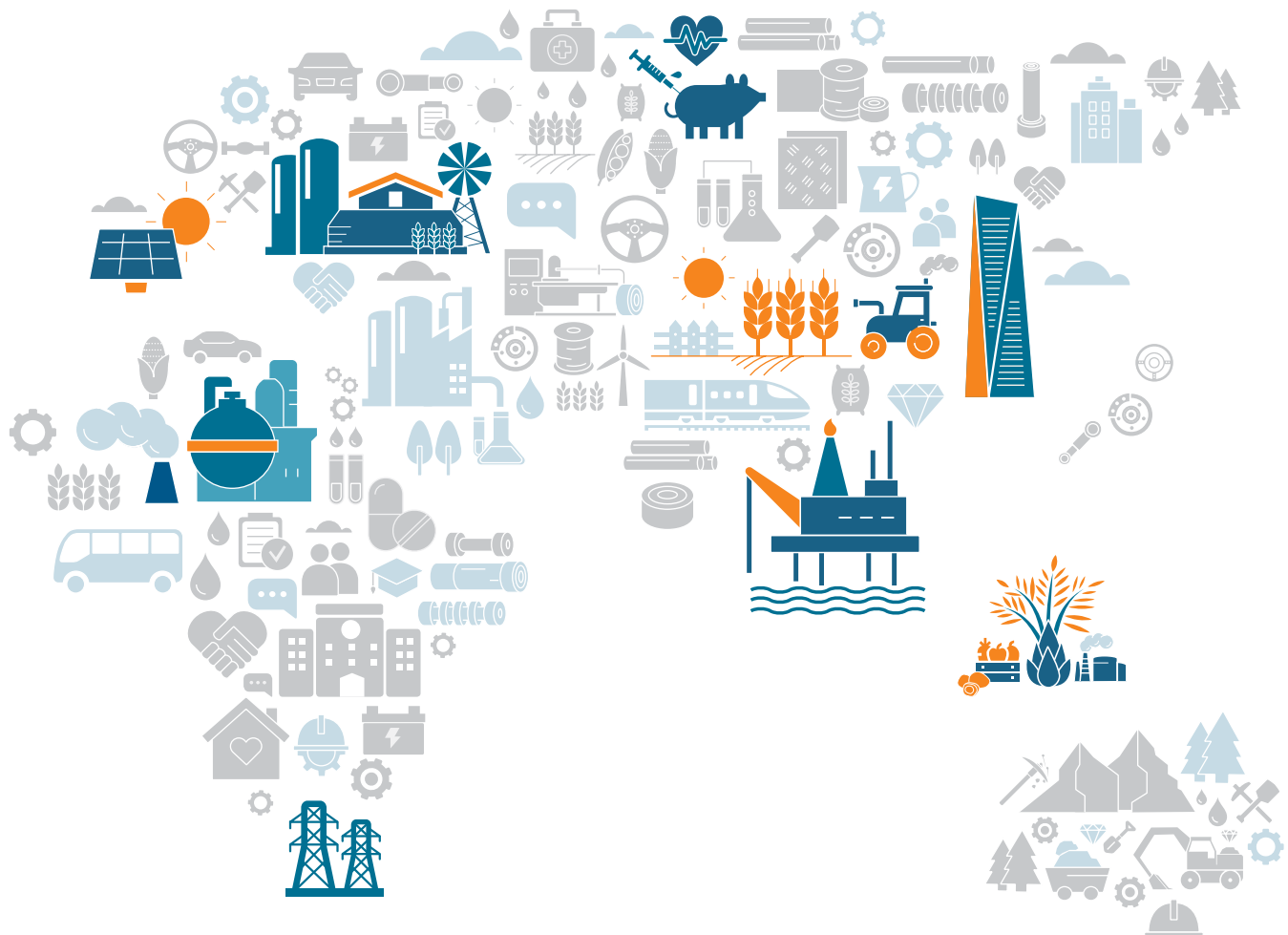


POSCO INTERNATIONAL CORPORATION

Sustainability Report 2019



About This Report

The 2019 POSCO INTERNATIONAL Sustainability Report, the forth annual publication, illustrate the Company's performance fulfilling its economic, social, and environmental responsibility. POSCO INTERNATIONAL aims to transparently disclose its sustainability management activities for the year 2019 and communicate with wide-ranging stakeholders.

Reporting Guidelines

Global Reporting Initiative(GRI) Standards: Core Option

Reporting Period

January 1, 2019 ~ December 31, 2019

* 2017 ~ H1 of 2020 for a portion of the performance data

Reporting Scope

- Economy: On a consolidated basis in accordance with the K-IFRS
- Society & Environment: POSCO INTERNATIONAL Headquarters, POSCO SPS¹⁾, and overseas worksites (Myanmar, Indonesia, and Uzbekistan)
- Areas where major operations are based: Republic of Korea

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

Reporting Cycle

Annually(publication of the most recent report: 2019)

Assurance

- Financial data: Earnst & Young Han Young
- Non-financial data: DNV GL

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POSCO INTERNATIONAL CORPORATION

Sustainability Report 2019

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CEO's Message



CHANGE BEFORE YOU HAVE TO

Each and every one of us at POSCO INTERNATIONAL will recognize the reality as it is and change before we have to so that we can fully satisfy the requirements of the international community and ensure our sustainable growth in so doing.

Dear Respected Stakeholders,

I would like to extend my heartfelt gratitude for your unwavering interest in and encouragement for POSCO INTERNATIONAL.

