMA and the Merauke regency office to identify indigenous peoples who have a stake in the palm oil project, such as those who live within the project site and project area of influence or use the site for hunting, gathering, etc. Furthermore, PT.BIA included not only the indigenous people residing within the project's impact area but also those living outside the impact area as stakeholders in the prior informed consent process. This was a voluntary effort by PT.BIA to ensure the broad protection of indigenous people's rights.

PT.BIA Business Site (Black Border) and Impact Zone (Purple Border)



ESG Issue Paper Indonesia

PT.BIA Palm Oil Business

Since holding the first public hearing for indigenous people with interests in the project site in January 2007, PT.BIA continuously communicated with the indigenous communities by conducting multiple public hearings and project briefings until entering the site development phase in 2012. All such hearings and presentations were provided in Indonesian, and were open to any stakeholders wishing to attend including local NGOs, media, and local government departments to freely interact with one another. In accordance with the customary laws of the indigenous people, PT.BIA carried out land compensation procedures with representatives of the tribes who hold customary ownership of the plantation site. The tribal representatives signed agreements confirming their understanding and consent to the land compensation terms. Other tribes who did not have customary ownership but still participated in the consultation process also signed the consent as witnesses. The Indonesian government confirmed that PT.BIA abided by all applicable laws and regulations in reaching agreement with indigenous peoples prior to business execution, and that no issues occurred in the local community.

PT.BIA has established a grievance mechanism based on the RSPO Complaint System and operates a grievance handling channel through its website, allowing all stakeholders to freely access and use it. In 2023, zero grievances were submitted through this grievance mechanism. As to general complaints (requesting support for medical care, funerals, education expenses and others), 42 cases were submitted in 2022 and 12 cases in 2023, which were addressed according to the set procedures.

[See PT.BIA Grievance Log](#)

Progress and Plan for NDPE Policy Implementation

In March 2020, POSCO International became the first Korean company to declare its NDPE policy for sustainable palm oil business. The NDPE policy applies to POSCO International's subsidiaries, joint ventures and all other corporations over which the Company has management rights operating in relation to palm oil production and trading. The policy also applies to all transactions made to provide us with FFB(Fresh Fruit Bunches), CPO(Crude Palm Oil) and refined oil. We publicly disclose our implementation plans and progress reports each year to internalize the NDPE policy into our operations.

2023 NDPE Policy Implementation Status

Category	Implementation Plan	2023 Performance
Policy, Systems, and Management	Release NDPE Policy Implementation Plan for the year 2023	<ul style="list-style-type: none"> Release NDPE Policy Implementation Plan for the year 2023 <p>See NDPE Implementation Plan</p>
	Pursue continuous awareness-raising activities to ensure compliance with NDPE policy among plasma smallholders and out-growers <ul style="list-style-type: none"> - Update the supply chain check list and monitor external supply chains 	<ul style="list-style-type: none"> External fruit suppliers declared their NDPE policy in 2022, announced their sustainable policy in 2023 Distributed TTP(Traceability to Plantation) forms to suppliers to monitor external supply chains <ul style="list-style-type: none"> - Updating checklist and socialization will be conducted every year Conducted regular monitoring on deforestation and fire occurrence toward supply chain
	Establish direction for implementing NDPE policy from a mid-to long-term perspective.	<ul style="list-style-type: none"> To be disclosed in 2024 report
Environmental Conservation and Management	Continue compliance with RSPO Best Management Practices (BMP) for sustainable agriculture management and prohibition of chemical usage in riparian zones.	<ul style="list-style-type: none"> Prohibited chemical usage in riparian buffer zone by adopting RSPO BMP(Best Management Practices) for sustainable agricultural management Strengthened the zoning of riparian buffer zones through GPS tracking and analysis of satellite/aerial images Conducted monitoring of environmental conservation activities by utilizing drones
	Strengthen conservation efforts for biodiversity in the 6,718 hectares of High Conservation Value (HCV) areas within the concession.	<ul style="list-style-type: none"> Conducted monitoring on High Conservation Value(HCV) areas by adopting FIAT(Forest Integrity Assessment Tools) for biodiversity conservation Carried out biodiversity and vegetation status assessment through utilizing drones and patrol conducted with Village Monitoring Team (VMT) <ul style="list-style-type: none"> - Total of 25 participants HCV teams (including plasma team), VMT, and representatives underwent training to enhance their understanding of HCV area conservation methods Strengthened activities prohibiting illegal capture of flora and fauna (replaced and installed 37 signboards and 64 banners within the HCV areas) and conducted training sessions for incumbent employees
	Continue implementing environmental conservation program beyond the concession	<ul style="list-style-type: none"> Signed an agreement with the Papua Natural Resources Conservation Center (BBKSDA) in October 2023 Plan to engaged in activities aimed at strengthening conservation efforts and promote biodiversity within the Lake Bian Wildlife Reserve (LBWR) Plan to strengthen collaboration with local communities through the operation of forest and fire surveillance team for each indigenous village

ESG Issue Paper Indonesia

PT.BIA Palm Oil Business

Category	Implementation Plan	2023 Performance
Environmental Conservation and Management	Establish a systematic water management system	<ul style="list-style-type: none"> Conducted bi-annual water quality analysis of the rivers surrounding the concession through a third-party verification agency and shared results with local community and stakeholder Emphasized the transparency of water quality analysis through the participation of local residents, including the Village Monitoring Team (VMT) starting from the sampling stage Shared water quality test results to approximately 40 participants including indigenous people, religious leaders, and government officials Regularly monitored the discharge of palm oil mill effluent (POME¹⁾) Reused the wastewater generated during the fruit extraction process as an organic nutrient source
	Waste disposal and management	<ul style="list-style-type: none"> Strengthened the inspection of hazardous waste disposal Wastes generated from the plantation and mills were collected and processed bimonthly (total 24 tons of waste were processed yearly) Conducted waste management such as recycling plastics Installed over 300 additional recycling facilities Reviewed collaboration with indigenous communities to recycle plastic and glass generated on the plantation
	Strengthen pre-emptive measures such as employee and community education/training to prevent fire incidents	<ul style="list-style-type: none"> Established a 24-hour hotline managed by emergency response team Conducted an emergency fire response simulation across the entire area (involving plasma) in August Educated and socialized the basics of combating fires to local schools, including children and teachers
Protection of and Respect for, Human Rights	Continue providing training programs to enhance the capacity of employees	<ul style="list-style-type: none"> Collaborated with educational institutions to develop a staff development strategy aligned with the company's medium to long-term goals Established diagnostics criteria to assess the current level of staff competence and developed training programs along with detailed implementation plans
	Providing information and communicating with community members concerning the environmental conservation programs implemented beyond the concession area	<ul style="list-style-type: none"> Conducted a pre-explanatory session for indigenous people within the Lake Bian Wildlife Reserve (LBWR) to initiate environmental conservation and community development programs within LBWR (at the end of 2022) Held a public hearing for stakeholders including local residents (June) Shared and discussed the progress and future plans of the multi-faceted programs covering environmental conservation, healthcare, education, and economic development
	Enhance the capacity of the industrial safety and health management team and maintain ISO 45001 certification	<ul style="list-style-type: none"> Operated various training programs focused on strengthening management of potential workplace hazards and educating workers Included workplace accident assessments, enhancement of safety officer competencies, training for chemical safety data MSDS (Material Safety Data Sheets), and safety inspection meetings (TBM, Tool Box Meeting) Conducted annual regular health check-up for all employees with a special emphasis on conducting specific health examinations for high-risk workers

1) The residual water generated during the process of extracting palm oil.

Category	Implementation Plan	2023 Performance
Protection of and Respect for, Human Rights	Implement community programs aimed at improving the quality of life of local residents	<ul style="list-style-type: none"> Launched an economic program and comprised village-owned enterprise called BUMK (Bada Usaha Milik Kampung) Established BUMK consisting local villagers (Selil, Kindiki, Muting) and the program was pilot operated Provided training and assistance to community members on how to achieve sustainable financial independence Strengthened literacy of students in local villages Conducted checkups regarding literacy status of students in local villages Discussed the essentials of educational assistance and specific implementation methods of educational programs Launched full assistance program for elementary school students in three villages (Selil, Kindiki, Muting)
	Encourage women's participation in various committees to establish a culture of social equality and respect for diversity	<ul style="list-style-type: none"> Conducted 2 sessions of education on human rights, sexual harassment, and sexual violence prevention through the operated of Gender Equality Committee Ongoing support is planned to ensure that the Gender Equality Committee operates fairly and effectively to eliminate harassment and violence in the workplace
Stakeholder engagement and communication	Actively respond to registered grievances and disclose the resolution progress	<ul style="list-style-type: none"> Received internal report and complaints through its grievance handling mechanism since 2020 Transparently disclosed detailed records of grievance handling are transparently through the Grievance Log on PT.BIA website <p style="text-align: right;">See detailed records through Grievance log</p>
	Continue to strengthen collaboration with stakeholders to minimize negative environmental or social impacts of palm oil production	<ul style="list-style-type: none"> Minimized the social impact resulting from plantation operations through monitoring implementation of Social Impact Assessments (SIAs) annually Conducted baseline studies on social-economy status within local villages, and held a public hearing to share the results (June, 90 attendees) Attended annual forum of RSPO (Roundtable on Sustainable Palm Oil) Discussed production of sustainable palm oil and social responsibility with the various stakeholders Shared PT.BIA's key performances of environmental and biodiversity conservation, corporate social responsibility
	Publish an annual activity report that includes the progress on NDPE implementation	<ul style="list-style-type: none"> Published progress report for 2023 on its NDPE policy implementation to improve transparency and promote communication with various stakeholders <p style="text-align: right;">NDPE Progress Report</p>

ESG Issue Paper Indonesia

PT.BIA Palm Oil Business

2024 NDPE Implementation Plan

Category	Activities	1Q	2Q	3Q	4Q
Policy, Systems and Management	Release Implementation Plan for the year 2024		●		
	Establish an integrated internal system that can monitor compliance with NDPE policies among supply chains(plasma smallholders)	●	●	●	●
	Establish direction for implementing NDPE policy from a mid-to long-term perspective				●
Environmental Conservation and Management	Continue compliance with RSPO Best Management Practices (BMP) for sustainable agriculture management and prohibition of chemical usage in riparian zones	●	●	●	●
	Strengthen conservation efforts for biodiversity in the 6,718 ha of High Conservation Value (HCV) areas within the concession	●	●	●	●
	Support setting up and operating a wildlife rescue/rehabilitation facility beyond the concession			●	●
	Carry out activities to reduce greenhouse gas emissions within the concession				●
	Form a fire care community group (MPA) for fire prevention/management beyond the concession	●	●	●	●
Protection of and Respect for, Human Rights	Continue to provide appropriate training for employees for their capacity development	●	●	●	●
	Strengthen safety and health management systems for plantation and mills			●	●
	Continue to implement a economy, health, and education program aimed at improving the quality of life of local residents	●	●	●	●
	Establish a reward system for best practices in safety and health activities to strengthen safety and health awareness of employees		●	●	●
Stakeholder engagement and communication	Push ahead with building a corporate culture of respect for DE&I (Diversity, Equity and Inclusion) - Review relevant regulations and the current situation survey	●	●	●	●
	Actively respond to registered grievances and periodically disclose the resolution progress	●	●	●	●
	Publish an annual activity report that includes the progress on NDPE implementation		● (2025)		

05

Metrics and Targets

POSCO INTERNATIONAL CORPORATION
SUSTAINABILITY REPORT 2023

84 ESG Factbook

95 Financial Performance

ESG FACTBOOK

As an integrated company following the merger in 2023, POSCO International has been tracking sustainability management performance at the Headquarters and across domestic/overseas subsidiaries.

Environment

Metric	Unit	2021			2022			2023				
		POSCO International (non-consolidated)		Major	POSCO International (non-consolidated)		Major	POSCO International (non-consolidated) ³⁾		Major		
		Shwe Project		Subsidiaries ¹⁾	Shwe Project		Subsidiaries ¹⁾	Shwe Project		Subsidiaries ³⁾		
GHG	Total emissions ⁴⁾	Total (Scope 1+2)	tCO ₂ e	3,560	189,095	603,389	1,917	272,388	575,686	4,218,149	173,192	1,473,260
		Direct GHG emission (Scope 1)	tCO ₂ e	469	188,761	563,216	316	272,054	528,259	4,155,769	172,930	1,039,185
		Indirect GHG emission (Scope 2 – Location-based)	tCO ₂ e	3,091	334	40,173	1,602	334	47,427	62,383	262	434,075
		Other indirect GHG emission (Scope 3) ⁶⁾	tCO ₂ e	-	-	-	-	-	-	363,471	-	-
		Purchased goods and services	tCO ₂ e	-	-	-	-	-	-	340,691	-	-
		Capital goods	tCO ₂ e	-	-	-	-	-	-	14,249	-	-
		Fuel and energy related activities not included in Scope 1, 2	tCO ₂ e	-	-	-	-	-	-	140	-	-
		Transportation and distribution (upstream)	tCO ₂ e	-	-	-	-	-	-	3,977	-	-
		Waste generated in operation	tCO ₂ e	-	-	-	-	-	-	96	-	-
		Business travel	tCO ₂ e	-	-	-	-	-	-	4,318	-	-
Intensity (per sales) ⁵⁾	Direct and Indirect GHG emission intensity (Scope 1, 2)	tCO ₂ e/ KRW 100million	0.01	13.06	39.26	0.01	19.86	31.87	15.11	28.2	37.6	
Energy	Total energy consumption	Total	GJ	77,375	2,446,687	1,391,560	43,941	2,424,234	1,452,143	83,814,137	2,212,061	4,430,252
		Natural gas	GJ	7,512	2,444,921	545,693	4,679	2,422,382	519,733	82,483,745	2,210,311	597,668
		Lamp oil	GJ	2,269	2,439,064	277,728	0	2,412,153	263,864	82,425,303	2,113,855	229,752
		Gasoline	GJ	0	0	283	0	0	308	0	0	257
		Diesel	GJ	4,482	0	3,743	1,840	0	4,643	4,624	521	6,185
		LPG	GJ	761	5,858	262,037	2,839	10,228	249,763	53,078	15,645	357,961
	Indirect energy consumption	Total	GJ	0	0	499	0	0	178	741	0	3,513
		Electricity (power)	GJ	69,863	1,766	845,867	39,262	1,852	932,411	1,334,392	1,749.60	3,767,954
		Steam	GJ	57,500	1,766	758,918	26,471	1,852	832,825	1,286,324	1,749.60	3,677,600
		Percentage of power consumption	%	12,363	0	86,949	12,791	0	99,586	48,068	0	90,354
Intensity (per sales) ⁵⁾	Energy intensity	GJ/ KRW 100million	74.31	0.07	54.54	60.24	0.08	57.35	1.53	10.05	83.0	
Renewable energy consumption	Total	GJ	0	0	0	0	0	0	0	0	64,630	
	Percentage of renewable energy	%	0	0	0	0	0	0	0	0	1.46	
	Consumption of self-generated non-fuel renewable energy	GJ	0	0	0	0	0	0	0	0	64,540	
Electricity sold	Electricity sold	GJ	0	0	0	0	0	0	39,497,896	0	10,446,718	
	Electricity generated from renewable energy sold	GJ	0	0	0	0	0	0	62,768	0	304,216	

*): Data not calculated or unable to be calculated, N/A: Not applicable

1) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

2) Merged with POSCO Energy

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) Calculated emissions in accordance with the Emissions Reporting and Verification Guidelines under the Emissions Trading System, did not calculate GHG emissions for POSCO International Textile in Uzbekistan in 2021 and 2022

5) For the HQ (excluding the Shwe Project in Myanmar), the denominator was calculated by subtracting the Shwe Project's revenue from the non-consolidated revenue. For subsidiaries, the denominator was calculated by summing the revenues of respective subsidiaries.

6) Inaugural metric aggregated in 2023. Sum of the purchased goods and services that correspond to the power plant fuel and SG&A accounts. Trade in goods covers a wide array of items such as steel, energy, food, and automotive parts and will be disclosed after developing reasonable calculation methodologies.