Today, the world is facing an unprecedented challenge amid the rapid dissemination of COVID-19. As it is virtually impossible to predict how the situation may unfold, POSCO INTERNATIONAL is fully committed to swiftly responding to this global emergency with the firm belief that the 'health and safety' of all stakeholders as well as our employees come first before anything else. We take a precautionary approach to curbing the spread of COVID-19 across communities by preventing this infectious disease through stringent control measures and publicizing and observing daily safety guidelines. We also have provided policy support for work & life balance to enable our employees to take care of their children while working at home, and have improved our IT system and management infrastructure to create a well-functioning virtual work environment for employees.

In line with POSCO Group's management philosophy of 'Corporate Citizenship: Building a Better Future Together', we have come forward to pursue win-win cooperation with our domestic/overseas partners and local communities who are suffering from the protracted COVID-19 outbreak. We rushed to donate diagnostic kits developed by a competent Korean SME venture business to countries where quality healthcare services are barely available, and leveraged our extensive overseas network to donate disease prevention supplies to join hands with business partners in weathering this crisis.

Even in the face of deteriorating business conditions, POSCO INTERNATIONAL has not only lasted successfully for the past 53 years but also set new records in operating profit two years in a row in 2018 and 2019 to further solidify its current position. We truly believe that this would not have been possible without our relentless pursuit of challenge and the enthusiastic encouragement extended by our stakeholders.

While we focus on investing in and developing our strategic business in the steel, E&P, agro and LNG sectors, we will also explore and pursue business opportunities and new promising materials in the mobility, chemical, non-ferrous metal and power infrastructure sectors in alignment with POSCO Group. In particular, we aim to harness our global network and marketing capabilities to tap into new markets, translate diverse business ideas into action through flexible thinking while identifying and investing in competitive Korean SMEs to constantly expand shared growth.

In addition, POSCO INTERNATIONAL promotes sound communication with wide-ranging stakeholders to satisfy the standards adopted by the international community. Last March, we became the first Korean company to announce the sustainable palm oil business policy (NDPE policy), and we fulfill our social responsibility and obligation in the countries where we operate to fully commit ourselves to resolving global environmental and social issues.

To comply with international norms on ethical mining and mineral consumption and to fulfill social responsibility in this regard, we established a responsible supply chain management system and practice sustainability management as a key part of our corporate policy in cooperation with POSCO Group. This will undoubtedly allow us to collaborate with stakeholders who surround us and share values with them and to broaden our horizon into the wider global community to address the harsh reality of today as a sincere global corporate citizen.

Dear Stakeholders,

It is in the moment of crisis that we should do our own part sincerely and faithfully to drive the sustainable development of the Company.

"Change before you have to."

While uncertainties are perceived by businesses as threats that are hard to handle, we are convinced that we can surely generate even more valuable outcomes if we focus on our assets and capabilities accumulated over the years through communication with stakeholders and cope with changes of the future even before they occur.

Once again, we would like to thank you for your everlasting interest in and support for POSCO INTERNATIONAL, and vow to emerge as a company fully trusted and beloved in the years ahead.

We wish all our stakeholders always stay safe and well.

Thank you.

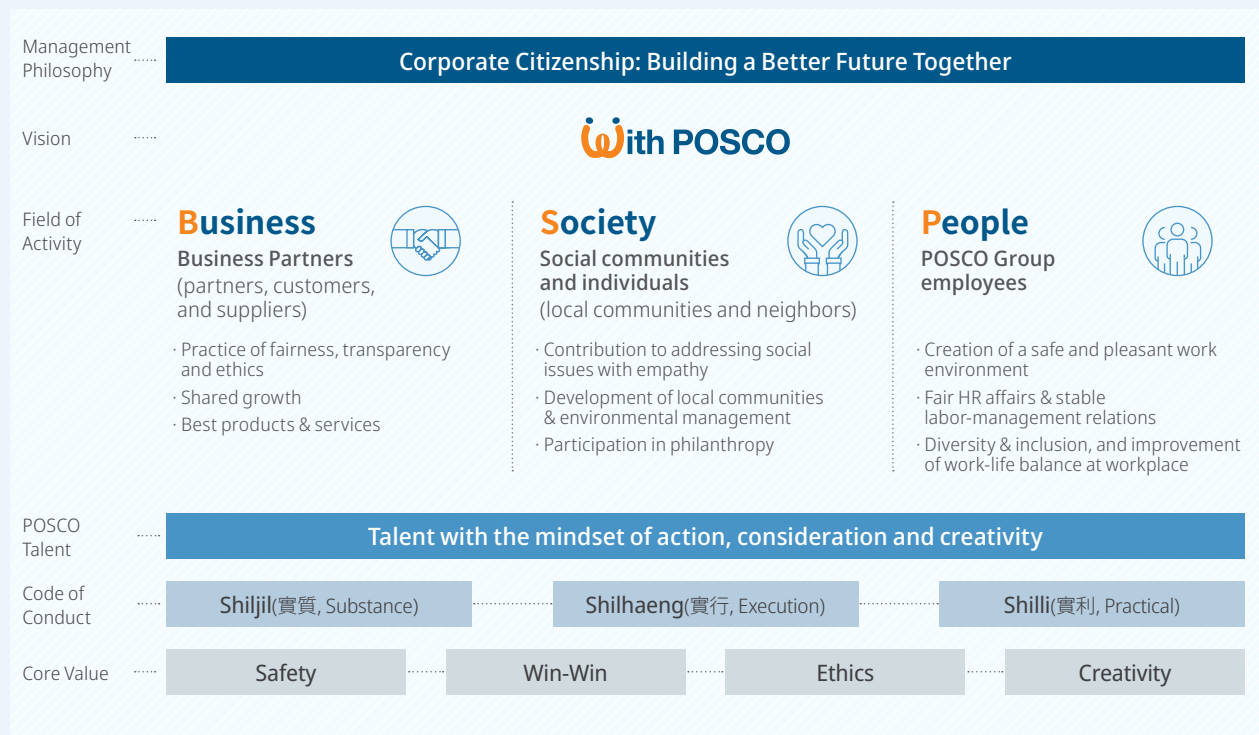
President & CEO, POSCO INTERNATIONAL
Joo Si-Bo



Corporate Citizenship and 2019 Highlights

To gain greater trust from all stakeholders as a company, POSCO Group announced a new vision 'With POSCO' and set forth a new management philosophy 'Corporate Citizenship: Building a Better Future Together' in 2018. A 'Corporate Citizen' refers to a company that voluntarily fulfills its responsibility to serve the interest of society at large in recognition of its rights and duties as a member of society.

Vision/Core Value of Corporate Citizenship



POSCO INTERNATIONAL as a Corporate Citizen



1 Receiving the Grand Prize as one of the Best ESG Companies in 2019(Rated A+ in ESG Performance)

In October 2019, POSCO INTERNATIONAL was rated A+ in overall Environmental, Social and Governance(ESG) performance assessments made by the Korea Corporate Governance Service(KCGS), and honored with the Grand Prize as one of the 2019 Best ESG Companies. This recognized our efforts to publish ESG reports in our major overseas worksites of Myanmar, Indonesia, etc. to establish a sustainable management system and fully respond to ESG risks, in addition to practicing company-wide environmental management.



4 Receiving the Grand Prize for Outstanding CSR Performance as a Korean Business Operating in Uzbekistan in 2019

In November 2019, POSCO INTERNATIONAL Textile was honored with the Grand Prize for outstanding CSR performance among Korean companies operating in Uzbekistan at the Korea-Uzbekistan CSR Forum and Awards 2019. This recognizes the Company's achievements in undertaking CSR programs that serve the needs of local communities including scholarship support to nurture talented students at local engineering universities and training of local health-care professional. The Company aims to continue with sustainable CSR programs to improve local community's self-reliance.



2 Receiving the Sustainability Report Award in the Service sector at the Korea Sustainability Awards 2019

In October 2019, we received the Sustainability Report Award in the Service sector at the Korea Sustainability Awards hosted by the Korean Standards Association. Awardees in this sector are chosen based on the survey performed on stakeholders and sustainability experts, and we were honored with this award through our third report since we first began reporting in 2017.

3 Joining the UN Global Compact

In November 2019, we joined the UN Global Compact(UNGC), a voluntary initiative launched for the fulfillment of corporate social responsibility. As a Corporate Citizen, we will endorse its 10 principles in the four areas of human rights, labor, environment and anti-corruption as a member of the UNGC.

5 Named a Best Practice in the Business Sector at the POSCO Corporate Citizenship Awards 2019

In December 2019, we were named a best practice in the Business sector at the POSCO Corporate Citizenship Awards for our endeavors and achievements in exploring growth opportunity and new business through support for SMEs and venture firms in tapping into the global market.



6 Presenting Best Practices in Coping with COVID-19 to the UNGC

To cope with the COVID-19 outbreak in 2020, we set response strategies and endeavored to resolve social issues on the strength of our extensive overseas network and human resources.

Expanding Win-Win Partnerships with SME Venture Firms

In April 2020, we signed an MOU with the Korea SMEs and Start-ups Agency to 'Assist SME Ventures in Advancing into the Global Market' and establish a public-private overseas advancement support model. We also purchased and donated COVID-19 diagnostic kits developed by a Korean SME venture firm to continue with bilateral win-win partnerships. We will continuously help SME ventures explore overseas markets to practice the philosophy of Corporate Citizenship.

Expanding a Family-friendly Corporate Culture to Create a Safe Workplace

We ensured that all expectant employees, who are considered a high-risk group of COVID-19, shift to remote working to actively protect these vulnerable individuals, and offered a work-at-home option to employees who face difficulties in taking care of their children due to delays in school opening as policy support for work & life balance.

Other Major Activities Undertaken

- Donating diagnostic kits developed by a competent Korean SME venture: Myanmar and Papua New Guinea
- Donating protective suits, face masks, thermometers and other disease control equipment: China, Myanmar, Bangladesh, Italy, Indonesia, and Ukraine
- Supporting vulnerable children in Korea and abroad: Children waiting for adoption, local children centers in Yeonsu-gu, Incheon, and less privileged children in developing nations
- Launching non-face-to-face volunteer activities with employee families to practice 'Social Distancing'



BUSINESS WITH POSCO INTERNATIONAL

Highlights

Developing Green Energy and Maintaining its Stable Supply

Signing a Phase 3 FEED¹⁾ Contract of the Myanmar Shwe Project with McDermott International of the US and Hyundai Heavy Industries of Korea

In November 2019, we chose McDermott International of the US and Hyundai Heavy Industries of Korea as FEED partners for Phase 3 development of the Myanmar Shwe Project. These two companies will be responsible for FEED including the design of new compression platforms and bridge links and the retrofit of existing platforms, and one of them will be finalized as the EPCIC²⁾ contractor. In cooperation with such global energy players, we will complete Phase 3 development of the Myanmar Shwe Project and create an LNG value chain spanning the entire process from natural gas production to liquefaction, transport and sales to contribute to the stability of energy generation and supply.

1) FEED: Front-End Engineering Design

2) EPCIC: Engineering, Procurement, Construction, Installation, and Commissioning

Creating the Value of Win-Win Partnership through Cooperation with Ventures and Competitive SMEs

Signing a Mutual Cooperation Agreement among Benda Sunkwang-POSCO-POSCO INTERNATIONAL

We joined hands with Benda Sunkwang Industrial Company, the world's sole owner of the taper bar construction patent¹⁾, to identify overseas demand. We will jointly explore new markets and respond to local needs in real time to land orders and diversify the customer base. In addition, POSCO products will be used in improving defect rates through quality management and identify multiple customers to increase sales, creating a virtual cycle in so doing.