ESG FACTBOOK

Environment

Metric	Unit	2021			2022			2023			
		POSCO International (non-consolidated)		Major Subsidiaries ¹⁾	POSCO International (non-consolidated)		Major Subsidiaries ¹⁾	POSCO International (non-consolidated) ²⁾		Major Subsidiaries ³⁾	
		Shwe Project			Shwe Project			Shwe Project			
Total water withdrawal	tons	149,798	33,890	1,773,118	166,760	34,000	1,907,450	1,204,521 ⁶⁾	19,152,354	4,591,256	
Withdrawal	Freshwater	tons	149,798	0	351,525	166,760	0	392,693	1,204,521	0	395,773
	Surface water	tons	0	0	865,806	0	0	956,327	0	0	1,098,576
	Ground water	tons	0	33,890	555,787	0	34,000	558,430	0	8,741	3,041,071
	Desalinated water	tons	0	0	0	0	0	0	0	19,143,613	0
	Municipal sewage treatment water	tons	0	0	0	0	0	0	0	0	55,836
	Percentage of water withdrawn from regions with "High" or "Extremely High" baseline water stress	%	0	0	31.03	0	0	29.28	9.31	0	0
	Total water withdrawn in regions with 'High' baseline water stress	tons	0	0	0	0	0	0	112,118 ⁷⁾	0	0
	Total water withdrawn in regions with 'Extremely High' baseline water stress	tons	0	0	550,186	0	0	558,430	0	0	0
Total water consumption	tons	149,798	33,890	457,626	166,760	34,000	633,115	865,550 ⁸⁾	8,643	2,002,543	
Water	Total	tons	0	0	0	0	0	192,449	0	1,053,900 ⁸⁾	
	Recycled water	tons	0	0	0	0	0	0	0	49,300 ⁸⁾	
	Recycled/reused	tons	0	0	0	0	0	192,449	0	1,004,600 ⁸⁾	
	Percentage of total recycled/reused water	%	0	0	0	0	0	17.1	0	45.7 ⁸⁾	
	Number of worksites using recycled water	sites	0	0	0	0	0	0	1	0	2 ⁸⁾
Total water discharged	tons	0	0	1,315,492	0	0	1,274,335	338,971	19,143,711	2,588,713	
Total water pollutant discharged ⁵⁾	kg	0	0	10,990	0	0	9,690	3,280.0	7.3	6,772	
Water pollutant discharged ⁵⁾	COD	kg	0	0	2,930	0	0	0	3.5	0	
	BOD	kg	0	0	510	0	0	690	N/A	1.2	1,054
	T-N	kg	0	0	1,390	0	0	870	3,763.4	0.4	844
	T-P	kg	0	0	30	0	0	20	0	0.2	23
	SS	kg	0	0	6,130	0	0	6,140	24.5	2.1	3,641
	TOC	kg	0	0	0	0	0	1,970	32.1	0	1,210

*): Data not calculated or unable to be calculated, N/A: Not applicable

1) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

2) Merged with POSCO Energy

3) Limited to POSCO Mobility Solution, PT.BIA, Senex Energy

4) Change in the scope and criteria for water data calculation

5) In 2023, the Incheon LNG Combined Cycle Power Plant was the only site emitting water pollutants out of sites considered as the HQ operations. Calculated data for POSCO Mobility Solution only out of subsidiaries in 2021 and 2022. Limited to POSCO Mobility Solution and PT.BIA among industries in 2023.

6) Total water consumption is 157,437 tons at the office building in Songdo, 595,995 tons at the Incheon LNG Combined Cycle Power Plant, and 112,118 tons at the Gwangyang LNG Terminal.

7) Concern withdrawals for the Gwangyang LNG Terminal

8) Limited to Senex Energy

ESG FACTBOOK

Environment

Metric	Unit	2021			2022			2023				
		POSCO International (non-consolidated)		Major Subsidiaries ¹⁾	POSCO International (non-consolidated)		Major Subsidiaries ¹⁾	POSCO International (non-consolidated) ²⁾		Major Subsidiaries ³⁾		
		Shwe Project			Shwe Project			Shwe Project				
Total waste	Total waste generated	tons	250	51.2	654,816.9	322	25.9	648,302.6	1,014.8	138.1	8,697	
	Waste recycled	tons	250	33.6	3,476.7	322	20.4	3,527.3	765.1	18.1	7,557	
	Waste incinerated	tons	0	0	400.5	0	0	400.3	162.2	22.7	539	
	Waste landfilled	tons	0	16.9	107.6	0	5.4	17	81.5	97.3	517	
	Waste disposed in other ways ⁴⁾	tons	0	0.8	650,832	0	0.1	644,358	6	0	83	
	Percentage of total waste recycled	%	100	65.6	0.5	100	78.7	0.5	75	13.1	86.9	
Intensity(per sales)	Total waste generated intensity	tons/KRW 10 billion	0.09	0.4	4,261.2	0.1	0.2	3,588.6	0.4	2.3	0.22	
Waste	Hazardous waste	Total waste generated	tons	0	37.8	651,350	0	5	644,677	51.1	23.3	756.8 ⁵⁾
		Waste recycled	tons	0	23.2	457	0	2.4	240	34.3	2.2	260.5 ⁵⁾
		Waste incinerated	tons	0	0	61	0	0	75	10.8	17.4	249.9 ⁶⁾
		Waste landfilled	tons	0	13.9	0	0	2.4	4	0	3.7	18.6 ⁷⁾
		Waste disposed in other ways	tons	0	0.8	650,832	0	0.1	644,358	6	0	227.8 ⁸⁾
		Hazardous waste generation intensity(per sales)	tons/KRW 10 billion	0	0.3	4,238.6	0	0.04	3,568.6	0.02	0.4	0.02
Non-hazardous waste	Total waste generated	tons	250	13.4	3,466.5	322	21	3,625.1	963.7	91.7	2,831.8 ⁹⁾	
	Waste recycled	tons	250	10.4	3,019.4	322	18	3,287.3	730.8	5.3	2,272.4 ¹⁰⁾	
	Waste incinerated	tons	0	0	339.5	0	0	325	151.4	0	303.1 ⁷⁾	
	Waste landfilled	tons	0	3	107.6	0	3	12.9	81.5	86.3	182.3 ⁷⁾	
	Waste disposed in other ways	tons	0	0	0	0	0	0	0	0	74 ¹¹⁾	

1) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

2) Merged with POSCO Energy

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) The other waste treated at subsidiaries in 2021 and 2022 all refers to the POMEs (Palm Oil Mill Effluent) that PT.BIA produces as by-products while extracting CPO. PT.BIA established a closed-loop system whereby POMEs are purified in the pond and the organic matters are put back into the plantation for reuse (Land Application).

5) Limited to POSCO Mobility Solution, Shinan Green Energy, PT.BIA, PT.KPE, and China P-CORE

6) Limited to POSCO Mobility Solution, PT.KPE

7) Limited to POSCO Mobility Solution

8) Limited to POSCO Mobility Solution, Shinan Green Energy, PT.BIA, and China P-CORE

9) Limited to POSCO Mobility Solution, India TMC, China P-CORE

10) Limited to POSCO Mobility Solution, China P-CORE

11) Limited to India TMC

ESG FACTBOOK

Environment

Metric	Unit	2021			2022			2023				
		POSCO International (non-consolidated)		Major Subsidiaries ¹⁾	POSCO International (non-consolidated)		Major Subsidiaries ¹⁾	POSCO International (non-consolidated) ²⁾		Major Subsidiaries ³⁾		
		Shwe Project			Shwe Project			Shwe Project				
Air pollutants ⁴⁾	Total emissions	tons	0	274.6	649.4	0	276.2	108.4	508	221.4	3,114.7 ⁶⁾	
	Nox	tons	0	268.3	86.4	0	267.3	43	507	219.7	2,155.5 ⁶⁾	
	Sox	tons	0	0.3	53.9	0	0.7	1.4	1	1.7	671.2 ⁶⁾	
	CO	tons	0	0	0	0	0	0	0	0	88.8 ⁶⁾	
	VOCs	tons	0	0	0	0	0	0	0	0	0.1 ⁶⁾	
	Dust	tons	0	6	509.1	0	8.2	63.9	0	0	199.1 ⁶⁾	
Hazardous chemicals	Total consumption	tons	0	0	2,039.6	0	0	0	4,431	6.9	6,241.1 ⁷⁾	
	Total discharge	tons	0	0	4.9	0	0	0	36	6.9	0.5 ⁸⁾	
Sales, purchase, investment of green products and services ⁵⁾	Sales	KRW million	-	-	-	-	-	-	-	-	386,487 ⁹⁾	
	Green products and services	Proportion of sales	%	-	-	-	-	-	-	-	-	9.9 ⁹⁾
		Purchases	KRW million	-	-	-	-	-	-	-	-	239,555 ⁹⁾
	Environmental investment and services ⁵⁾	Proportion of purchase	%	-	-	-	-	-	-	-	-	6.1 ⁹⁾
		Environmental investment cost	KRW million	-	-	-	-	-	-	2,352	-	275 ¹⁰⁾
	Environmental operation	Environmental CapEx ⁵⁾	KRW million	-	-	-	-	-	-	1,188	-	275 ¹⁰⁾
		Low carbon CapEx ⁵⁾	KRW million	-	-	-	-	-	-	1,164	-	-
		Environmental operation cost	KRW million	-	-	-	-	-	-	-	-	205 ¹⁰⁾
	Environmental operation	Environmental OpEx	KRW million	-	-	-	-	-	-	-	-	205 ¹⁰⁾
		Low carbon OpEx	KRW million	-	-	-	-	-	-	-	-	-

*) -: Data not calculated or unable to be calculated, N/A: Not applicable

1) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

2) Merged with POSCO Energy

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) In 2023, the Incheon LNG Combined Cycle Power Plant was the only site emitting air pollutants out of sites considered as the HQ operations

5) Have calculated since 2023

6) Limited to POSCO Mobility Solution, PT.BIA, PT.KPE

7) Limited to POSCO Mobility Solution, PT.KPE

8) Limited to POSCO Mobility Solution

9) Limited to trading corporation in Germany

10) Limited to POSCO Mobility Solution, China P-CORE

ESG FACTBOOK

Environment

Metric	Unit	2021		2022		2023						
		POSCO International (non-consolidated)		POSCO International (non-consolidated)		POSCO International (non-consolidated) ²⁾						
		Shwe Project	Major Subsidiaries ¹⁾	Shwe Project	Major Subsidiaries ¹⁾	Shwe Project	Major Subsidiaries ³⁾					
ISO certification	EMS (ISO 14001)	Percentage of ISO 14001 certified worksites	%	N/A	100	60	N/A	100	60	100	100	70
		Worksites ⁴⁾ requiring ISO 14001 certification	sites	N/A	1	5	N/A	1	5	2	1	10
		ISO 14001 certified worksites	sites	N/A	1	3	N/A	1	3	2	1	7
Other	Environmental regulations	Number of incidents of non-compliance with environmental laws	cases	0	0	0	0	0	0	0	0	1
		Incidents of non-compliance with environmental laws associated with water discharges, water withdrawal, and wastewater pretreatment requirements	cases	0	0	0	0	0	0	0	0	0
		Sanctions on non-compliance with environmental laws and regulations	cases	0	0	0	0	0	0	0	0	3
		Cases of monetary sanctions	cases	0	0	0	0	0	0	0	0	0
		Total amount of monetary sanctions	KRW million	0	0	0	0	0	0	0	0	0
		Cases of non-monetary sanctions	cases	0	0	0	0	0	0	1 ⁷⁾	0	0
Zero emission and eco-friendly vehicles ⁵⁾	Other	Number of incidents related to effluent management	cases	0	0	0	0	0	0	0	0	0
		Percentage of zero emission vehicles owned	%	0	-	-	6	-	-	10	0	1
		Number of zero emission vehicles owned	vehicles	0	-	-	5	-	-	13	-	-
		Eco-friendly vehicles ⁶⁾	vehicles	-	-	-	-	-	-	84	0	3
		Total number of vehicles owned	vehicles	73	-	-	78	-	-	129	30	291

*): Data not calculated or unable to be calculated, N/A: Not applicable

1) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

2) Merged with POSCO Energy

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) Sites that fall under the air pollutant emission site classification criteria pursuant to the Clean Air Conservation Act or sites graded 3 or above under the water pollutant discharge site classification criteria pursuant to the Water Environment Conservation Act

5) Calculated data for the HQ and domestic operations only in 2021 and 2022

6) Have calculated since 2023

7) Corrected on July 22, 2024 due to omission of tally

ESG Factbook • Financial Performance

ESG FACTBOOK

Social

Metric	Unit	2021		2022		2023	
		POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ³⁾
Total employees	persons	1,503	7,041	1,445	7,557	1,898	6,123
	persons	26	8	26	8	34	9
	persons	25	8	25	8	33	9
	persons	1	0	1	0	1	0
Executive level ⁴⁾	%	4	0	4	0	3	0
	persons	0	0	0	0	0	0
	persons	0	0	0	0	0	0
	persons	26	8	26	8	34	9
	persons	1,477	7,033	1,419	7,549	1,864	6,114
	persons	1,073	4,779	1,025	5,327	1,394	5,268
	persons	404	2,254	394	2,222	470	846
Employees excluding executives	%	27	32	28	29	25	14
	persons	230	1,953	231	2,018	243	1,945
	persons	1,081	4,566	1,014	4,899	1,318	3,702
	persons	166	503	174	632	303	467
Employees	persons	298	329	288	356	410	279
	persons	286	317	274	339	394	210
	persons	12	12	14	17	16	69
Management level	%	4	4	5	5	4	25
	persons	0	0	1	0	1	15
	persons	200	242	199	254	268	194
	persons	98	87	88	102	141	70
	persons	1,443	6,786	1,394	7,347	1,765	5,579
	persons	1,058	4,537	1,011	4,978	1,323	4,838
Permanent employees	persons	385	2,249	383	2,369	442	741
	%	27	33	27	32	25	13
	%	96	96	96	97	93	91
	persons	36	249	26	203	133	535
	persons	17	240	15	179	104	428
Temporary employees	persons	19	9	11	24	29	107
	%	53	4	42	12	22	20
	%	2	4	2	3	7	9
	persons	104	3,142	98	2,873	79	1,350
	persons	67	1,902	73	1,967	49	1,155
	persons	37	1,240	25	906	30	195
Recruitment	%	36	39	26	32	38	14
New hires	persons	70	1,558	61	1,407	45	692
	persons	29	1,540	32	1,367	25	629
	persons	5	44	5	99	9	29

1) Data scope for 2021 and 2022 is Songdo HQ and Shwe Project in Myanmar. Due to the merger with POSCO Energy, data scope for 2023 is Songdo HQ, Incheon LNG Power Plant, Gwangyang LNG Terminal, Shwe Project in Myanmar.

2) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) Major subsidiary data in 2023 follows the HQ's executive classification standards

ESG FACTBOOK

Social

Metric	Unit	2021		2022		2023			
		POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ³⁾		
Diversity	Employees with disabilities (percentage)	persons (%)	42 (2.8)	27 (0.38)	41 (2.8)	26 (0.34)	55 (3.2)	26 (0.4)	
	Employees entitled to veterans benefit	persons	21 (1.4)	9	19 (1.3)	9	31	11	
Turnover	Total employee turnover	persons	58	2,400	66	2,589	67 ⁴⁾	1,358	
	Rate of employee turnover	%	6.1	-	7.2	-	3.5	24	
	Voluntary	Total turnover	persons	43	2,341	56	2,453	53	1,187
		Turnover rate	%	4.9	253	5.9	832	2.8	21
retirement	Non-voluntary	Total turnover	persons	15	59	10	136	14	171
		Retirement	persons	1	26	3	26	2	21
	Other	Redundancy	persons	0	20	0	10	0	6
		Other	persons	14	13	7	100	12	144
Performance evaluation	Employees' performance evaluation	Employees who received regular performance evaluation	persons	1,331	2,008	1,288	1,958	1,761	2,520
		Male (percentage)	persons (%)	996 (75)	784 (39)	951 (74)	780 (40)	1,326 (75)	2,065 (82)
		Female (percentage)	persons (%)	335 (25)	1,224 (61)	337 (26)	1,178 (60)	435 (25)	455 (18)
		Permanent employees	persons	1,331	1,990	1,288	1,828	1,685	2,272
		Temporary employees	persons	0	18	0	130	76	248
Total training hours	Total	hours	53,110	50,707	58,634	63,612	75,856	78,048	
	Permanent employees	hours	52,697	33,662	58,095	56,330	72,624	-	
	Temporary employees	hours	413	79	355	26	3,232	-	
	General employees	hours	30,975	6,735	39,973	6,373	59,881	-	
	Managers	hours	19,597	5,316	16,636	3,890	14,829	-	
	Executives	hours	2,538	59	1,841	21	1,146	-	
	General training	Training hours per employee	Total	hours/persons	35	7	41	8	40
Permanent employees			hours/persons	37	5	42	8	41.1	-
Temporary employees			hours/persons	11	0.3	14	0.1	24.3	-
General employees			hours/persons	21	1	28	1	41.2	-
Managers			hours/persons	66	16	58	11	36.2	-
Executives			hours/persons	98	7	71	3	33.7	-
Training expenses	Total	KRW million	1,746	133	1,899	204	2,955	376	
	Training expenses per person	KRW million/persons	1.16	0.02	1.31	0.03	1.56	0.06	
Training program	Total	courses	2,071	0	5,257	0	4,393	897	
	Group training programs	courses	108	0	240	0	245	289	
	E-learning training programs	courses	1,963	0	5,017	0	4,148	608	
Global Staff	Total training hours	hours	1,427	0	1,836	-	1,661	43,020	
	Group training participants	persons	313	0	1,682	-	325	5,178	
	E-learning content development (cumulative)	units	55	0	84	-	-	0	

*) -: Data not calculated or unable to be calculated, N/A: Not applicable

1) Data scope for 2021 and 2022 is Songdo HQ and Shwe Project in Myanmar. Due to the merger with POSCO Energy, data scope for 2023 is Songdo HQ, Incheon LNG Power Plant, Gwangyang LNG Terminal, Shwe Project in Myanmar.

2) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) Turnover at the HQ in 2023: 47 male and 20 female employees

ESG FACTBOOK

Social

Metric	Unit	2021		2022		2023			
		POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ³⁾		
Occupational health and safety training	Total	N/A	753	1,302	841	9,322	30,617		
	Permanent employee	N/A	753	1,256	841	7,136	-		
	Temporary employee	N/A	0	24	0	74	-		
	Partners	N/A	0	22	0	2,112	-		
	Training hours per person	hours/persons	N/A	1	1	1	23.04	18	
Employees who completed training	Total	N/A	753	1,276	841	313	1,698		
	Permanent employee	N/A	753	1,256	841	300	-		
	Temporary employee	N/A	0	20	0	13	-		
Information security training	Total	2,620	1,614	4,192	2,631	2,731	10,173		
	Permanent employee	1,310	807	1,323	877	1,675	2,336		
	Temporary employee	22	66	31	8	99	-		
Employee welfare DB retirement pension plan ⁴⁾	Present value of defined benefit liabilities ⁵⁾	KRW million	138,059	41,033	126,925	38,933	185,762	109,620 ⁸⁾	
	Fair value of plan assets	KRW million	-145,737	-42,407	-159,378	-35,343	-227,180	-141,337 ⁸⁾	
	Amount of defined benefit liabilities	KRW million	-7,678	-1,374	-32,453	3,649	-41,418	31,685 ⁸⁾	
Flexible work program	Employees under flexible work program	persons	148	0	217	23	1,197	137	
Parental leave ^{6,7)}	Number of employees who took parental leave	Total	38	142	55	122	39	69	
		Male	28	23	19	13	18	49	
		Female	10	119	36	109	21	20	
	Number of employees who returned after parental leave	Total	27	68	23	60	39	15 ⁹⁾	
		Male	7	18	8	13	12	12 ⁹⁾	
		Female	20	50	15	47	27	3 ⁹⁾	
	Percentage of employees who returned after parental leave	Male	%	100	90	100	87	75	92 ⁹⁾
		Female	%	100	100	100	100	84	100 ⁹⁾
	Number of employees who returned after parental leave and worked 12 months or longer	Male	persons	4	4	5	5	6	8 ⁹⁾
		Female	persons	13	2	19	0	18	2 ⁹⁾
Percentage of employees who returned after parental leave and worked 12 months or longer	Male	%	100	100	100	71	100	100 ⁹⁾	
	Female	%	93	100	100	- ⁸⁾	100	100 ⁹⁾	
Employees who took fertility treatment leave	persons	5	0	6	0	9	2		
Employee engagement P-GWP results	points	88	-	92	-	93	-		
Labor relations	Percentage of employees covered by collective bargaining agreements	%	0	-	0	-	100	100 ⁹⁾	
	Number of lockouts due to strikes	occasions	0	-	0	-	0	0	

*) -: Data not calculated or unable to be calculated, N/A: Not applicable

1) Data scope for 2021 and 2022 is Songdo HQ and Shwe Project in Myanmar. Due to the merger with POSCO Energy, data scope for 2023 is Songdo HQ, Incheon LNG Power Plant, Gwangyang LNG Terminal, Shwe Project in Myanmar.

2) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) The number of employees enrolled in the HQ defined benefit pension system (DB) in 2023 is 1,890

5) Restated the data due to HQ data input error in 2022

6) Employees entitled to parental leave include all employees. Parental leave-related metrics for 2022 do not include the Shwe Project in Myanmar and POSCO International Textile in Uzbekistan. Limited to POSCO Mobility Solution and PT.BIA

7) Zero female employees who will return or returned after parental leave at domestic subsidiaries (POSCO Mobility Solution) in 2021

8) Data calculation standard: consolidated financial statements - non-consolidated financial statements + POSCO Mobility Solution data

9) Limited to POSCO Mobility Solution

ESG FACTBOOK

Social

Metric	Unit	2021		2022		2023			
		POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ³⁾		
Safety management	OHMS certification (ISO 45001/ OHSAS 18001 /KOSHA-MS)	Percentage of OHSMS certified worksites	%	0	60	100	100	100	100 ⁵⁾
		Worksites requiring OHSMS certification	sites	2	5	2	5	3	6 ⁵⁾
		OHSMS Certified worksites	sites	0	3	2	5	3	6 ⁵⁾
Lost-Time Incident Rate (LTIR)	Total	cases/200,000hours		0	0.13	0	0.09	0.06	0.45
	Employees	cases/200,000hours		0	0.12	0	0.08	0.08	0.45
	Partners	cases/200,000hours		0	0.27	0	0.2	0	0.55
Lost-Time Injury Frequency Rate (LTIFR)	Total	cases/1million hours		0	0.66	0	0.46	0.30	2.26
	Employees	cases/1million hours		0	0.58	0	0.39	0.40	2.24
	Partners	cases/1million hours		0	1.35	0	1.02	0	2.75
Total Recordable Incident Rate (TRIR)	Total	cases/200,000hours		0	1.73	0.07	1.51	0.18	3.04
	Employees	cases/200,000hours		0	1.57	0.08	1.7	0.16	1.12
	Partners	cases/200,000hours		0	5.83	0	1.28	0.24	2.45
Total Recordable Injury Frequency Rate (TRIFR)	Total	cases/1million hours		0	2.83	0.23	2.58	0.89	0.79
	Employees	cases/1million hours		0	2.34	0.34	2.58	0.79	0.73
	Partners	cases/1million hours		0	7.41	0	2.56	1.21	2.75
Work-related Industrial accident Rate	Total	%		0.06	0.09	0	0.05	0.08	1.17
	Employees	%		0	0.07	0	0.04	0.11	2.34
	Partners	%		0.59	0.27	0	0.1	0	0.1
Fatality rate	Total	%		0	0	0	0	0	0
	Employees	%		0	0	0	0	0	0
	Partners	%		0	0	0	0	0.06	0
Employee injuries	Lost-time injuries	cases		0	8	0	7	2 ⁴⁾	142
	Total Recordable Injury (TRI)	cases		0	32	1	46	4	46
	Annual working hours	hours		2,911,804	13,704,000	2,924,520	17,814,655	5,088,428	63,322,400
	Fatalities	persons		0	0	0	0	0	0
	Injuries	persons		0	5	0	3	2	143
	Incidents	cases		0	5	0	3	2	143
	High-consequence injuries	cases		0	0	0	0	0	0
	Lost-Time Injury (LTI) victims	persons		0	2	0	0	2	5
	Near-misses	cases		8	20	11	104	197	85
	Near Miss Frequency Rate (NMFR)	cases/200,000 hours		0.55	0.29	0.75	1.17	7.74	0.27

1) Data scope for 2021 and 2022 is Songdo HQ and Shwe Project in Myanmar. Due to the merger with POSCO Energy, data scope for 2023 is Songdo HQ, Incheon LNG Power Plant, Gwangyang LNG Terminal, Shwe Project in Myanmar.

2) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) 2 work-related injuries, zero work-related illnesses

5) Limited to POSCO Mobility Solution

ESG FACTBOOK

Social

Metric	Unit	2021		2022		2023			
		POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ³⁾		
Work-related injuries	Partner injuries	Lost-time injuries	cases	0	2	0	2	0	6
		Total Recordable Injury (TRI)	cases	0	11	0	5	2	6
		Lost-Time Injury (LTI) victims	persons	1	2	0	2	0	3
		Annual working hours	hours	1,182,680	1,484,000	1,513,316	1,953,042	1,652,236	2,181,472
		Employee of partners	persons	169	742	169	977	630	6,675
		Fatalities	persons	0	0	0	0	0	0
		Injuries	persons	1	2	0	1	0	7
		Incidents	cases	1	2	0	1	0	7
		Near-misses	cases	0	0	5	0	16	1
Supply chain management	Supplier evaluation	Percentage of suppliers evaluated ⁴⁾	%	N/A	31	N/A	30	60	17
		Total Suppliers	companies	0	510	0	508	1,002	1,683
		Evaluated suppliers	companies	0	156	0	151	598	281
Quality management	QMS certification (ISO 9001/IATF 16949)	Percentage of QMS (ISO 9001) certified worksites	%	100	100	100	100	0	100
		Worksites requiring QMS (ISO 9001) certification	sites	1	6	1	6	3	10
		QMS (ISO 9001) certified worksites	sites	1	6	1	6	0	10
CSR	Employee volunteering	Volunteer hours	hours	2,388	4,457	18,151	16,369	28,030	11,596
		Volunteer hours per employee	hours	14	17	16	32	16	10
		Participants	persons	169	265	1,143	505	1,727	1,170
		Participation rate	%	11	4	79	7	91	19
	CSR expenses	Total	KRW million	2,155	844	2,163	1,167	3,657	866
		Voluntary donations	KRW million	2,120	597	2,078	1,001	3,571	566
		Community contributions	KRW million	0	131	0	153	0	31
		Other	KRW million	35	116	84	13	86	269

1) Data scope for 2021 and 2022 is Songdo HQ and Shwe Project in Myanmar. Due to the merger with POSCO Energy, data scope for 2023 is Songdo HQ, Incheon LNG Power Plant, Gwangyang LNG Terminal, Shwe Project in Myanmar.

2) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) Concern POSCO Mobility Solution only out of subsidiaries in 2021 and 2022

ESG FACTBOOK

Governance

Metric	Unit	2021		2022		2023	
		POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ²⁾	POSCO International (non-consolidated) ¹⁾	Major Subsidiaries ³⁾
Fair trade training	Hour completed	9	86	1,708	688	1,224	6,115 ⁴⁾
	Employees who completed training	28	43	246	172	472	2,469 ⁴⁾
Fair trade /Anti-corruption	Total	0	0	0	0	0	0
	Pending	0	0	0	0	0	0
	Termination	0	0	0	0	0	0
	Penalties	KRW million	0	0	0	0	0
Non-monetary sanction on non-compliance with fair trade regulations	Total	0	0	0	0	0	0
	Pending	0	0	0	0	0	0
	Termination	0	0	0	0	0	0
Anti-corruption training	Hour completed	1,274	0	2,889	0	7,090	5,814
	Employee who completed training	1,274	0	1,315	0	1,661	2,983
Ethics	Total	3	83	5	71	28	26
	Bribery and corruption	1	1	1	1	6	3
	Violation of human rights	0	3	1	3	9	8
	Abuse of power	0	21	0	6	2	2
	Other	2	58	3	61	11	13 ⁵⁾
	Action taken	3	5	5	6	28	26
Ethics training	Number of trainings	-	-	-	-	12	74
	Total training hours	1,274	1,518	2,889	1,758	7,090	3,830
	Employees subject to training – permanent employees	1,259	681	1,277	865	1,755	2,053
	Employees subject to training – temporary employees	15	78	38	14	119	171
	Total employees who completed mandatory training ⁶⁾	1,274	759	1,315	879	1,661	1,006 ⁷⁾
	Employees who completed mandatory training – permanent employees	1,259	681	1,277	865	1,576	977 ⁷⁾
	Employees who completed mandatory training – temporary employees	15	78	38	14	85	29 ⁷⁾

1) Data scope for 2021 and 2022 is Songdo HQ and Shwe Project in Myanmar. Due to the merger with POSCO Energy, data scope for 2023 is Songdo HQ, Incheon LNG Power Plant, Gwangyang LNG Terminal, Shwe Project in Myanmar.

2) POSCO Mobility Solution, PT.BIA, and POSCO International Textile in Uzbekistan

3) 4 domestic subsidiaries including POSCO Mobility Solution and Pohang SRDC, and 12 overseas subsidiaries including a trading corporation in Germany and PT.BIA

4) Contains duplicate data

5) Out of the 13 ethics reports classified as 'Others' for the subsidiary, 12 reports were received by PT.BIA. These were general requests such as medical cost support (3), funeral expense support (2), religious and cultural life support (4), and educational expense support (2). However, we have included the number of these reports to transparently disclose all reports received through the grievance handling channel

6) Ethics e-learning training conducted at the POSCO Group level

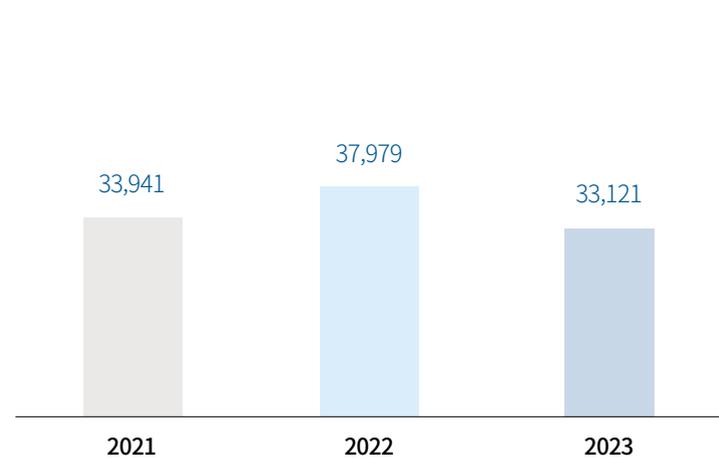
7) In the case of overseas subsidiaries, only expatriates dispatched from the headquarters are counted as those who have completed the required training

Financial Performance

In 2023, our operating profit and EBITDA rose by KRW 260.6 billion and KRW 398.1 billion year-over-year to reach KRW 1.1631 trillion and KRW 1.7012 trillion respectively, which is attributable to the improved profit margin of global business operations and the consolidation of business results following the merger of the energy business. While our profit for the year rose by 12% from the previous year, our ROE declined by 3.5%p year-on-year due to the increase in total equity after the merger.

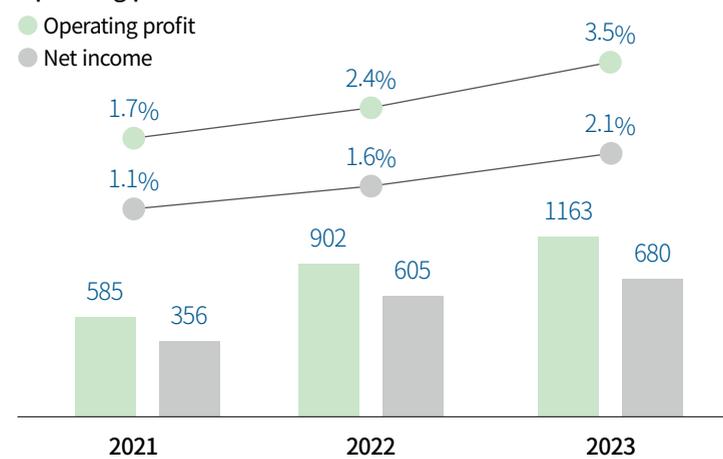
Sales

(Unit: KRW billion)



Operating profit and net income distribution

(Unit: KRW billion)



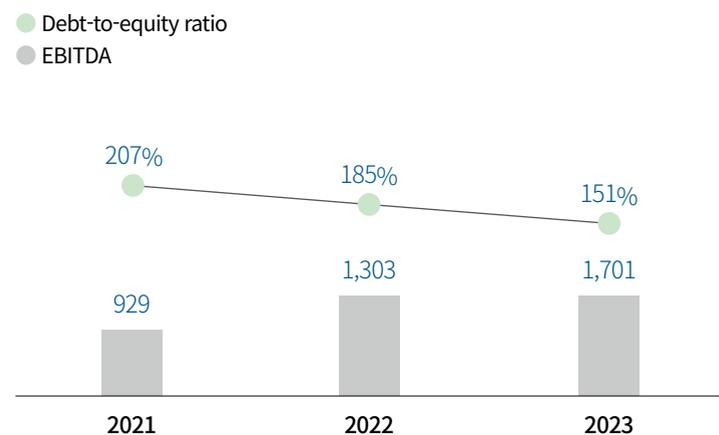
Distribution of Economic Value

(As of Dec. 31, 2023, Consolidated, Unit: KRW million)

Stakeholders	Category	2021	2022	2023
Shareholders and investors	Total cash dividends	98,700	123,354	170,154
	Interest expenses	82,451	145,707	282,071
Government	Income tax expenses	132,212	137,234	234,202
	Donations	32,503	15,658	4,242
Supplier	Cost of goods sold	31,828,877	34,974,017	29,793,850
	Employee wages	325,511	389,342	466,454

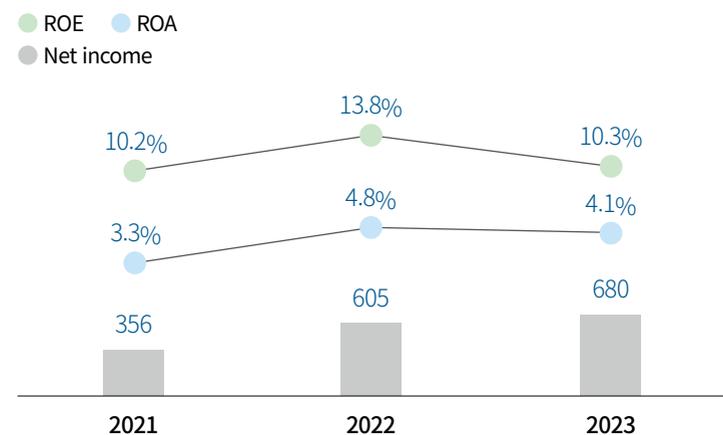
EBITDA¹⁾ and debt-to-equity ratio

(Unit: KRW billion)



ROE²⁾ and ROA³⁾

(Unit: KRW billion)



* Consolidated

1) Earning Before Interest, Taxes, Depreciation and Amortization

2) Return on equity

3) Return on asset

06 Appendix

POSCO INTERNATIONAL CORPORATION
SUSTAINABILITY REPORT 2023

- 97 ESG Policy Book
- 113 GRI Standards Index
- 117 SASB Index
- 120 UN Global Compact CoP
- 121 Financial Statement
- 128 Certifications & Trademarks/Memberships
- 129 Verification Opinion Statement
- 130 Independent Assurance Statement

Environmental Policy

Enactment Date: 2023.6.16

Management Organization: Corporate Citizenship Bureau

Deliberation: ESG Council

PURPOSE

The purpose of this policy is to establish a sustainable management and environmental management system that can fully realize the company's business philosophy of "Corporate Citizenship: Building a Better Future Together", improve its ability to respond to environmental risks, and contribute to protecting the environment and overcoming climate crisis through cooperation among POSCO International and POSCO International's all affiliates and stakeholders.