• Global Demand Joint Development MOU

SDGs 8

Expanding Business in the US with DONGJIN Motor Company

We assisted DONGJIN Motor Company, an established maker of automotive HVAC blower motors, in building a testing lab at our US corporation to help increase local orders awarded. Moving beyond cooperation in production and sales, we are jointly serving the needs of local buyers and strengthening the sales network.

Signing an MOU with Bioapp to Explore the Global Market

We signed a business agreement with Bioapp, a bio venture firm that develops vaccines using plant-based proteins, to collaborate for product development and global market entry. As the first partner chosen at our Global Marketing Portal launched to further marketing collaboration with SME ventures, Bioapp has worked together with us to use R&D centers in Russia, China, and Spain to conduct clinical trials in order to develop vaccines for African swine fever. We will support its clinical trials and other product development efforts, and harness our overseas network and sales know-how to help tap into domestic and overseas markets.

1) Taper bar construction patent: Patent intended to streamline the taper bar manufacturing process which usually consists of seven steps in total and to shorten the process time as a result

Establishing an Overseas Grain Distribution Based to Ensure Food Security

Completing a Grain Export Terminal in Ukraine

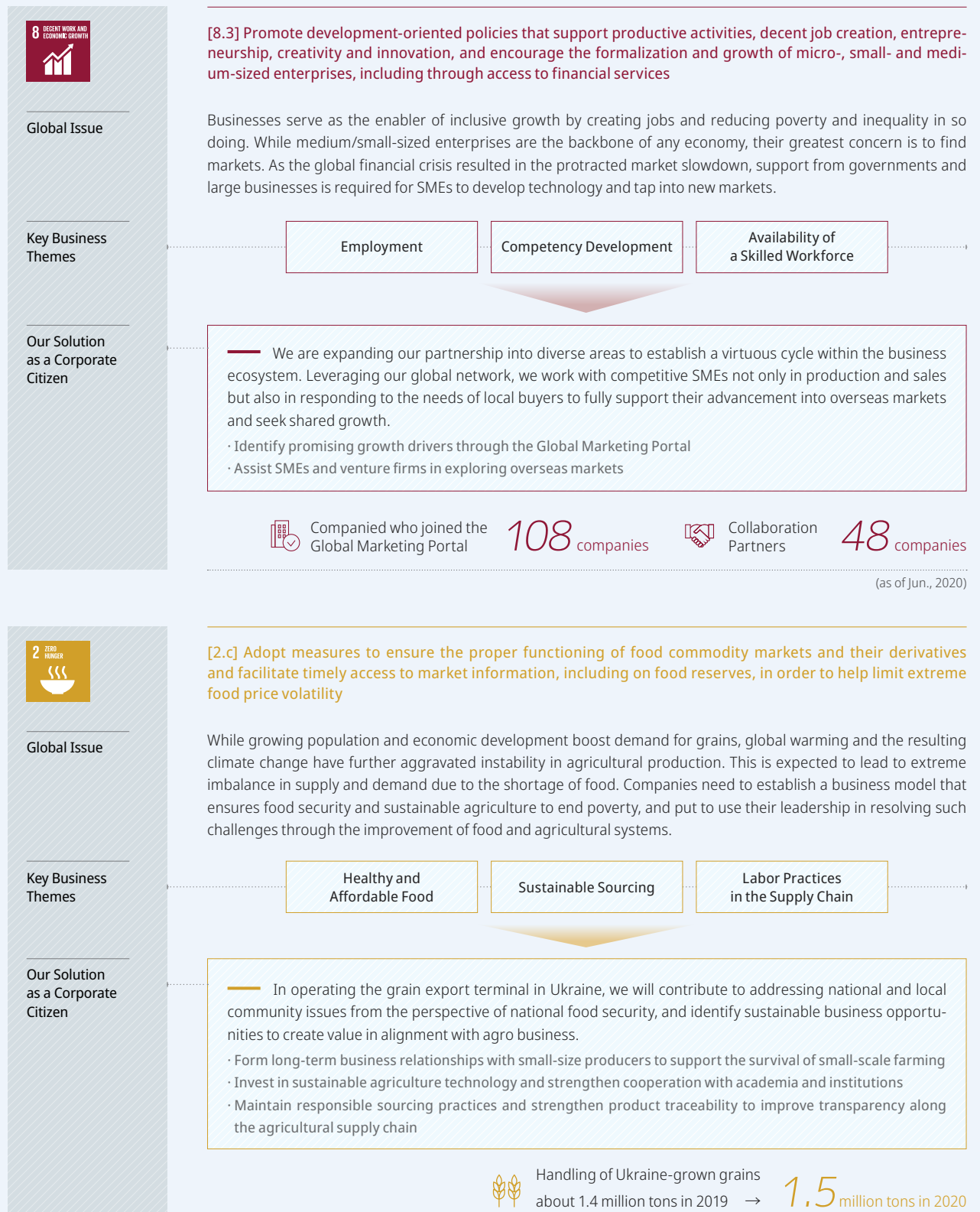
In September 2019, we became the first-ever Korean company to construct and operate a grain export terminal in Ukraine, a grain export powerhouse. In cooperation with Orexim Group, the largest Ukraine sunflower seed oil exporter, now we operate a grain export terminal at the port of Mykolaiv, one of the largest export ports in the Black Sea region. This will enable phase-specific logistics control and allow us to efficiently conduct business to meet the needs of individual customers. Our grain export terminal is expected to serve as a distribution center that ensures the stable supply of grains to Korea in the event of potential food crises caused by skyrocketing grain prices.



• Grain Export Terminal in Ukraine

SDGs 2

Commitment to SDGs





2 ZERO HUNGER

Global Issue

Key Business Themes

Our Solution as a Corporate Citizen

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

While growing population and economic development boost demand for grains, global warming and the resulting climate change have further aggravated instability in agricultural production. This is expected to lead to extreme imbalance in supply and demand due to the shortage of food. Companies need to establish a business model that ensures food security and sustainable agriculture to end poverty, and put to use their leadership in resolving such challenges through the improvement of food and agricultural systems.

Healthy and Affordable Food

Sustainable Sourcing

Labor Practices in the Supply Chain

— In operating the grain export terminal in Ukraine, we will contribute to addressing national and local community issues from the perspective of national food security, and identify sustainable business opportunities to create value in alignment with agro business.

- Form long-term business relationships with small-size producers to support the survival of small-scale farming
- Invest in sustainable agriculture technology and strengthen cooperation with academia and institutions
- Maintain responsible sourcing practices and strengthen product traceability to improve transparency along the agricultural supply chain



Handling of Ukraine-grown grains

about 1.4 million tons in 2019 →

1.5

million tons in 2020

SOCIETY WITH POSCO INTERNATIONAL

Highlights

Taking a Proactive
Step towards
Improving Socially
Responsible
Management

SDGs 15

Becoming Korea's First Company to Make NDPE Commitments

In March 2020, we became the first Korean company to declare a palm oil sustainability policy, also commonly known as NDPE¹⁾. The NDPE policy consists of 'Environmental Conservation & Management', 'Protection of, and Respect for, Human Rights', and 'Stakeholder Engagement & Communication', and applies to the suppliers of fresh fruit bunches, crude palm oil and refined oil as well as our own palm oil business operations. This policy is taking a step further from existing environmental policies in the aspects of conserving and managing the local community environment, and we promised to develop and implement a forest conservation program on a scale that corresponds to the size of developed plantations.

1) NDPE: No Deforestation, No Peat, No Exploitation that represents a highly stringent environmental and social management initiative adopted by global palm oil distributors to ban deforestation, peatland destruction and local labor exploitation in conducting palm business



• PT. BIA's Palm Plantation in Indonesia

Establishing
a Corporate
Culture of Work
& Life Balance
to Contribute to
Addressing Low
Birth Rates

SDGs 5

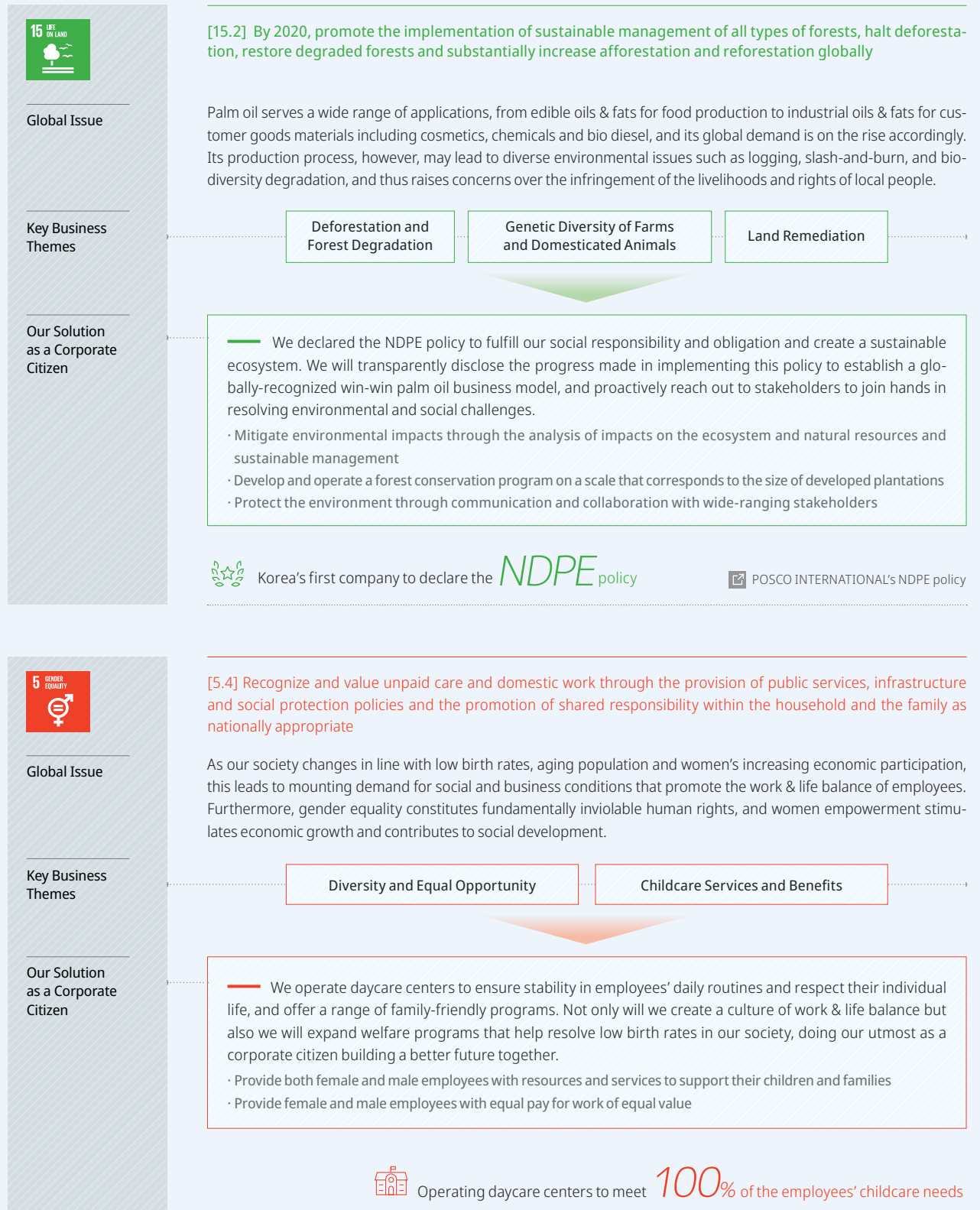
Achieving Family-friendly Business Certification

In December 2019, we achieved 'Family-friendly Business Certification' granted by the Ministry of Gender Equality and Family for our achievements in operating exemplary family-friendly systems to promote the work & life balance of employees. Notably, we were recognized for opening a second daycare center at our office building in Songdo, Incheon last March to fully meet the childcare needs of our employees and create a stable and immersive work environment as a result. In addition, wide-ranging health promotion activities, cultural programs and family volunteering are conducted for our employees and their families to lead a more flourishing life.