SCOPE OF APPLICATION

This policy applies to POSCO International. POSCO International shall encourage all of POSCO International's affiliates and partners to comply with this policy or establish an equivalent policy.

BASIC PRINCIPLES

1 Compliance with Environmental Laws and Mitigation of Environmental Impacts

- We shall comply with international conventions and applicable laws on the environment and energy and endeavor to mitigate environmental impact throughout our entire process of development, production, use, and disposal of products.
- We shall minimize emissions of pollutants by implementing eco-friendly production methods and the best available technology.

2 Response to Climate Change

- We shall establish a risk self-assessment framework in response to climate change, set achievable goals, and self-evaluate performance.
- We shall endeavor to reduce greenhouse gas emissions by reducing our dependence on fossil fuels and fossil raw materials, improving energy efficiency, and developing and using renewable energy.

3 Protection of Biodiversity and Restoration of the Natural Environment

- We shall endeavor to restore the natural ecosystem and protect biodiversity by using natural resources and by-products in an efficient manner.
- In order to minimize damage to the environment, including green areas, forests, wetlands, and oceans, we shall conduct risk assessments when constructing or expanding workplaces and endeavor to restore the existing natural environment through reforestation and afforestation efforts when withdrawing from work sites.

4 Raw and Subsidiary Materials and Water

- We shall take into account the amount of resources used to manufacture finished products and endeavor to replace traditional materials with eco-friendly ones, such as raw materials that are renewable or with fewer impurities. We shall also endeavor to reduce the amount of resources used in production activities by adopting new facilities that consume less resources, such as water saving machines, and by implementing clean technologies.

5 Waste and Wastewater

- We shall minimize waste and wastewater generated during the production process and recycle inevitably generated waste and wastewater as much as possible. We shall also establish waste management and/or water treatment facilities required to minimize the impact that waste and wastewater from our workplaces may have on the environment.

6 Hazardous Chemicals

- We shall systematically manage hazardous chemicals to prevent chemical accidents, such as chemical leaks or spills, and endeavor to use and release less hazardous chemicals.

ACTION PLANS

1 Establishment of Environmental Management System

- We shall establish an environmental management system ("EMS") to assess and respond to environmental risks unique to our business activities, set specific environmental performance targets, and continually improve such targets.
- The Board of Directors and the executive management shall actively participate in the decision-making and management/supervision of the EMS and provide ample support in both human and material resources, such as assigning dedicated working-level employees, to ensure that EMS is fully installed and operated.
- For the operation of the EMS, we shall incorporate environment-related factors in existing policies with specific consideration of each company's business situation and, if necessary, establish and comply with specific policies, guidelines, and bylaws on specific environmental concerns such as biodiversity, forest, wetland, and climate risk.
- We shall discuss the importance of environmental protection and response to climate change with stakeholders, such as contractors, suppliers, and counterparties, and provide support so that they can establish their own EMS.
- The officers and department heads shall provide training to the officers/employees under their supervision so that they can recognize the importance of environmental management and comprehend the EMS.

Environmental Policy

2 Response to Climate Change

- We shall integrate transition and physical risk related to climate change into company-wide risk assessments and business strategies and document and manage such risk.
- We shall ensure that risks, strategies, and assessments related to climate change are properly reported to the board of directors and executive management.
- We shall establish and implement concrete and feasible plans to mitigate greenhouse gas emissions and achieve carbon neutral goals.
- We shall apply environmental certification and disclosure frameworks related to climate change (e.g. the TCFD), or establish a comparable reporting framework to disclose to a reasonable extent our ongoing efforts and achievements in responding to climate change.

3 Management of Production and Workplace Environment

- We shall ensure that the production and workplace environment is properly managed through processes including KPIs and other performance management indicators, education/training, establishment and management of guidelines, internal inspections, etc.
- We shall apply eco-friendly production processes and the best available technology to minimize the amount of pollutants and the impact of pollutants on the environment.
- We shall establish and operate environmental management manuals tailored to the specific needs of production facilities and workplaces and continually monitor and strive to improve the environmental impact of our operating facilities.
- We shall endeavor to thoroughly assess risks and achieve a zero net environmental impact in order to protect the ecosystem and the environment when building, expanding, and closing down our workplaces. We shall not engage in business activities that destroy forests and wetlands but pursue and implement the best available measures to mitigate the impact on the ecosystem, e.g. through engaging in forest and wetland restoration activities.

4 Development and Distribution of Products and Services

- We shall identify the challenges and opportunities in the process of transitioning to a lowcarbon economy, increase the supply of eco-friendly products and by-products, and assess environmental risks in the transportation and logistics process. By doing so, we shall minimize the environmental impact throughout the entire process of developing and providing goods and services.
- We shall enhance our competitiveness by developing low-carbon, eco-friendly, and new and renewable energy products.

5 Supply Chain Management, and Selection and Evaluation of Suppliers

- When selecting our partners (suppliers, contractors, service providers, etc.), we shall evaluate their level of environmental management to minimize environmental impact.
- We shall provide support to suppliers and contractors so that they can establish their own EMS at a superior level and preemptively manage environmental risks throughout the entire supply chain by conducting performance evaluations regarding suppliers' environmental management levels.
- We shall procure materials and equipment in compliance with the green procurement policy.

6 New Projects and M&A

- We shall review environmental management plans and environmental impact assessments when reviewing new projects/investments to minimize environmental risks that may arise from projects.
- We shall conduct due diligence when reviewing potential M&As to identify and respond to environmental risks in advance.

Biodiversity Policy

Enactment Date: 2023.6.16

Management Organization: Corporate Citizenship Bureau

Deliberation: ESG Council

PURPOSE

The purpose of this policy is to establish a system whereby POSCO International can protect and promote biodiversity while performing its business activities and establish a code of conduct and action plans in order to develop a business model that can promote sustainable growth with the natural environment

SCOPE OF APPLICATION

This policy applies to POSCO International. POSCO International shall encourage all of POSCO International's affiliates and partners to comply with this policy or establish an equivalent policy.

CODE OF CONDUCT

1. We shall shift away from a linear economy where we exploit resources to produce and use products only to eventually discard them, and move instead toward a business model based on a circular economy which is decoupled from the consumption of finite resources and promotes recycling and sustainability.
2. We shall identify the potential impact on biodiversity at each stage of our business, endeavor to prevent or minimize such impact, and in cases of damages to biodiversity, strive to recover previous levels of biodiversity through restoration, closure, etc. of affected habitats and land areas.
3. When the loss of biodiversity is inevitable, we shall endeavor to minimize the loss of biodiversity, such as creating alternative habitats in other places, and shall not operate in areas of high biodiversity value.
4. We shall designate areas where our business activities directly or indirectly affect biodiversity, monitor designated reservation areas inside and outside of workplaces and other areas of high biodiversity value, and evaluate and manage the impact on biodiversity.

5. We shall identify factors that may threaten endangered animals and plants discovered in our workplaces as well as partners' workplaces and develop strategies to protect such species.
6. We shall carry out ecosystem restoration projects in areas where our business activities directly or indirectly affect the biodiversity and disclose the process of establishing and implementing plans, local communities' participation efforts, and the results of the projects.
7. We shall actively participate in research and development using biological resources, projects to promote biodiversity and protect animals, and international initiatives related to biodiversity.

ACTION PLANS

1. We shall establish procedures and governance where biodiversity issues are considered in our business strategies, decision-making process, and long-term risk analysis, and the board of directors shall monitor the above.
2. We shall integrate biodiversity management into the Group's EMS and set goals and standards to control and monitor the EMS.

Human Rights Management Policy

Enactment Date: 2023.6.16

Management Organization: Corporate Citizenship Bureau

Deliberation: ESG Council

PURPOSE

This policy aims to ensure that POSCO International complies with international human rights standards such as UN Guiding Principles on Business and Human Rights, UN Global Compact, Universal Declaration of Human Rights, and OECD Guidelines for Multinational Enterprises and implements human rights management based on respect for labor principles recommended by the International Labor Organization and ratified by the government.

SCOPE OF APPLICATION

This policy applies to POSCO International and its officers/employees. POSCO International shall encourage all of POSCO International's affiliates and its officers/employees as well as its partners and their officers/employees to comply with this policy or establish an equivalent policy.

CODE OF CONDUCT

1 General Principles

- We shall respect the UN Guiding Principles on Business and Human Rights and acknowledge that all human beings have the right to dignity, including the following related rights: right to life and physical safety; freedom of thought, expression, and religion; freedom of association; freedom of family life and privacy; right to food and water; freedom from torture, slavery, or forced labor; right to fair and decent working conditions; and anti-discrimination.
- To this end, we shall prevent infringement on the human rights of others and take appropriate measures to prevent and address negative impacts on human rights that may occur in the course of our business activities.
- To meet the expectations of stakeholders by fulfilling our responsibility to respect human rights, our officers/employees shall comply with the following recommendations regarding human rights management:
 - ① We shall comply with applicable laws and internationally recognized global human rights standards wherever we operate our business;
 - ② When faced with conflicts with local regulations, we shall pursue ways to comply with global human rights standards; and
 - ③ We shall treat the risk of serious human rights violations as an important management issue of the company

2 Major Human Rights Issues

- We shall manage human rights risks that may occur in the following areas of human rights at the company-wide level and fulfill its responsibility to respect human rights.

① Anti-discrimination

We shall not discriminate or harass anyone on the ground of race, nationality, gender, age, educational background, religion, region, disability, marital status, gender identity, etc. We shall provide equal employment opportunities to those with appropriate qualifications and abilities to perform the duties assigned to them and respect cultural diversity. We shall not discriminate against people on the ground of gender and employment type. We shall provide equal wages to workers for equal work to prevent disparities in wages and working conditions without reasonable reasons. We shall fairly evaluate officers/employees' individual capabilities and performance and systematically reflect the evaluation results to provide appropriate compensation.

② Prohibition of Forced Labor and Child Labor

We shall not coerce anyone to work against his/her free will by means including human trafficking, intimidation, confinement, and other unreasonable restriction of mental or physical liberties. We shall not sign a labor contract that requires the other party to pay a penalty if he/she fails to perform the labor contract. In addition, we shall prohibit child labor and comply with labor conditions for minors and minimum working age standards under national labor laws and international standards.

③ Guarantee of Freedom of Association and Collective Bargaining

In accordance with the basic labor rights under domestic laws and regulations and as defined by the International Labor Organization, we shall recognize workers' freedom of association and membership, including the freedom to unionize. We shall not penalize workers for joining labor unions or engaging in union activities. In addition, we shall not reject collective bargaining without reasonable grounds and shall respect and fully implement the results of collective bargaining.

④ Guarantee of Occupational Safety

Under the principle that all kinds of accidents and work-related diseases must be prevented, we shall establish a company-wide health and safety policy, fully comply with international safety rules and regulations, and take appropriate measures for any identified occupational hazards.

Human Rights Management Policy

⑤ Prevention of Workplace Harassment

We shall strive to strictly prevent any cases of employees taking advantage of their positions or relationships at work to cause unwarranted physical or mental distress to another employee or cause harm to the work environment. We shall prevent any employee from violating the human rights of others or engaging in verbal, physical, or visual behavior that is offensive to others, including sexual harassment, and create a workplace culture in which everyone is respected.

⑥ Responsible Supply Chain Management

In order to monitor and manage forced labor and violations of children's rights in our supply chain, we shall manage human rights risks of our suppliers, subcontractors, subsidiaries, and other key partners under our influence. In addition, we shall ensure fair trade with our partners based on mutual respect and equality and support partners to comply with fair trade laws and regulations.

⑦ Anti-corruption and Anti-bribery

In order to maintain fair trade in all areas, we shall comply with all domestic and international anti-bribery and anti-corruption laws and regulations, including the Improper Solicitation and Graft Act, the UN Convention against Corruption, the Foreign Corrupt Practices Act, and the Act on Combating Bribery of Foreign Public Officials in International Business Transactions.

⑧ Guarantee of Environmental Rights

We shall endeavor to reduce greenhouse gas emissions by reducing the use of fossil fuel and fossil fuel-derived raw materials and improving energy efficiency. We shall strive to restore the natural ecosystem and protect the biodiversity by using natural resources and by-products in an efficient manner. In addition, we shall establish an EMS, improve our ability to respond to environmental risks, and conduct eco-friendly management through open communication.

⑨ Protection of Human Rights of Local Residents

If a human rights violation occurs in the local community due to the company's business activities, we shall collect opinions and endeavor to resolve such human rights issues. In addition, we shall minimize and prevent human rights risks as we may have a social and environmental impact on local residents and the region in the process of running our business. We shall also evaluate the impacts on the safety, health, food, and economic activities of the local environment and local residents and take into account protection of the local culture and biodiversity issues in the region.

⑩ Protection of Human Rights of Consumers

We shall operate a customer-centric business in which we listen to and respect our customers. We shall actively accept customers' legitimate requests and reasonable suggestions. We shall not provide products and services that threaten their safety and health based on considerations for the safety and health of customers in our business activities. We shall also protect customer-related information.

3 Establishment of Policies and Procedures

- We shall prepare the following policies and procedures to fulfill our responsibility to respect human rights.
 - ① Implementation of appropriate policy regimes, including enactment of rules containing the company's responsibility to respect human rights
 - ② Human rights due diligence procedures to identify, prevent, and mitigate any negative impact on human rights and inspect and investigate any activities that affect human rights
 - ③ Procedures to remedy the negative impact on human rights that the company has had

ACTION PLANS

1 Human Rights Management Governance

- The ESG Committee, an expert committee under the board of directors, shall set overall policies and directions related to human rights management and monitor the implementation of such human rights management. The Corporate Citizenship Bureau shall support the ESG committee to facilitate the performance of duties and provide human rights training, disclose information, conduct human rights due diligence, and provide relief to victims.

2 Human Rights Due Diligence

A. Key Considerations

- Officers/employees shall identify, prevent, and mitigate any negative impact on human rights and conduct human rights due diligence when considered necessary to fulfill their responsibilities. Such due diligence shall include identifying and evaluating any actual and potential impact on human rights, responding to problems identified, recording response activities, and communicating with stakeholders. Human rights due diligence shall consider the following:

Human Rights Management Policy

- ① Include negative impacts on human rights that may be directly or indirectly triggered in the course of the company's business activities;
- ② Consider the location and size of workplaces, human rights risk exposure, characteristics and features of business, and other various matters depending on the political and economic conditions and characteristics of the host country; and
- ③ Recognize that human rights risks gradually change as the company's activities and business environment change, and continue to conduct due diligence.

B. How to Conduct Due Diligence

- We shall endeavor to identify and inspect any actual and potential negative impact on human rights related to their business activities at home and abroad according to the following process.
 - ① If human rights risks are identified in major domestic and foreign workplaces, we shall conduct human rights due diligence, analyze the situation, and make improvement plans;
 - ② In principle, due diligence shall be carried out by internal experts, and if necessary, it may be conducted with the support from external experts;
 - ③ In some cases, groups and stakeholders who may be potentially affected may be interviewed;
 - ④ We shall identify any potential and actual impact during due diligence, share the evaluation results at the company-wide level regarding the potential impact, take measures to prevent or mitigate such impact by carrying out relevant procedures, and endeavor to remediate and resolve any existing impact; and
 - ⑤ We shall conduct due diligence using a checklist that identifies key elements related to human rights management.

C. Response and Follow-up

- We shall endeavor to identify and inspect any actual and potential negative impact on human rights related to their business activities at home and abroad according to the following process.
 - ① Establishment of Internal Response System
 - i. We shall clarify roles and responsibilities with relevant departments to solve identified problems.
 - ii. We shall apply internal decision-making, budget allocation, and monitoring procedures to effectively respond to the above impact.
 - iii. We shall accurately explain the problems identified through human rights due diligence to the relevant departments and respond to the problems by managing them as important issues.

② Follow-up and Remedies

- i. We shall take the necessary steps to prevent or mitigate any potential or existing adverse impact on human rights.
- ii. In cases of unexpected negative impact on human rights despite our best policies and procedures, we, alone or in collaboration with other entities, shall endeavour to address such negative impact.
- iii. When we have not directly contributed to negative impacts on human rights but the negative results are related in a complex way to our operations, production, and services through our relationship with other entities (e.g., suppliers), while we are not directly responsible for devising plans for systematic improvement, but we shall play a certain role.
- iv. We shall use the influence that the company has to prevent or mitigate the negative impact on human rights, and otherwise may strive to strengthen our influence by collaborating with the relevant entities to protect human rights
- v. We shall operate a grievance mechanism that shall serve as an effective remedy for potentially affected stakeholders

D. Communication with Stakeholders

- When stakeholders raise concerns about human rights impacts, we shall take responsibility in communicating with them.
 - ① We shall communicate responsibly and transparently with our stakeholders, including affected groups, individuals, and investors. To facilitate stakeholders' access to information, we may consider various forms of communication, such as face-to-face meetings, publication of official reports, and online channels (e.g., the company's official website and Helpline).
 - ② We shall include actual and potential negative impacts in the official reports we publish and may consider independent verification procedures to enhance the credibility of the reports.
 - ③ We shall provide stakeholders with information so that they can better assess whether the company is responding appropriately to specific human rights impacts.

Human Rights Management Policy

E. Internalization and Program Improvement

- Based on the results of human rights due diligence, we shall contribute to the actual improvement of human rights management through internalization of organizational culture and activities for improving programs.
 - ① We shall carry out activities to internalize human rights management into the organizational culture by providing training on rapport-building and human rights management norms to all officers/employees and sharing successes and failures.
 - ② We shall continue to improve the human rights management system by consulting with experts, communicating with stakeholders, and discovering areas for improvement through implementing programs.