• 2nd Daycare Center

Commitment to SDGs



PEOPLE WITH POSCO INTERNATIONAL

Highlights

Ensuring
Non-discrimination
in Developing
Global Talent to
Build a Sustainable
Competitive
Advantage

SDGs 4

Developing e-learning Contents in English and Expanding the Global Mobility Program for Global staff

We re-established the 'Talent Development System for Global Business Leaders' to reinforce our global talent development and build a sustainable competitive advantage in so doing. In particular, a locally-customized global staff training system was established for our overseas worksites. This came in tandem with the internal development of e-learning contents in English for a variety of training courses on business items, leadership skills, job descriptions and understanding of the Company, and the addition of Chinese and Japanese subtitles to provide our global staff with improved access to quality training. At the Headquarters level, on-the-job training is offered to new hires and newly-appointed managers and the operation of the Global Mobility Program for exceptional global staff was expanded.



• e-learning Contents Provided in English for Global Staff

Commitment
to Creating a
Healthy and
Pleasant Work
Environment

SDGs 3

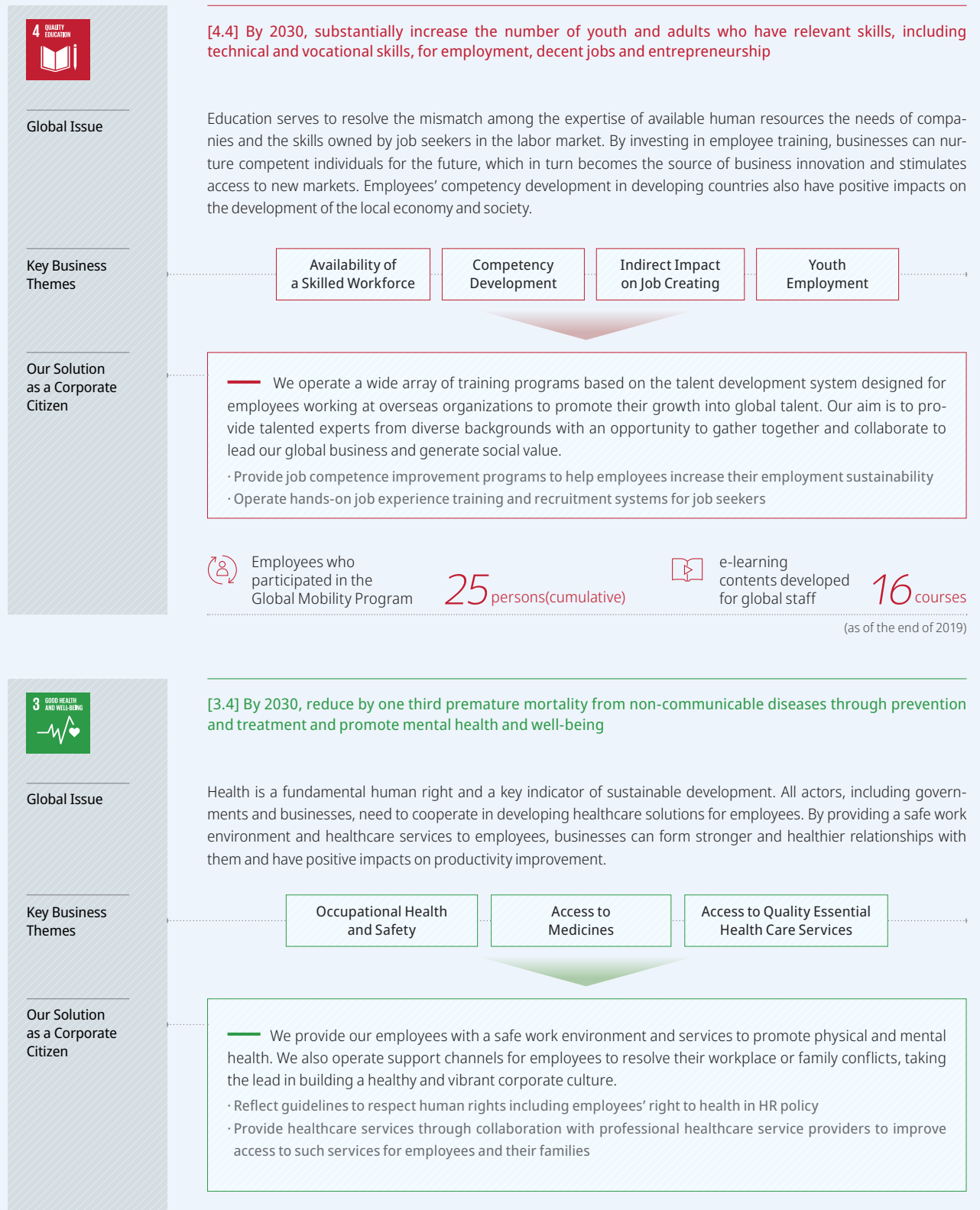
Opening the Psychological Counseling Center '休 Smile'

In October 2019, we opened the psychological counseling center '休(Hyu: Relax) Smile' to promote the emotional stability of our employees. This reflected the suggestion made through the town hall meeting, which serves as a communication channel for employees, to create programs to promote employees' emotional security. The center provides individual/group counseling and psychological testing, and is available for employees and all their family members. Counseling conversations are kept confidential to protect personal information, and counseling programs are operated by 'Mind Forest', an external professional counseling organization, to ensure the expertise of counselors.



• Psychological Counseling Center '休 Smile'

Commitment to SDGs





3 GOOD HEALTH AND WELL-BEING

Global Issue

Key Business Themes

Our Solution as a Corporate Citizen

[3.4] By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

Occupational Health
and Safety

Access to
Medicines

Access to Quality Essential
Health Care Services

— We provide our employees with a safe work environment and services to promote physical and mental health. We also operate support channels for employees to resolve their workplace or family conflicts, taking the lead in building a healthy and vibrant corporate culture.

- Reflect guidelines to respect human rights including employees' right to health in HR policy
- Provide healthcare services through collaboration with professional healthcare service providers to improve access to such services for employees and their families

Company Overview

Since its founding in 1967, POSCO INTERNATIONAL has spearheaded Korea's export industry as a general trading company. We are engaged in trading, resource development and infrastructure development & operation, and are expanding investments in close alignment with trading operations. Leveraging our overseas network that consists of more than 100 worksites, we are taking a step further to emerge as a 'Globally Integrated Corporation', directly conducting business throughout the entire value chain of wide-ranging industries.

Company Profile

(as of the end of Mar., 2020)

Name of Company	POSCO INTERNATIONAL Corporation	Employees*	10,260 persons (1,973 in Korea, 8,287 overseas)
Date of Establishment	March 22, 1967	Overseas Worksites*	105 corporations and offices in 45 countries
CEO	Si-Bo Joo	Address	(21998) 165, Convensia-daero, Yeonsu-gu, Incheon, Korea (04527) 10, Tongil-ro, Jung-gu, Seoul, Korea
Major Business	Trade, Resources Development, Infrastructure Development & Operation	Tel.	+82-2-759-2114

* as of the end of Dec., 2019

Vision

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

Vision

**Beyond Trade,
Pursuing
FUTURE BUSINESS**

Goal

Strive to become a **Globally Integrated Corporation**
through differentiation in development policy by each business model

Strategic
Direction

Development of
Strategic Business
(Energy and Agro)

Profit Enhance-
ment by Evolved
Trading Model

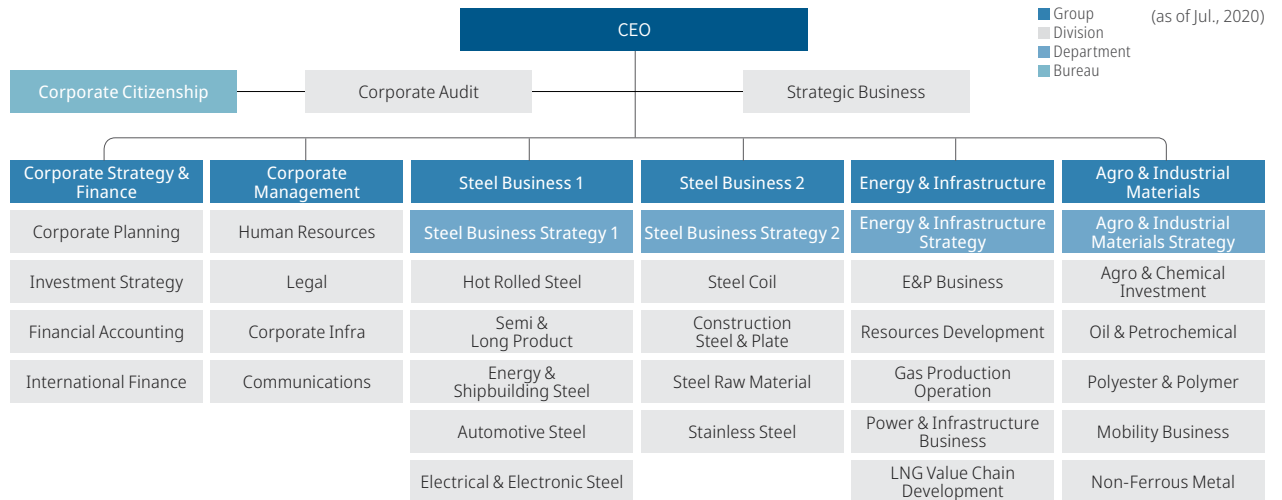
Establishment of
Global Business
Infrastructure

Slogan

We Make BUSINESS

Organizational Chart

POSCO INTERNATIONAL operates two divisions and one bureau under the direct leadership of the CEO, two management groups, and four business groups.



Key Milestones



Business Overview



STEEL

POSCO INTERNATIONAL is involved in the export, import, triangular trade and domestic sales of steel products from POSCO, a globally-renowned steel maker, as well as other leading steel producers in Korea and abroad in cooperation with partners across the globe. We deliver specialized products, from steel raw materials, semi-finished and long steel, hot-rolled steel, steel plates, cold-rolled steel, and galvanized steel to energy pipe steel, automotive steel, and stainless steel to cater to diversified and segmented market needs.

Trading

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

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

— Main items: Slab, billets, D-bars, sections

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

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

Steel Plates Steel plates refer to relatively thick plates that are hot-rolled in four-high reversing mills, with minimum thickness of 6mm in general.

— Main items: Heavy plate products

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

— Main items: API steel plates, line pipes/steel pipes for offshore structures, steel for energy plant projects

Hot-rolled Steel The main customers of hot-rolled steel include pipe and gas cylinder manufacturers and distributors, and we fully cater to the diverse needs of the construction, machinery and automotive industries in Korea and abroad.