3 Grievance Mechanism

A. Key Considerations

- We shall operate a grievance mechanism for negatively affected individuals and communities so that their grievances can be promptly discussed and addressed.
- We shall endeavor to address grievances swiftly and reasonably by using existing methods such as the Ethics Counseling Center (Helpline) and the Unethical Conduct Reporting Center (Hotline).
- We shall not penalize those who file a complaint, victims, and cooperators on the ground that they apply for counseling or investigation and provide cooperation.
- The grievance mechanism shall perform the following important functions in relation to the company's responsibility to respect human rights:
 - ① Facilitation of the identification of negative impacts on human rights and acceptance of concerns raised by those directly affected or likely to be affected. Affected persons may report their human rights concerns to the Corporate Citizenship Bureau in person, by mail, by phone, or by email and apply for grievance handling;
 - ② Collection of grievances and provision of early relief to victims in order to prevent the spread of human rights violations and;
 - ③ Analysis of operations progress to identify and solve problems in human rights policies and procedures.

Responsible Minerals Policy

Enactment Date: 2023.6.16

Management Organization: Corporate Citizenship Bureau

Deliberation: ESG Council

PURPOSE

This policy prohibits the use of conflict minerals such as tin, tantalum, tungsten, and gold (“3TGs”) that have been used to fund warlords and rebel groups in African countries affected by civil wars such as the Democratic Republic of Congo and other minerals such as cobalt that are linked to human rights abuses and environmental issues during the mining process. This policy outlines POSCO International’s commitment to using only “responsible minerals” mined in a way that respects human rights and protects the environment without financing armed conflict and sets out the code of conduct and action plans for achieving the above goal.

SCOPE OF APPLICATION

This policy applies to POSCO International. POSCO International shall encourage all of POSCO International’s affiliates and partners to comply with this policy or establish an equivalent policy. Furthermore, POSCO International expects partners to encourage their partners to comply with this policy as well.

CODE OF CONDUCT

- 1 We shall endeavor to prevent negative impact on society and the environment by preventing human rights violations such as child labor and forced labor in the mining process and minimizing environmental destruction.
- 2 We shall disclose information on partners using minerals that cause conflict, including 3TGs and cobalt, in the Democratic Republic of Congo and neighboring countries.
- 3 We shall comply with regulations related to conflict minerals, including the Dodd-Frank Act of the United States and the Conflict Minerals Regulation of the EU. We shall endeavor to ensure that due diligence is conducted in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (“OECD Due Diligence Guidance”), which provides a framework for detailed due diligence to identify and mitigate risks in the supply chains for 3TG and cobalt.
- 4 We shall require our partners to purchase 3TG and cobalt from smelters that meet the Responsible Minerals Assurance Process (“RMAP”) standards under the Responsible Minerals Initiative (“RMI”) or any other similar standards. We shall also require smelters included in POSCO Group’s supply chains that have failed to meet the RMAP standards to meet the above standards.

ACTION PLANS

Based on the five-step framework recommended by the OECD Due Diligence Guidelines for responsible resource procurement in consideration of human rights protection and conflict risk, we shall manage as follows so that minerals can be mined in a way that respects human rights and protects the environment:

- 1 Establish an internal management system to manage risks related to minerals mined in conflict-affected and high-risk areas;
- 2 Identify and evaluate risks that may arise from mining, trading, and exporting minerals in conflict-affected and high-risk areas;
- 3 Establish and implement a risk management system and strategy to manage and respond to identified risks, monitor implementation performance and improve the management system and strategy on an ongoing basis;
- 4 Conduct due diligence on smelters in the supply chains in conflict-affected and high-risk areas and plan and conduct independent audit, if necessary; and
- 5 When identifying any supply chain risks or necessary improvements through due diligence, we request that suppliers take action accordingly while verify the improvements made by suppliers so that they could participate in our sourcing pool on the condition that such risks were mitigated.

Supply Chain Policy

Enactment Date: 2023.6.16

Amendment Date: 2024.6.25

Management Organization: Corporate Citizenship Bureau

Deliberation: ESG Council

PURPOSE

This policy enables POSCO International to promote fair trade based on mutual trust with its supply chain and partners, build a sustainable supply chain, and ultimately create an inclusive business environment where POSCO International can coexist and grow together with its stakeholders.

SCOPE OF APPLICATION

This policy applies to suppliers and their subcontractors (hereinafter referred to as 'suppliers') that provide products and services (including general services) to POSCO International and its subsidiaries, joint ventures, etc., and it is recommended that POSCO International's partners also comply with this policy or a policy of similar standards.

PARTNER CODE OF CONDUCT

1 Labor Human Rights

Suppliers shall not tolerate illegal underage labor, human trafficking, including sexual exploitation, forced labor, etc. in accordance with the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, and the International Labor Standards of the International Labour Organization (ILO), and shall do their best to respect and protect the human rights, working hours, association and collective bargaining freedom of all workers. Also, workers should not be discriminated against on the grounds of race, nationality, sex, age, academic background, religion, region, disability, marital status, or gender identity.

(1) Voluntary Employment

- All duties and duties shall be voluntary, and employees shall be free to retire after giving reasonable notice of severance.
- It complies with the Modern Slavery Prevention Act and other similar laws to prevent forced labor (all involuntary labor, such as slavery, human trafficking, and debt repayment).
- Suppliers shall not force employees to hand over any government-issued identification cards, passports, or work permits as a condition of employment.
- The Supplier shall provide in writing to all workers an employment contract, including the terms and conditions of employment, in the native language of the worker when hiring or changing the labor contract.

(2) Prohibition of Child Labor

- Supplier shall not employ any employee under the age of 15 or the age at which compulsory education ends, or the minimum age of employment in the applicable country, whichever is higher.
- If a child worker is found, the supplier shall immediately suspend the employment and take immediate action, such as improving the process of identifying age in the employment process.
- Workers under the age of 18 (Aged Workers) shall not engage in any work threatening their health or safety, including night duty, overtime work, and shall comply with all laws and regulations when using the workplace apprenticeship system.

(3) No Discrimination

- In employment practices such as employment, promotion, compensation, and training opportunities, treatment shall be equal without discrimination based on race, skin color, religion, sex, sexual orientation, age, health, political views, nationality, ethnicity, and marital status.
- Medical examinations and physical examinations that may be used as discriminatory means by workers or prospective workers shall not be required, except as required for local law or workplace safety.

(4) Working Hours

- Except for emergency situations, working hours shall comply with the working hours requirements prescribed by the Act, including overtime work. All overtime work shall be voluntary and shall be reimbursed with allowances at an appropriate level.

(5) Wages

- Consideration paid to employees shall comply with all applicable wage-related laws, including benefits prescribed by law, such as minimum wage and overtime allowance.

(6) Humanitarian Treatment

- There shall be no harsh and inhumane treatment or intimidation of an employee, including sexual harassment, sexual abuse, physical punishment, mental or physical coercion, or abusive language, and there shall be no illegal interference with the employee's family or family.

(7) Freedom of Association

- Respect the lawful freedom of association and workers' rights to collective bargaining by means of negotiating the working environment, wages and other matters; workers should be able to openly communicate with management without fear of discrimination, retaliation, threat, and harassment against working conditions and management practices.

Supply Chain Policy

2 Environment

Suppliers shall not only comply with environmental regulations and laws, but also endeavor to improve environmental impacts throughout the entire process of product development, production, and use by establishing an environmental management system to evaluate the impact and risks of business activities on the environment and systematically manage and analyze environmental management performance. Suppliers shall endeavor to reduce greenhouse gas emissions by reducing the amount of fossil fuels and fossil fuel materials used and improving energy efficiency, and restoring natural ecosystems and conserving biodiversity by efficiently utilizing natural resources, by-products, etc.

(1) Environmental License and Report

- Suppliers shall obtain and maintain all environmental licenses and licenses (e.g., emission monitoring, installation, operation, modification, and reporting of air emission facilities, etc.) and registrations necessary for the operation of the enterprise, and shall comply with the operation and reporting requirements.

(2) Resource Savings and Rotation

- Natural resources, such as water, fossil fuels, minerals, and primeval forest products, shall be conserved through the improvement of the production process, the use of alternative materials, the recycling of materials, or other means.

(3) Energy and Greenhouse Gases

- Suppliers are recommended to calculate and record energy consumption and greenhouse gas emissions (direct emissions of Scope1 and indirect emissions of Scope2) by company and business unit.
- Find ways to increase efficiency in energy use and minimize greenhouse gas emissions, and encourage the establishment of reduction targets for enterprise-wide greenhouse gases.

(4) Wastewater, Solid Wastes and Air Pollution

- Wastewater generated from plant operation, industrial process and sanitary facilities, and solid wastes, volatile organic chemicals, mist, corrosive agents, particulate powders, ozone layer-depleting substances, and combustion byproducts generated in the process must be identified, controlled, and treated to the extent permitted by law prior to discharging or disposing.

(5) Biodiversity

- Efforts shall be made to prevent or minimize the impact on biodiversity that may occur at all stages of the project, and where biodiversity is damaged, efforts shall be made to recover it through methods such as restoration and closure of habitats and land. If biodiversity damage is expected, efforts shall be made to minimize the loss of biodiversity, such as creating alternative habitats in other places, and the project shall not be operated in areas with high biodiversity value.

(6) Harmful Substances

- Suppliers shall identify and label chemicals, wastes and other substances that pose a risk to humans or the environment and comply with all laws and customer requirements relating to the prohibition and restriction of the use of certain substances in the production and manufacturing process to ensure the safe handling, transport, storage, use, recycling, or reuse and disposal of such substances.

Supply Chain Policy

3. Safety and Health

Suppliers should recognize that a safe and healthy work environment is a factor that can not only minimize the occurrence of work-related disasters and illnesses, but also enhance the quality of products and services, the consistency of production, and employee service and morale. In addition, efforts should be made to identify and resolve health and safety problems in the workplace in accordance with local laws and regulations.

(1) Industrial Safety

- Design, technical, and administrative control of safe processes, preventive maintenance, preparation of safety regulations, establishment of safety work measures, and continuous education shall be conducted to ensure that employees are not exposed to potential safety hazards (e.g. electricity and other energy sources, fire, vehicles, falls, etc.). If these measures do not sufficiently control the risk factors, appropriate personal protective equipment should be provided to the worker.
- In addition, reasonable measures should be taken, such as removing or reducing harmful elements, without placing them in the urea working environment for pregnant women and nursing women, and convenience facilities should be provided for nursing female workers.
- Suppliers shall assess safety hazards in production and other machinery. In the event that there is a risk of injury to an employee due to mechanical equipment, physical protection equipment, safety devices, and protective walls must be provided and properly maintained.

(2) Industrial Hygiene and Health Management

- Suppliers shall establish and comply with the procedures and systems for the prevention, management, tracking, and reporting of workers' occupational accidents and illnesses, including provisions for encouraging workers to report, classifying, and recording cases of injury and disease, providing medical treatment, conducting corrective measures to investigate cases and eliminate causes, and facilitating return to work.
- Suppliers shall identify, assess, and control workers' exposure to chemical, biological, and physical factors used in the workplace. If a potential risk is identified, it should be able to eliminate and/or reduce risk and should be controlled through appropriate design, engineering, and administrative control. If these measures do not provide sufficient control over the risk factors, appropriate personal protective equipment should be provided free of charge to workers, and protection programs should be provided that include educational materials related to these risks.
- Suppliers shall create a hygienic and pleasant working environment, and dormitories provided to workers shall maintain cleanliness and safety, and shall be provided with lighting, appropriate emergency exits, air conditioning and ventilation facilities, personal lockers, and appropriate personal space at a reasonable level.

- Suppliers shall provide workers with appropriate workplace health and safety information and training in a language that workers can understand for all workplace risks, including machinery, electricity, chemistry, fire, and physical risks, and shall post the health and safety information so that it is clearly visible within the facility.

(3) Emergency Response

- Suppliers should minimize damage by identifying and assessing potential emergency situations and incidents and implementing emergency measures and response procedures. These emergency measures and response procedures include emergency reporting, employee notification and evacuation procedures, worker training and training, and emergency training shall be conducted at least annually or as required by local law.
- Contingency plans shall include appropriate fire detection and suppression equipment, cleared and apparent exits, appropriate exit facilities, emergency response contact information, and recovery plans, and these contingency plans and procedures shall focus on minimizing human and environmental and property damage.

4. Ethics

Suppliers shall not engage in any form of fraud, corruption, solicitation of money or valuables, and solicitation, etc., shall comply with domestic and foreign bribery and anti-corruption laws and regulations, and shall endeavor to establish an ethical corporate culture through management activities that are thorough and uphold principles. In addition, by complying with international standards and relevant laws and regulations related to fair trade in each country, it shall not engage in any unfair joint act with a competitor, such as collusion on production, price, bidding, market division, etc., or any unfair trade act that is likely to impede fair trade. It shall respect the rights and property of others, including intellectual property rights, shall not make transactions or profits in a manner that infringes on them, and shall acquire and utilize corporate information, including information on competitors, only through legitimate methods. In addition, Suppliers must comply with laws to prevent the laundering of illegal funds and the financing of tax evasion funds both at home and abroad.

Supply Chain Policy

(1) Business Integrity

- In all forms of transactions, the highest level of integrity must be maintained, and inappropriate acts such as bribery, corruption, coercion, extortion, and embezzlement are strictly prohibited.

(2) Compliance with the Special Terms and Conditions for Ethical Practice

- Suppliers are obligated to comply with the provisions of the POSCO Group's 'Special Terms and Conditions for Ethical Practice', and if they violate this, they will be sanctioned in accordance with the terms and conditions and contract-related regulations.

(3) Prohibition of Unjust Profits

- Not promise, offer, permit, provision or accept bribes or other means to obtain undue or improper benefits, and shall comply with anti-corruption laws and take measures to prevent corruption

(4) Responsible Mineral Procurement

- Minerals such as cobalt, tin, titanium, tungsten, gold, etc. used or sold by suppliers themselves shall be mined in a manner that does not constitute a source of funding for disputes, respects human rights and the environment, and fulfills social responsibilities.

(5) Management and Protection of Confidential Information

- Technical data, information, and intellectual property acquired in the course of supplying products and services to POSCO International shall be used only to the extent permitted by POSCO International and shall be actively protected

(6) Protection of Intellectual Property

- The supply of goods and services to POSCO International shall not infringe or unlawfully use any intellectual property, such as any other person's patent, software, design, or trademark.

(7) Protection of Personal Information

- Efforts shall be made to protect the personal information of employees and all persons related to their duties at a reasonable level of privacy protection. Privacy and information security requirements must be observed when collecting, storing, processing, transmitting, and sharing personal information.

(8) Prohibition of Money Laundering

- Suppliers should not be directly or indirectly involved in money laundering and should continue to monitor for suspicious transactions related to this.

(9) Prevention of Funding Related to Terrorism and Weapons of Mass Destruction

- Not provide, raise, transport, or store funds, recognizing that they will be used for the purpose of terrorism and proliferation of weapons of mass destruction.

5. Management System

Suppliers shall adopt or establish a management system related to the content of this Code. The Management System should be designed to identify and mitigate the relevant laws and regulations, compliance with customer requirements, compliance with this Code, and risks associated with this Code, and should continue to improve.

(1) Corporate Willingness to Comply

- A statement of corporate social and environmental responsibility policy expressing the supplier's willingness to comply and continue to improve should be prepared and posted in local language with the approval of management.

(2) Establishment of Channels and Procedures for Grievance Settlement

- Suppliers shall establish channels and processing procedures to provide information to interested persons who identify or witness violations of the Code, laws, or ethical regulations, or who have been adversely affected by their business activities in relation to human rights, the environment, etc., and shall actively implement mitigation and improvement of the adverse effects.

Supply Chain Policy

(3) Protection of Identity and No Retaliation

- The supplier must thoroughly ensure that the informant, victim, or collaborator is not subject to retaliation, threats, or discrimination.

(4) Risk Assessment and Management

- In connection with the business operation of suppliers, procedures for verifying compliance, environment, health, safety, labor practices, and ethical risks shall be established.

(5) Request Data

- If the material or potential adverse effects of human rights, environment, product safety, etc. are identified, POSCO International may request the relevant supplier for relevant materials, and the supplier shall be obliged to provide such materials.

(6) On-Site Inspection

- If actual or potential adverse effects on human rights, environment, product safety, etc. are identified, POSCO International may conduct an on-site due diligence of the supplier, evaluate the level of compliance with the supplier's code of conduct through the due diligence, and require the supplier to establish and implement a plan to improve and mitigate the adverse effects of the supplier's business activities based on the results.
- Transactions with suppliers may be reevaluated or suspended if efforts to improve the actual or potential adverse effects of suppliers on human rights, environment, product safety, etc. are insufficient and the adverse effects of suppliers are deemed unlikely to be mitigated.

(7) Education

- To implement the supplier's policies, procedures, improvements and to operate training programs for managers and workers to comply with applicable laws and regulatory requirements.

6. Other

(1) Quality Control

- Suppliers shall endeavor to supply products of quality verified by themselves so that POSCO International can produce/supply world-class products.

(2) Shared Growth

- To create a sound corporate ecosystem, it should not only actively participate in shared growth activities, but also do its best to spread fair trade and shared growth to secondary and tertiary suppliers who deal with suppliers.

(3) Social Contribution

- Actively perform social contribution activities for continuous job creation and community and economic development.

7. Reporting Unethical Conduct

Suppliers shall promptly report to POSCO International any violations of applicable laws, regulations, or this Code, using any of the following channels:

- Website – <https://www.poscointl.com/eng/reportCenter.html>

If one chooses to remain anonymous, we ask that you provide sufficient detail and factual information to allow POSCO International to effectively follow up on the concerns raised.

8. Violations of the Code

Where a Supplier is found to have violated the Code, POSCO International may take a range of actions, including suspending business activities and/or payments, terminating the business relationship, and/or requiring the Supplier indemnify POSCO International for any damages, losses, liabilities, costs, or expenses. Such measures will be determined by POSCO International based on the facts and circumstances of each case.

Supply Chain Policy

CODE OF CONDUCT

1. Risk Management and Due Diligence of Supply Chain

- We shall identify partners' failure to comply with the basic principles of this policy and resultant risks that may undermine sustainability in the supply chain and prepare a system to manage and monitor the above risks in order to minimize any negative impacts.
- When selecting a partner, we shall check whether the candidates are complying with the Partner Code of Conduct in this policy.
- When entering into contracts with a partner in the supply chain, it shall be clearly stated in the contract that the partner shall comply with this policy and ensure that the partner includes a similar clause in its contract with its own partners.
- We may identify negative impacts on human rights, the environment, and product safety in the process of managing supply chain risks. We may conduct supply chain due diligence to the extent permitted by law, as is necessary to prevent or mitigate such risks.
- Supply chain due diligence shall include identification and evaluation of actual or potential negative impacts on the supply chain, preparation and implementation of action plans to prevent/mitigate/address negative impacts, communication with stakeholders about the process and results of due diligence, and procedures through which stakeholders can express their grievance.
- We may determine the scope of the supply chain subject to due diligence at our own discretion in consideration of expected group-wide effects. Depending on the situation, the scope of due diligence may be limited to direct contractors or be expanded to include entities further up/down the supply chain.
- We may evaluate a partner's level of implementation of this policy through supply chain risk management and due diligence. Based on the evaluation results, we may request the partner to establish and implement a plan to address and mitigate negative impacts caused by the partner's business activities. Regardless of the above, if it is determined that such negative impacts are unlikely to be mitigated due to the partner's insufficient efforts, we may suspend business with the partner.

2. Co-prosperity with Partners and Establishment of Mutually Beneficial Relationship

- We shall endeavor to promote fair trade based on mutual trust with its partners and create an inclusive business environment where we can coexist and grow together with its partners.
- We shall respect the rights of its partners (intellectual property rights, property rights, etc.) and endeavor to ensure fair trade with partners based on mutual respect and equality.
 - We shall share achievements with partners and pursue mutual benefits. We shall further ensure smooth communication and mutual cooperation with partners so that the latter can provide high-quality products and services.
 - We shall endeavor to improve payment procedures for partners and to establish a stable supply chain by providing technical and financial support. We shall also support partners to help comply with fair trade laws and regulations.
 - We shall continue to expand the scope of partners subject to our co-prosperity efforts for the promotion of mutually advantageous coexistence in the business ecosystem.

Green Procurement Policy

Enactment Date: 2024.6.7

Management Organization: Corporate Citizenship Bureau

Deliberation: ESG Council

PURPOSE

This policy aims to preventing the waste of resources and environmental pollution while abiding by applicable laws and regulations in the entire business conduct of POSCO International. This policy illustrates the definition of green products, scope of procurement, basic guidelines, and action plans to support effective policy implementation.

SCOPE OF APPLICATION

This policy applies to POSCO International and our subsidiaries. We recommend that suppliers and partners doing business with POSCO International to comply with this policy or other equivalent policies.

DEFINITION OF GREEN PROCUREMENT AND GREEN PRODUCTS

The terms used in this policy are defined as below

1 ‘Green procurement’ refers to purchasing activities undertaken in line with the definition of green products to prioritize eco-friendliness in procuring products required for our business and sales operations, including but not limited to traded products, raw materials, and equipment.

2 ‘Green products’ may fall into one of the following categories.

A. Products certified for their eco-friendliness pursuant to the pertinent laws and regulations of Republic of Korea and the policies of government public institutions, or products recognized for their compliance with the certification standards therein Green products specified in conformity with 「the Environmental Technology, and Industry Support Act」, 「the Act on the Promotion of Saving and Recycling of Resources」, 「the Framework Act On Low Carbon, Green Growth for Response to Climate Crisis」, and 「the Energy Use Rationalization Act」, and products certified under the certification programs newly adopted by other public institutions

B. Eco-friendly products that qualify under the EU-Taxonomy

C. Other products that meet the green procurement eligibility criteria of POSCO Group (GP Grade*)

*GP Grade : [Green Purchase Grades that apply as green procurement eligibility criteria within POSCO Group](#)

※ Refer to [Attachment 1] for the specific details.

ACTION PLANS

1 Basic Guidelines

A. We shall perform regular supply chain ESG assessment* and mitigate our environmental impact in relation to business operations, and shall not do business with suppliers/partners identified for environmental risk as a result of such assessment.

* ESG assessment according to the ‘Supplier ESG checklist’ and others

B. We shall do business with suppliers that consider the environmental impact of their operations (workshop, production site) in terms of protecting ecosystems, preserving bio species, conserving water resources, and managing chemical substances.

C. We shall do business with suppliers/partners that abide by our NDPE (No Deforestation, Peat, Exploitation) policy, and produce and process products that are free from deforestation, peat destruction, and exploitation of people and communities.

2 Strong Recommendation for Green Procurement

A. We shall proactively procure green products and set priorities in our procurement of green products to prioritize green products in our procurement procedures. Exceptions are allowed however, in any of the followings.

- Green products are not available in the category of products to be purchased

- Reliable supply of green products is not possible

- Procurement of green products is unfeasible within the set budget limit due to their markedly low price competitiveness

- Intended purpose of procurement is hardly fulfilled for reasons such as significantly low quality of green products

- Procurement of certain products other than green products is justified at the request of the ordering party or the pertinent business division and/or site-specific conditions

B. If green certification programs or green-certified products are not available in the market and the procurement of green products is not available for such reasons among others, we shall opt for products as eco-friendly as possible by drawing on the accessible information including but not limited to their environmental impact such as the content of recycled raw materials and hazardous chemicals, the recyclability of these products and their packaging, and carbon emissions generated from their process and distribution.

Green Procurement Policy

3 Operation of the Green Procurement System

We shall operate a green procurement system to monitor the status of green procurement, identify and introduce green products and their suppliers, assess green procurement performance, and set mid/long-term green procurement goals with an aim to effectively advance green procurement and pursue continuous improvement for green procurement activities. We shall also develop measures to share information on our green procurement performance and goals with stakeholders.

A. Green product procurement plan

- We shall develop basic plans for the procurement of green products, which will include the followings:

- ① Green product procurement targets
- ② Analysis of the green product procurement performance of the previous year and plans to expand green procurement
- ③ Matters on cooperation with relevant departments in relation to green products

B. Green product procurement performance

- We shall aggregate data on our green product procurement performance measured against the set procurement plan on a semi-annual basis, and if any discrepancies occur between the plan and the actual performance, we shall perform analysis to develop countermeasures.
- We shall continuously upgrade our procurement system for the automated, systemic aggregation of green procurement performance data.

C. Request for cooperation to expand the procurement of green products

- We may request cooperation from relevant departments to expand the procurement of green products.

D. Training for procurement personnel and others

- We shall appoint the green procurement manager, and provide regular training to managers and departments working in relation to procurement.

4 Encouragement of Green Procurement within Supply Chains

A. We shall encourage affiliates, partners, suppliers, and transaction parties to implement green procurement within the legally allowable boundary, and consider the establishment and implementation of specific green procurement policies in selecting partners.

[ATTACHMENT 1]

- Eco-labeled products pursuant to the Environmental Technology and Industry Support Act
- Good Recycled (GR) products pursuant to the Act on the Promotion of Saving and Recycling of Resources
- Low-carbon products that minimize the input of energy and resources as well as the generation of GHG emissions and pollutants pursuant to the Framework Act On Low Carbon, Green Growth for Response to Climate Change
- High-efficiency energy equipment and products graded 1~2 pursuant to the Energy Use Rationalization Act
- Products bearing HB (Healthy Building Material) Mark granted under the green building material organizational standard certification program
- Eco-friendly products that qualify under the EU-Taxonomy
 - A. Agricultural products that satisfy the requirements of sustainable organic product certification standards
 - B. Products that conserve energy and reduce carbon emissions to mitigate climate change
 - Fuel cells, biomass, biogas, bio ethanol, bio diesel, biofuel oil, and other products that help reduce carbon emissions
- Other products that satisfy POSCO Group's green procurement eligibility criteria (GP Grade)

GP Grade	Product	Description
GP 1	Eco-labeled products	Eco-labeled products as specified by the laws and regulations governing environmental technology development and resources
GP 2	Good Recycled products	Certified recycled products as specified in the laws and regulations governing resource conservation and recycling promotion
GP 3	Energy-saving products	Products graded 1~2 in energy efficiency as specified in the Energy Rationalization Act and its regulations, products bearing Energy Saving Mark, high-efficiency energy equipment
GP 4	Products with reduced content of six hazardous substances	Products that contain decreased amounts of hazardous substances such as lead, mercury, cadmium, chrome, PCB (Polychlorinated Biphenyl) and asbestos
GP 5	Procurement conducive to waste reduction	Products that help reduce waste through lighter packaging units, refills, and container recovery
GP 6	Others (fire retardant products, products bearing foreign eco-labels)	Fire-retardant products, products made of recycled raw materials, products bearing foreign eco-labels, and other products recognized for their eco-friendliness
GP 7	Products requiring eco-friendly consideration	Products that require eco-friendly consideration (compliance with environmental regulations, etc.)

GRI Standards Index

GRI Standards Disclosures			Page	Note
GRI 2: General Disclosures				
GRI 2: The organization and its reporting practices (2021)	2-1	Organizational details	2, 6, 21	
	2-2	Entities included in the organization's sustainability reporting	2	Please refer to page 627 of the 24th POSCO International Business report
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	84-94	Annotations were made when deemed necessary
	2-5	External assurance	130	
GRI 2: Activities and workers (2021)	2-6	Activities, value chain and other business relationships	2, 7-14	
	2-7	Employees	89, 116	- Employees breakdown by region at the end of 2023 - Korea 2,720 persons, Asia(excluding Korea and China) 7,722 persons, China 447 persons, Europe 342 persons, North America 110 persons, Central and South America 99 persons, Middle East and Africa 206 persons.
	2-8	Workers who are not employees	-	Please refer to page 581 of the 24th POSCO International Business report(Domestic standard)
GRI 2: Governance (2021)	2-9	Governance structure and composition	19-20	
	2-10	Nomination and selection of the highest governance body	19-20	
	2-11	Chair of the highest governance body	19	
	2-12	Role of the highest governance body in overseeing the management of impacts	23-24	
	2-13	Delegation of responsibility for managing impacts	23	
	2-14	Role of the highest governance body in sustainability reporting	19-21	
	2-15	Conflicts of interest	20	Directors are appointed in conformity with Article 382 of the Commercial Act
	2-16	Communication of critical concerns	23-24	
	2-17	Collective knowledge of the highest governance body	-	Please refer to detailed principles 4-2, 5-3 of the POSCO International 2023 Corporate Governance Report.
	2-18	Evaluation of the performance of the highest governance body	-	Please refer to detailed principles 6-1 of the POSCO International 2023 Corporate Governance Report.
	2-19	Remuneration policies	-	Please refer to page 581-587 of the 24th POSCO International Business report
GRI 2: Strategy, policies and practices (2021)	2-20	Process to determine remuneration	-	Please refer to Article 30 of Chapter 5 of the Articles of Incorporation
	2-21	Annual total compensation ratio	116	Please refer to page 581, 583 of the 24th POSCO International Business report
	2-22	Statement on sustainable development strategy	4	
	2-23	Policy commitments	49, 60, 97-111	
	2-24	Embedding policy commitments	44, 58-59, 61	
	2-25	Processes to remediate negative impacts	44, 58-59, 61	
	2-26	Mechanisms for seeking advice and raising concerns	55, 61	
	2-27	Compliance with laws and regulations	-	No relevant regulatory actions taken (Please refer to page 604 of the 24th POSCO International Business report)
	2-28	Membership associations	122	
GRI 2: Skateholder engagement (2021)	2-29	Approach to stakeholder engagement	22	
	2-30	Collective bargaining agreements	43, 91	

GRI Standards Index

GRI Standards	Disclosures	Page	Note
GRI 3: Material Topics			
GRI 3: Material Topics(2021)	3-1	Process to determine material topics	16
	3-2	List of material topics	17
Material Topics 1. Climate change mitigation			
GRI 3: Material Topics(2021) GRI 305: Emissions(2016)	3-3	Management of material topics	17, 26-39
	305-1	Direct (Scope 1) GHG emissions	84, 129
	305-2	Energy indirect (Scope 2) GHG emissions	84, 129
	305-4	GHG emissions intensity	84, 129
Material Topics 2. Expanded resource circularity for products			
GRI 3: Material Topics(2021) GRI 306: Waste (2020)	3-3	Management of material topics	17, 38
	306-1	Waste generation and significant waste-related impacts	38
	306-2	Management of significant waste-related impacts	38
Material Topics 3. Energy Use			
GRI 3: Material Topics(2021) GRI 302: Energy(2016)	3-3	Management of material topics	17, 37
	302-1	Energy consumption within the organization	84
Material Topics 4. Health and safety management			
GRI 3: Material Topics(2021) GRI 403: Occupational Health and Safety (2018)	3-3	Management of material topics	17, 53-58
	403-1	Occupational health and safety management system	54-55
	403-2	Hazard identification, risk assessment, and incident investigation	46-47, 50, 58
	403-3	Occupational health services	54-56
	403-4	Worker participation, consultation, and communication on occupational health and safety	54-56
	403-5	Worker training on occupational health and safety	54-56
	403-6	Promotion of worker health	55-56
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58
	403-9	Work-related injuries	92-93
Material Topics 5. Workplace environment and working conditions			
GRI 3: Material Topics(2021) GRI 401: Employment(2016)	3-3	Management of material topics	17, 40-47
	401-3	Parental leave	45, 91
Material Topics 6. Communication with workers and guarantee of labor rights			
GRI 3: Material Topics(2021) GRI 406: Non-discrimination(2016) GRI 407: Freedom of Association and Collective Bargaining(2016)	3-3	Management of material topics	17, 40-47
	406-1	Incidents of discrimination and corrective actions taken	46-47
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	43-47

GRI Standards Index

GRI Standards	Disclosures		Page	Note
Material Topics 7. Anti-corruption and anti-bribery				
GRI 3: Material Topics (2021)	3-3	Management of material topics	17, 59-65	
GRI 205: Anti-corruption (2016)	205-1	Operations assessed for risks related to corruption	61, 64-62	
Material Topics 8. Fair trade practices				
GRI 3: Material Topics (2021)	3-3	Management of material topics	17, 59-65	
GRI 206: Anti-competitive Behavior (2016)	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	No relevant regulatory actions taken (Please refer to page 604 of the 24th Business report)
GRI 200 Economic Standards				
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	95	
	201-2	Financial implications and other risks and opportunities due to climate change	26-32	
	201-3	Defined benefit plan obligations and other retirement plans	91	
	201-4	Financial assistance received from government	110	
GRI 203: Indirect Economic Impacts (2016)	203-1	Infrastructure investments and services supported	70-75	The number and ratio of partners that have received anti-corruption policies and procedures will be disclosed after establishing calculation standards.
GRI 205: Anti-corruption (2016)	205-2	Communication and training about anti-corruption policies and procedures	60-61, 94	
GRI 300 Environmental Standards				
GRI 301: Materials (2016)	301-2	Recycled input materials used	38, 88	
GRI 302: Energy (2016)	302-3	Energy intensity	84	
	302-4	Reduction of energy consumption	37	
GRI 303: Water and Effluents (2018)	303-2	Management of water discharge-related impacts	37	
	303-3	Water withdrawal	85	
	303-4	Water discharge	85	
	303-5	Water consumption	85	
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	80-82	
	304-3	Habitats protected or restored	80-82	
GRI 305: Emissions (2016)	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	87	
	306-3	Waste generated	86	
GRI 306: Waste (2020)	306-4	Waste diverted from disposal	86	
	306-5	Waste directed to disposal	86	

GRI Standards Index

GRI Standards	Disclosure		Page	Note
GRI 400 Social Standards				
GRI 401: Employment (2016)	401-1	New employee hires and employee turnover	89-90	
GRI 403: Occupational Health and Safety (2018)	403-8	Workers covered by an occupational health and safety management system	54, 92, 128	
	403-10	Work-related ill health	92	
GRI 404: Training and Education (2016)	404-1	Average hours of training per year per employee	90	Trainings are provided equally regardless of gender
	404-2	Programs for upgrading employee skills and transition assistance programs	41-42	
	404-3	Percentage of employees receiving regular performance and career development reviews	90	
GRI 405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	19	
GRI 408: Child Labor (2016)	408-1	Operations and suppliers at significant risk for incidents of child labor	43-44, 46-47, 50-51	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	43-44, 46-47, 50-51	No such operations or suppliers
GRI 411: Rights of Indigenous Peoples (2016)	411-1	Incidents of violations involving rights of indigenous peoples	80-82	No such violations
GRI 413: Local Communities (2016)	413-1	Operations with local community engagement, impact assessments, and development programs	80-82	

Other Data

Employee Data

As of December 2023, the total number of employees (including subsidiaries) is 2,720 in Korea, and 8,926 overseas. In addition, the CEO compensation compared to the average employee compensation in 2023 is 7.53 times., the average employee compensation increase rate compared to the previous year is 7.44% and the CEO compensation increase rate is -0.10%

Government Grants

When such grants relate to profit, they are recognized as profit in accordance with systemic criteria over the periods that correspond to the relevant costs to be compensated through grants. When such grants are related to assets, they are recognized as deferred profit and recognized as profit at identical value each year over the durable years of the concerned assets. In 2023, the remaining balance of government grants out of POSCO International's tangible assets(on a consolidated basis) amounted to KRW 271 million. For further details, please refer to '10. Tangible Assets' on page 270 of the 2023 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. Our supply chain may also include shipment and transportation service companies as they are the ones who deliver products to our customers. For the year of 2023, the cost of goods purchased from our supply chain amounted to KRW 29.793850 trillion

SASB Index

POSCO International aims to report against multiple industry standards that correspond to our major businesses so that we increase the breath of information that we share with stakeholders. While we primarily report based on the Iron & Steel Producers Standards in the Extractives & Minerals Processing sector in accordance with the Sustainable Industry Classification System(SICS) of the SASB, We also voluntarily report Industrial Machinery & Goods Standards in the Resource Transformation sector, Electric Utilities & Power Generators Standards in the Infrastructure Sector and Oil & Gas – Exploration & Production Standards in the Extractives & Minerals Processing sector. As to the Oil & Gas – Exploration & Production Standards, we have set the scope of reporting as the Shwe Project in Myanmar.

Iron & Steel Producers/Industrial Machinery & Goods/Electric Utilities & Power Generators

Code	Metric	Reference
Greenhouse Gas Emissions		
EM-IS-110a.1 IF-EU-110a.1	Global Scope 1 emissions, percentage covered under emissions-limiting regulations ¹⁾	p.84, p.36
IF-EU-110a.2	Greenhouse gas (GHG) emissions associated with power deliveries	4,181,972tCO ₂ eq. ²⁾
EM-IS-110a.2 IF-EU-110a.3	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	p.35
Air Quality		
EM-IS-120a.1 EM-EP-120a.1 IF-EU-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx (3) Particulate matter (PM ₁₀) (4) lead (Pb), and (5) mercury (Hg); percentage of each in or near areas of dense population	p.87
Energy Management		
EM-IS-130a.1 RT-IG-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	p.84
EM-IS-130a.2	(1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas and (4) percentage renewable	p.84

Code	Metric	Reference
Water Management		
EM-IS-140a.1 IF-EU-140a.1	(1) Total water withdrawn, (2) percentage recycled, (3) percentage of each in regions with High or Extremely High Baseline Water Stress	p.85
IF-EU-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	p.88
IF-EU-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	p.37
Waste Management		
EM-IS-150a.1	(1) Amount of waste generated, (2) percentage hazardous, (3) percentage recycled	p.86
Workforce Health & Safety		
EM-IS-320a.1 RT-IG-320a.1 IF-EU-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	p.92-93
Supply Chain Management & Material Sourcing		
EM-IS-430a.1	Discussion of the process for managing iron ore or coking coal sourcing risks arising from environmental and social issues	p.51, 104
RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	p.51

1) POSCO International has been subject the allowance allocation scheme under the GHG Emissions Trading System since January 1, 2023 following our merger with POSCO Energy.

2) Scope 1 + 2 emissions from the Incheon LNG Combined Cycle Power Plant.

SASB Index

Iron & Steel Producers/Industrial Machinery & Goods/Electric Utilities & Power Generators

Code	Metric	Reference
Activity Metrics		
EM-IS-000.A	Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes	As a globally integrated corporation, POSCO International does not own any mines nor directly produce steel, but engages in the processing and sales of steel, so this is not applicable
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	p.89
RT-IG-000.B	Number of employees	p.8, 12, 13
IF-EU-000.A	Number of: (1) residential, (2) commercial, and(3) industrial customers served	Not applicable as it is traded through the Power Exchange.
IF-EU-000.B	Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers	
IF-EU-000.C	Length of transmission and distribution lines	47.7km
IF-EU-000.D	Total electricity generated, percentage by major energy source, percentage in regulated markets	10,971,644MWh, LNG 100%, 100%
IF-EU-000.E	Total wholesale electricity purchased	65,169MWh(Korea Electric Power Corporation's electricity reception amount)

Oil & Gas-Exploration & Production Industry

We report on Myanmar gas fields in accordance with the Oil & Gas industry standards. The reporting period for such data spans from January 1 to December 31 of 2023.

Code	Metric	Reference
GHG Emission		
EM-EP-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	172,930tCO ₂ e, 2.2%, Not applicable
EM-EP-110a.2	Amount of gross global Scope 1 emissions from: (1) Flared hydrocarbons (2) Other combustion (3) Process emissions (4) Other vented emissions (5) Fugitive emissions	(1) 1,343tCO ₂ e, (2) 38,741tCO ₂ e, (3) Not applicable (4) 54tCO ₂ e, (5) 20,261tCO ₂ e
EM-EP-110a.3	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	p.35
Air Quality		
EM-EP-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N ₂ O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM ₁₀)	p.87
Water Management		
EM-EP-140a.1	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	p.85
EM-EP-140a.2	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	(1) p.83 (2) N/A (3) N/A
Community Relations		
EM-EP-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	ESIA Report
EM-EP-210b.2	(1) Number and (2) duration of nontechnical delays	Not applicable

SASB Index

Oil & Gas-Exploration & Production Industry

Code	Metric	Reference
Workforce Health & Safety		
EM-EP-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) direct employees and (b) contract employees	p.92-93
EM-EP-320a.2	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	p.54-58
Biodiversity Impacts		
EM-EP-160a.1	Description of environmental management policies and practices for active sites	ESIA Report
EM-EP-160a.2	(1) Number and (2) aggregate volume of hydrocarbon spills, (3) volume in Arctic, (4) volume impacting shorelines with ESI rankings 8-10, and (5) volume recovered	Do not report on this metric as the Company does not conduct business in Arctic locations or shoreline locations ranked high in the ESI
EM-EP-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Not applicable
Security, Human Rights & Rights of Indigenous Peoples		
EM-EP-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Not applicable
EM-EP-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Not applicable
EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	ESG Controversies

Code	Metric	Reference
Business Ethics & Transparency		
EM-EP-510a.1	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Not applicable
EM-EP-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	p.49-51, 60-61
Management of the Legal & Regulatory Environment		
EM-EP-530a.1	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	p.49-51, 60-61
Critical Incident Risk Management		
EM-EP-540a.1	Process Safety Event (PSE ²) rates for Loss of Primary Containment (LOPC ¹) of greater consequence (Tier 1)	0%
EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	p.54-58
Activity Metrics		
EM-EP-000.A	Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas	(1), (3), (4) Not applicable (2) 489 MMscf/day
EM-EP-000.B	Number of offshore sites	1
EM-EP-000.C	Number of terrestrial sites	0

1) LOPC(Loss of Primary Containment): An unplanned or uncontrolled release of materials from primary containment, including non-toxic and non-flammable materials(e.g., steam, hot condensate, nitrogen, compressed CO₂ or compressed air)

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

UN Global Compact CoP

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

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

Category	Principle	Reporting Topic	Page
Human Rights	 Principle ① Businesses should support and respect the protection of internationally proclaimed human rights; Principle ② Make sure that they are not complicit in human rights abuses.	Employee Value Enhancement	p.40-47
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 & compulsory labour; Principle ⑤ the effective abolition of child labour; Principle ⑥ The Elimination of discrimination in respect of employment & occupation.	Employee Value Enhancement	p.40-47
Environment	 Principle ⑦ Businesses should support a precautionary approach to environmental challenges; Principle ⑧ Undertake initiatives to promote greater environmental responsibility; Principle ⑨ Encourage the development and diffusion fo environmentally friendly technologies.	Climate and Environmental Impact	p.26-39
Anti-corruption	 Principle ⑩ Businesses should word against corruption in all it's forms, including extortion and bribery.	Ethics/Fair Trade	p.59-65

Financial Statement

(Unit: KRW 1,000)

Consolidated Statement of Financial Position

FY 2023: as of Dec. 31, 2023

FY 2022: as of Dec. 31, 2022

FY 2021: as of Dec. 31, 2021

	FY 2023	FY 2022	FY 2021
Asset			
Current assets	8,077,259,886	7,319,472,229	7,155,183,542
Cash and cash equivalents	1,136,862,750	1,297,706,346	521,159,587
Trade and other receivables, net	4,467,452,425	3,777,380,393	4,358,489,049
Other current financial assets	243,282,565	228,380,197	80,977,785
Derivative financial assets	37,331,388	52,832,322	61,539,209
Other current assets	226,314,928	204,934,361	228,838,961
Inventories, net	1,958,796,641	1,758,238,610	1,904,178,951
Assets held for sale	7,219,189	0	0
Non-current assets	8,540,488,122	5,196,864,702	3,615,550,605
Trade and other receivables, net	354,307,417	111,976,441	144,645,619
Other non-current financial assets	77,543,710	49,624,788	64,483,565
Long-term derivative financial assets	7,231,111	1,172,439	
Investments in associates	970,602,093	434,167,408	359,633,958
Property, plant and equipment, net	3,704,942,807	1,560,751,963	1,353,149,166
Right-of-use assets, net	392,509,205	259,358,305	91,180,173
Intangible assets, net	2,331,917,488	2,236,253,436	1,189,368,831
Investment properties, net	141,622,783	140,148,627	142,991,276
Net defined benefit assets	63,401,752	45,215,440	9,052,353
Other non-current assets	37,126,303	3,026,549	1,459,342
Deferred tax assets	459,283,453	348,405,776	254,864,747
Current tax assets	0	6,763,530	4,721,575
Total assets	16,617,748,008	12,516,336,931	10,770,734,147

Financial Statement

(Unit: KRW 1,000)

Consolidated Statement of Financial Position

FY 2023: as of Dec. 31, 2023

FY 2022: as of Dec. 31, 2022

FY 2021: as of Dec. 31, 2021

	FY 2023	FY 2022	FY 2021
Liabilities			
Current liabilities	6,275,479,255	5,487,439,570	5,669,339,170
Trade and other payables	3,069,417,062	2,646,663,164	2,913,929,277
Borrowings	1,830,502,324	1,998,369,619	1,894,385,381
Current portion of bonds	876,708,927	399,841,387	408,876,623
Derivative financial liabilities	44,583,489	57,587,283	76,303,460
Current provisions	102,370,420	33,208,369	24,342,911
Other current liabilities	268,347,648	248,904,478	261,808,955
Current tax liabilities	83,549,385	102,865,270	89,692,563
Non-current liabilities	3,717,506,773	2,630,770,283	1,589,255,049
Trade and other payables	359,174,624	252,026,447	105,154,517
Borrowings	1,214,915,427	792,556,467	246,111,217
Bonds	1,864,114,095	1,363,593,350	1,143,577,708
Long-term derivative financial liabilities	8,357,666	2,116,681	
Other non-current liabilities	81,654,531	95,542,128	1,537,757
Net defined benefit liabilities	8,823,065	7,902,603	5,410,822
Provisions	134,715,324	95,955,862	64,032,944
Deferred tax liabilities	45,752,041	21,076,745	23,430,084
Total liabilities	9,992,986,028	8,118,209,853	7,258,594,219
Equity			
Equity attribute to owners of the parent	6,103,258,315	3,982,863,469	3,486,401,390
Issued capital	879,613,940	616,875,745	616,875,745
Capital surplus	1,826,225,463	540,526,820	558,241,696
Other components of equity	(24,961,204)	382,492	(7,762)
Accumulated other comprehensive income	85,699,828	16,973,734	18,775,100
Retained earnings	3,336,680,288	2,808,104,678	2,292,516,611
Equity attributable to equity holders of the parent	521,503,665	415,263,609	25,738,538
Total equity	6,624,761,980	4,398,127,078	3,512,139,928
Total liabilities and equity	16,617,748,008	12,516,336,931	10,770,734,147

Financial Statement

(Unit: KRW 1,000)

Consolidated Statement of Comprehensive Income

FY 2023:
From January 1 to December 31 of 2023

FY 2022:
From January 1 to December 31 of 2022

FY 2021:
From January 1 to December 31 of 2021

	FY 2023	FY 2022	FY 2021
Sales	33,132,821,374	37,989,588,330	33,948,864,785
Cost of sales	(31,293,287,571)	(36,421,950,442)	(32,814,145,555)
Gross profit	1,839,533,803	1,567,637,888	1,134,719,230
Selling and administrative expenses	(676,421,768)	(665,130,879)	(549,333,423)
Operating profit	1,163,112,035	902,507,009	585,385,807
Share of profit in associates	111,768,679	77,679,876	69,361,497
Share of loss in associates	(20,461,439)	(2,767,249)	(9,263,819)
Financial income	1,282,275,116	2,405,334,622	1,243,727,111
Financial costs	(1,572,100,317)	(2,572,002,827)	(1,319,081,694)
Other income	21,416,651	19,002,305	86,047,547
Other expenses	(71,388,514)	(87,607,152)	(167,476,083)
Profit for the year before tax	914,622,211	742,146,584	488,700,366
Income tax expenses	(234,202,908)	(137,234,204)	(132,212,404)
Profit for the year	680,419,303	604,912,380	356,487,962
Other comprehensive income (loss):	50,346,819	(6,690,339)	51,965,768
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:	42,500,259	6,501,733	51,555,289
Equity adjustments in equity method	13,807,509	15,572,510	13,628,538
Loss on equity adjustments in equity method	263,229	524,549	2,869,208
Exchange difference on translation of foreign operations	29,419,491	(10,414,437)	34,944,955
Gain on valuation of derivatives	(989,970)	819,111	112,588
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:	7,846,560	(13,192,072)	410,479
Gain on valuation of equity instruments at FVOCI	(4,348,500)	2,093,152	27,716
Equity adjustments in equity method	21,583,564	(3,168,133)	(8,511,682)
Re-measurement loss on defined benefit liabilities	(17,242,570)	17,759,863	8,913,085
Exchange differences on translation of foreign operations	7,854,066	(29,876,954)	(18,640)

Financial Statement

(Unit: KRW 1,000)

Consolidated Statement of Comprehensive Income

FY 2023:
From January 1 to December 31 of 2023

FY 2022:
From January 1 to December 31 of 2022

FY 2021:
From January 1 to December 31 of 2021

	FY 2023	FY 2022	FY 2021
Total comprehensive income for the year, net of tax	730,766,122	598,222,041	408,453,730
Profit for the year attributable to:			
Owners of the parent	673,885,685	589,749,886	360,789,119
Non-controlling interests	6,533,618	15,162,494	(4,301,157)
Total comprehensive income attributable to:			
Owners of the parent	716,975,597	612,486,614	412,758,252
Non-controlling interests	13,790,525	(14,264,573)	(4,304,522)
Earnings per share:			
Basic earnings(loss) per share(unit: KRW))	3,939	4,780	2,924
Basic earnings(loss) per share for income from continuing operation(unit: KRW)	3,939	4,780	2,924
Diluted earnings(loss) per share(unit: KRW)	3,939	4,780	2,924
Diluted earnings(loss) per share for income from continuing operation(unit: KRW)	3,939	4,780	2,924

Financial Statement

(Unit: KRW 1,000)

Statement of Financial Position

FY 2023: as of Dec. 31, 2023

FY 2022: as of Dec. 31, 2022

FY 2021: as of Dec. 31, 2021

	FY 2023	FY 2022	FY 2021
Assets			
Current assets	5,675,469,154	5,235,843,158	5,938,546,200
Cash and cash equivalents	588,745,249	806,960,006	286,335,171
Trade and other receivables, net	4,135,579,247	3,589,726,265	4,605,186,508
Other current financial assets	148,301,908	158,150,683	32,611,691
Derivative financial assets	34,284,098	52,105,381	61,491,510
Other current assets	196,210,182	151,102,757	146,819,220
Inventories, net	572,348,470	477,798,066	806,102,100
Non-current assets	6,889,558,248	3,954,898,061	3,205,968,394
Trade and other receivables, net	284,876,094	224,997,531	155,415,858
Other non-current financial assets	65,833,322	43,057,200	58,063,668
Long-term derivative financial assets	4,608,916	0	0
Investments in associates	2,732,831,504	1,679,976,918	1,109,110,438
Property, plant and equipment, net	1,954,562,481	256,397,096	266,412,095
Right-of-use assets, net	88,332,940	16,265,379	31,117,785
Intangible assets, net	1,158,390,712	1,211,897,692	1,119,606,278
Investment properties, net	137,305,978	140,148,627	142,991,276
Net defined benefit assets	41,418,027	32,452,828	7,678,232
Deferred tax assets	393,678,880	342,941,260	310,851,189
Current tax assets	0	6,763,530	4,721,575
Other non-current assets	27,719,394	0	0
Total assets	12,565,027,402	9,190,741,219	9,144,514,594

Financial Statement

(Unit: KRW 1,000)

Statement of Financial Position

FY 2023: as of Dec. 31, 2023

FY 2022: as of Dec. 31, 2022

FY 2021: as of Dec. 31, 2021

	FY 2023	FY 2022	FY 2021
Liabilities			
Current liabilities	4,403,520,424	3,830,745,057	4,585,521,958
Trade and other payables	2,419,532,309	2,057,317,321	2,553,885,475
Borrowings	716,705,216	1,109,985,529	1,300,579,557
Current portion of bonds	876,708,927	399,841,387	408,876,623
Derivative financial liabilities	55,796,959	54,818,566	75,724,743
Current provisions	98,068,367	28,765,199	21,595,709
Other current liabilities	180,237,597	140,092,793	179,741,355
Current tax liabilities	56,471,049	39,924,262	45,118,496
Non-current liabilities	2,766,622,715	2,010,596,256	1,416,241,048
Trade and other payables	88,576,315	31,670,132	64,182,834
Borrowings	681,623,997	508,552,582	145,721,117
Bonds	1,864,114,095	1,363,593,350	1,143,577,708
Other non-current liabilities	37,309,572	38,847,328	1,537,757
Net defined benefit liabilities	0	0	0
Long-term derivative financial liabilities	8,357,666	2,116,681	
Provisions	86,641,070	65,816,183	61,221,632
Total liabilities	7,170,143,139	5,841,341,313	6,001,763,006
Equity			
Issued capital	879,613,940	616,875,745	616,875,745
Capital surplus	1,871,126,940	544,002,741	544,002,741
Other components of equity	(12,194,373)	384,139	(6,115)
Accumulated other comprehensive income	(36,930,851)	(13,106,651)	(8,380,422)
Retained earnings	2,693,268,607	2,201,243,932	1,990,259,639
Total equity	5,394,884,263	3,349,399,906	3,142,751,588
Total liabilities and equity	12,565,027,402	9,190,741,219	9,144,514,594

Financial Statement

(Unit: KRW 1,000)

Statement of Comprehensive Income

FY 2023:
From January 1 to December
31 of 2023

FY 2022:
From January 1 to December
31 of 2022

FY 2021:
From January 1 to December
31 of 2021

	FY 2023	FY 2022	FY 2021
Sales	28,536,917,267	32,566,135,142	30,527,682,713
Cost of sales	(27,168,264,634)	(31,587,436,956)	(29,748,120,055)
Gross profit	1,368,652,633	978,698,186	779,562,658
Selling and administrative expenses	(417,623,148)	(474,048,371)	(413,999,007)
Operating profit	951,029,485	504,649,815	365,563,651
Financial income	1,336,775,608	2,380,046,350	1,227,565,013
Financial costs	(1,402,052,602)	(2,407,278,011)	(1,231,574,460)
Other income	33,395,910	15,985,866	83,230,212
Other expenses	(85,975,198)	(99,274,025)	(169,147,026)
Profit for the year before tax	833,173,203	394,129,995	275,637,390
Income tax expenses	(200,654,698)	(104,657,625)	(74,406,889)
Profit for the year	632,518,505	289,472,370	201,230,501
Other comprehensive income (loss):	(15,416,066)	15,485,606	6,170,059
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:	(15,416,066)	15,485,606	6,170,059
Gain on valuation of equity instruments at FVOCI	(3,092,906)	2,093,152	(1,227,878)
Re-measurement gain(loss) on defined benefit liabilities	(12,323,160)	13,392,454	7,397,937
Total comprehensive income for the year, net of tax	617,102,439	304,957,976	207,400,560
Earnings per share			
Basic earnings(loss) per share(unit: KRW)	3,696	2,346	1,631
Basic earnings(loss) per share for income from continuing operation(unit: KRW)	3,696	2,346	1,631
Diluted earnings(loss) per share(unit: KRW)	3,696	2,346	1,631
Diluted earnings(loss) per share for income from continuing operation(unit: KRW)	3,696	2,346	1,631

Certifications & Trademarks/Memberships

Certifications & Trademarks

HQ	Authorized Economic Operator(AEO) Compliance Program(CP) of Strategic Export Approved Exporter Certification ISO 14001 ISO 45001 ISO 27001 GMP Plus B3 Feed Certification	GAFTA(Arbitration) LEED Green Building Certification Family-Friendly Certification Compliance Program(CP) AA Rating ISCC EU ISCC PLUS Health-friendly company Certification	
	Shwe Project in Myanmar	ISO 14001 ISO 45001	
Overseas Worksite	PT.BIA in Indonesia	ISPO Certification ISO 45001	RSPO Certification
	POSCO TMC India	ISO 14001 IATF 16949 ISO 9001	
	SUZHOU POSCO-CORE TECHNOLOGY	ISO 14001 IATF 16949 ISO 9001	
	MMW Grain Terminal in Ukraine	GAFTA(Approved Analysts)	ISO 22000
	PI-MEM	IATF 16949	
	Indonesia By-Product Gas Power Plant	ISO 45001	
POSCO Mobility Solution	ISO 9001 ISO 14001 ISO 45001 IATF 16949 KOSHA-MS	BIS JIS KS PED/AD 2000 RS(Russian Maritime Register of Shipping)	RINA(Registro Italiano Navale) KR(Korean Register of Shipping) Steel Structure Manufacturer Certification Japan Construction Steel Frame Welding Structural Performance Evaluation (H Grade) Certificate ACRS SQ Certification Family-Friendly Certification

Trademarks

Since 1974, more than 3,500 applications and registrations have been made on our DAEWOO trademark across 160 countries. The trademark is used by the Company and its overseas corporations in Korea and abroad across the electronics, automotive components, machinery, construction and transportation industries, and its distinctive value is highly recognized in Asia, Latin America, the Middle East, and CIS countries. We continue to maintain and manage our trademark rights through application and registration, and operate a monitoring system that connects experts across the globe to safeguard our trademark.



- Trademark application made in 1974
- Nearly 3,500 trademark applications and registrations made across 160 countries
- Trademark management policy and committee under operation

Memberships

No.	Organization	Year of Membership
1	Korea International Trade Association(KITA)	1967
2	Korea Importers Association(KOIMA)	1971
3	Korea Electric Association(KEA)	1971
4	Korea Defense Industry Association(KDIA)	1978
5	Korea Chamber of Commerce & Industry (KCCI Seoul, KCCI Incheon)	1994
6	Korea Automobile Manufacturers Association(KAMA)	2007
7	Energy & Mineral Resources Development Association of Korea(EMRD)	2008
8	Independent Power Producer Association(IPPA)	2010
9	The Korea Gas Union(KGU)	2012
10	Korea Overseas Agro-Resources-Development Association(Korea OADS)	2012
11	Korea New and Renewable Energy Association(KNREA)	2012
12	The Korea Gas Union(KGU)	2012
13	GAFTA	2015
14	Korea Enterprises Federation(KEF)	2016
15	Federation of Oils, Seeds and Fats Association(FOSFA)	2016
16	International Gas Union(IGU)	2018
17	Korea Iron & Steel Association(KOSA)	2018
18	UN Global Compact	2019
19	DHI Consortium	2019
20	Sustainability Management Research Society, Korean Standards Association	2019
21	Private LNG Industry Association	2021
22	Energy Alliance	2021
23	Korea Business Council for Sustainable Development(KBCSD)	2021
24	Future Leaders Forum	2021
25	Energy Future Forum	2021
26	Federation of Middle Market Enterprises of Korea	2021
27	K-CCUS Association	2022
28	Korea Biofuels Forum	2022
29	Korea Carbon Capture Utilization and Storage Association(KCCUS)	2022
30	Korea Compliance Association	2024
31	TNFD Forum	2024

Verification Opinion Statement

GHG Emissions

VERIFICATION TARGET

Korean Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Greenhouse Gas Emissions (hereinafter 'GHG Inventory') of POSCO INTERNATIONAL Corporation (hereinafter 'Company') for 2023.

VERIFICATION SCOPE

KFQ's verification covered on all facilities and emission sources under the operational control and organizational boundary of POSCO INTERNATIONAL Corporation during 2023.

VERIFICATION CRITERIA

The verification process was based on [Rule for emission reporting and certification of greenhouse gas emission trading Scheme¹⁾], [Rules for verification of operating the greenhouse gas emission trading scheme²⁾] and 'ISO14064-3' for every applicable part.

1) Notification No. 2023-221 of Ministry of Environment

2) Notification No. 2021-112 of Ministry of Environment

LEVEL OF ASSURANCE

The Verification has been planned and conducted as the 'Rules for verification of operating the greenhouse gas emission trading scheme, and the level of assurance for verification shall be satisfied as reasonable level of assurance. And it was confirmed through an internal review whether the process before the verification was conducted effectively.

VERIFICATION LIMITATION

The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

VERIFICATION OPINIONS

Regarding to the data of the Greenhouse Gas Emission Consumption from the report through the verification, KFQ provides our verification opinions as below;

- 1) The Inventory Report has been stated in accordance with "Rule for emission reporting and certification of greenhouse gas emission trading Scheme" and "ISO 14064-1".
- 2) The result of material discrepancy satisfied the criteria for an organization that emits less than 5,000,000 CO₂-eq shall not exceed 2.5% from total emission as per "Rules for verification of operating the greenhouse gas emission trading scheme".
- 3) Thus, KFQ concludes that the Greenhouse Gas Emissions of Company in 2023 is correctly calculated and stated in accordance with "Rule for emission reporting and certification of greenhouse gas emission trading Scheme".

(Unit: tCO₂eq)

Scope 1	Scope 2	Total
4,155,768.526	62,383.047	4,218,148

* The totals in this verification statement do not match the totals in emission trading scheme because the total emissions of each facility are calculated by truncating to integer units

June 10th, 2024

CEO Ji-young Song Korean Foundation for Quality



Independent Assurance Statement

Independent Assurance Statement

[PRJN-786060-2024-AST-KOR]

DNV Business Assurance Korea, Ltd. ('DNV') has been commissioned by POSCO INTERNATIONAL CORPORATION (hereafter referred to as 'POSCO INTERNATIONAL' or 'the Company') to undertake an independent limited assurance on the Company's SUSTAINABILITY REPORT 2023 (hereafter referred as 'the Report') for the calendar year ending 31 December 2023. The intended users of this assurance statement are the management and stakeholders of POSCO INTERNATIONAL.

STANDARDS OF ASSURANCE

This assurance engagement has been carried out in limited assurance in accordance with DNV's VeriSustain protocol V6.0, which is based on our professional experience and international assurance best practice including the International Standard on Assurance Engagements (ISAE) 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. DNV has reviewed the Report's adherence to the principles of VeriSustain. The principles are set out in the opinion, observations and recommendations below. DNV's VeriSustain protocol requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited or/and reasonable assurance. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than, those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our conclusion, so that the risk of this conclusion being in error is reduced, but not reduced completely. We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on POSCO INTERNATIONAL website for the current reporting period.

SCOPE OF ASSURANCE

We have carried out an independent limited assurance on the Report for the year ending 31 December 2023, which include the following:

- We have reviewed the GRI Topic Disclosures relevant to the Material Topics which have been identified as material through the materiality assessment undertaken by POSCO INTERNATIONAL.

OPINION, OBSERVATIONS AND RECOMMENDATIONS

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not adhere to the principles of VeriSustain described below. In terms of reliability of specified sustainability performance information, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. Nothing came to our attention to cause us to believe that POSCO INTERNATIONAL's Report is not prepared, in all material respects, in accordance with the GRI Standards.

Without affecting our assurance opinion, we provide the following observations against the principles of VeriSustain applicable to the relevant information described in the 'Scope of Assurance':

1) International Auditing and Assurance Standard Board

2) International Standard on Assurance Engagements (ISAE) 3000 – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised)

STAKEHOLDER INCLUSIVENESS: THE PARTICIPATION OF STAKEHOLDERS IN DEVELOPING AND ACHIEVING AN ACCOUNTABLE AND STRATEGIC RESPONSE TO SUSTAINABILITY.

POSCO INTERNATIONAL defines shareholders and investors, customers, suppliers, employees, local communities and civic groups, and governments and international organizations as major stakeholder groups, and reports major issues of interest for each group and communication channels, including related links. In particular, during the materiality assessment process, POSCO INTERNATIONAL conducted a survey targeting experts with a high level of understanding of POSCO INTERNATIONAL and industry ESG and reflected the results of the materiality assessment in the priorities. DNV has confirmed that it is faithfully reporting the interests of stakeholders in the Report.

MATERIALITY: THE PROCESS FOR DETERMINING THE ISSUES THAT ARE MOST RELEVANT TO AN ORGANIZATION AND ITS STAKEHOLDERS.

POSCO INTERNATIONAL conducted a materiality assessment of social and environmental impacts and financial impacts for each of the company's four major businesses. POSCO INTERNATIONAL selected 25 sustainability topics related to the company to be evaluated through a materiality assessment and stakeholder survey among all 92 ESRS topics. The 25 selected topics were finally approved by the ESG Committee under the Board of Directors, the highest decision-making body for sustainability, and were finalized into 8 material topics. DNV confirmed that the company's strategic direction, response performance, and plans for the important reporting topics selected through the materiality assessment are reflected in the Report.

SUSTAINABILITY CONTEXT: THE PRESENTATION OF THE ORGANIZATION'S PERFORMANCE IN THE WIDER CONTEXT OF SUSTAINABILITY.

Starting with the integration of the energy business in 2023, POSCO INTERNATIONAL has set the company's vision as 'Green Energy & Global Business Pioneer', which contains the values of 'eco-friendliness and sustainability'. In order to realize ESG values, mid- to long-term goals and plans for each business field, 2023 Major achievements for the year were reported. In particular, POSCO INTERNATIONAL established the 'ESG Committee', a specialized committee under the Board of Directors, the highest decision-making body, in June 2023 to strengthen the Board of Directors' responsibility and role in managing and supervising the company's ESG policies and issues. In addition, POSCO INTERNATIONAL is responding to ESG issues and managing risks by establishing the 'ESG Council', a management council led by the CEO, which is a major decision-making body in each ESG field. DNV has confirmed that the Company reflects the organization's performance and its linkages in the context of sustainability in the Report.

COMPLETENESS: HOW MUCH OF ALL THE INFORMATION THAT HAS BEEN IDENTIFIED AS MATERIAL TO THE ORGANIZATION AND ITS STAKEHOLDERS IS REPORTED.

POSCO INTERNATIONAL discloses in detail the background of selection and related activities for material topics that reflect the expectations of stakeholders. The reporting boundary is based on POSCO INTERNATIONAL's headquarters in Korea (including Myanmar gas fields) and some of its subsidiaries where POSCO INTERNATIONAL conducts business, and when the reporting scope is different, it is explained separately. The verification team confirmed that the material topics selected through the materiality assessment were completely reflected according to the physical and temporal reporting boundaries.

RELIABILITY AND QUALITY: THE ACCURACY AND COMPARABILITY OF INFORMATION PRESENTED IN THE REPORT, AS WELL AS THE QUALITY OF UNDERLYING DATA MANAGEMENT SYSTEMS.

The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of the Company. We interviewed the responsible staff for verifying information and data in the Report including data handling process and reviewed the data gathering process with the supporting documents and records. Based on the assessment, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. The Company reports the sustainability performance of the last three years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report. In the future, we recommend that POSCO INTERNATIONAL report in a balanced manner not only the Company's positive performance and impacts, but also negative impacts (in particular, reporting as well as processing status of negative issues discovered during supply chain audits).

Independent Assurance Statement

OUR COMPETENCE, INDEPENDENCE AND QUALITY CONTROL

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 – Conformity assessment, whose general principles are requirements for validation and verification bodies. Accordingly, DNV 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. DNV’s established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with POSCO INTERNATIONAL. Our multi-disciplinary team consisted of professionals with a combination of sustainability assurance experiences.

LIMITATIONS

DNV’s assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and are free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The sustainability management, performance and reporting practices of POSCO INTERNATIONAL’s Myanmar gas field and its subsidiaries, suppliers, partners and third parties mentioned in the Report are not included in the scope of this certification. We did not interview external stakeholders as part of this assurance engagement. We understand that the reported financial data, governance and related information are based on statutory disclosures and Audited Financial Statements, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement. The assessment is limited to data and information in scope within the defined reporting period. Any data outside this period is not considered within the scope of assurance. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

RESPONSIBILITIES OF THE DIRECTORS OF POSCO INTERNATIONAL AND OF THE ASSURANCE PROVIDERS

The Company’s management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing, and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information and ensuring that data is free from material misstatement.

DNV’s responsibility is to plan and perform the work to obtain assurance about whether the relevant information described in the ‘Scope of Assurance’ has been prepared in accordance with the reporting requirements and to report to POSCO INTERNATIONAL in the form of an independent assurance conclusion, based on the work performed and the evidence obtained.

Our statement represents our independent opinion and is intended to inform the management and stakeholders of POSCO INTERNATIONAL. DNV was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

BASIC OF OUR OPINION

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected sites of POSCO INTERNATIONAL. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company’s business and its key stakeholders. Our limited assurance procedures included, but were not limited to, the following activities

- Peer and media review to identify relevant sustainability issues for POSCO INTERNATIONAL in the reporting period;
- Review of the disclosures according to reporting requirements with a focus on the process and the result of materiality assessment, Topic Standards Disclosures and relevant management processes;
- Understanding of the key systems, processes and controls for consolidating, collecting, managing and reporting disclosures and KPIs in the Report;
- Review documentary evidence and management representations supporting adherence to the reporting principles and requirements, with a focus on understanding and testing, on a sample basis, key data sets
- On-site visit at the POSCO INTERNATIONAL Head Office in Songdo, Republic of Korea to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy and carried out sample based assessment of site-specific data disclosures.
- Conduct interviews with representatives from the ESG team and relevant departments with overall responsibility of monitoring, data consolidation and reporting of the selected information

Seoul, Republic of Korea
July 31, 2024

For and on behalf of DNV Business Assurance Korea Ltd.




Sang Rye Chang
Lead Verifier


Jae Hee Kim
Verifier


Sang Yeon Park
Reviewer