— Main items: Hot-rolled(HR) coil, Pickled-oiled(PO) steel sheets, checkered plates



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

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

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

— Main items: Hot-dip galvanized steel sheet(GI), aluminized and alu-zinc steel sheets, electrolytic galvanized steel sheets(EGI), tin plates(TP)

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

— Main items: Colored steel sheets for construction, colored steel sheets for home appliances

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

— Main items: Go steel, NO steel

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

— Main items: Cold-rolled/Hot-rolled steel, galvanized steel for automobiles

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

— Main items: Hot-rolled/cold-rolled stainless steel, stainless steel plates and pipes

Steel Raw Materials Steel raw materials include iron ore used for iron/steel making at steelworks, coking coal, steel scraps and granulated blast furnace slag.



ENERGY

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



UPSTREAM

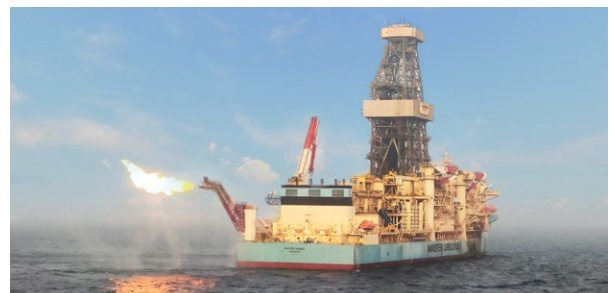
Oil and gas resources development serves as one of our key growth drivers. Not only did we directly perform the entire Exploration & Production(E&P) process from exploration and development to production and sales at the Myanmar Shwe Project, but also we are engaged in oil and gas development projects in Korea and across the world, including Block 11-2 in Vietnam, Block 8 in Peru, the Oman LNG plant, and the East Sea-2 gas field in Korea. Currently, Phase 2 development is underway at the Myanmar Shwe Project to ensure its stable gas production and sales, and we are fully committed to its successful completion. To secure additional reserves, we performed drilling on three exploratory wells in Block A-3, offshore Myanmar, and prospect evaluations are being conducted across the entire Block AD-7 in Myanmar and Block DS-12 in Bangladesh. This comes in tandem with our efforts to obtain new mining assets in Asia, Oceania, and North America.

MIDSTREAM

Leveraging our capabilities as an overseas project developer and a professional trader, we are expanding LNG trading based on POSCO Group-wide captive LNG demand and Gwangyang LNG Terminal. We are also proactively tapping into overseas LNG infrastructure and LNG bunkering market including receiving terminals and liquefaction plants. In the LNG trading sector, we became the first Korean trader to initiate LNG trading in 2017, and are promoting the integrated procurement of LNG and increasing LNG trading volume at the Group-level since we became solely responsible for the Group's LNG trading operations. To explore LNG infrastructure business in connection with Group-wide strategies, we are taking a leading role in developing the entire LNG value chain business ranging from Group's joint receiving terminals and liquefaction plants to pipelines and Gas-to-Power business. As domestic and international environmental regulations are expected to boost demand for LNG fuel for vessels, we plan to form consortiums and build LNG bunkering infrastructure.

DOWNSTREAM

As an Independent Power Producer(IPP), we are capable of handling the entire process of overseas power generation projects from development, investment and financing to execution and operation, and are pursuing high value-added business aligned with POSCO Group's energy strategy and expected to generate synergy. We plan to constantly create new IPP business opportunities for strategic generation resources by harnessing our established robust overseas network and extensive capabilities in overseas project development, execution and operation in such high-growth regions as emerging Asian countries, Central & Latin America, and Africa. In particular, we won a 70 MW gas-fired power plant IPP project in 2016 through the international tender held by Myanmar's Electric Power Generation Enterprise(EPGE). We will focus on developing large-scale gas-fired power plant IPP business and acquiring new business assets in alignment with the development of additional gas fields and the introduction of LNG in order to establish and expand the full value chain of 'Gas-to-Power' business in Myanmar.



• Well Testing at the Mahar Closure in Block A-3, Offshore Myanmar



AGRO

To secure sustainable future agro resources, POSCO INTERNATIONAL is engaged in grain trading and agro-resources development. We are the sole Korean grain trading company to be the member of the Grain and Feed Trade Association(GAFTA) and the Federation of Oils, Seeds and Fats Association(FOSFA), and represent the largest agro-resources trading business in Korea.

Palm Oil Business in Indonesia

Taking note of the potential of palm oil widely recognized for its versatile applications in the global agro and bio market, we started our investment in oil palm sector in 2011. Palm oil business involves the extraction and processing of oil from fresh fruit bunches harvested at the plantation and the production and sales of oil and fat products. We produce crude palm oil(CPO) and supply CPO to the domestic Indonesian market and Southeast and Southwest Asian countries.

— Main Items: Edible oils & fats

Rice Processing Complex in Myanmar

Based on 20 years of our rice trading experience, we advanced into the Rice Processing Complex(RPC) market as a rice supplier in Myanmar, an established strong rice exporter, to fully launch distribution-focused agro business. Following the acquisition of a construction site appropriate for supply/demand of raw materials and export logistics, Factory 1 has been under operation since the end of 2017, and Factory 2 was completed in May 2019 increasing our annual processing capacity 86,000 tons per year.

— Main Items: Rice

Grain Export Terminal in Ukraine

We established a grain procurement corporation in Ukraine, a major grain producer, and are broadening our supply chain across procurement, logistics and exports from Ukraine into the wide the Black Sea region. In addition, we acquired a grain export terminal in Ukraine to increase our trading volume and diversify the sales markets.

— Main items: Soybeans, wheat, corn, etc.



INFRA

POSCO INTERNATIONAL delivers total solutions to customers across the globe, undertaking infrastructure projects spanning transportation, SOC and industrial plants. In addition to the export of machinery, we are fully committed to developing new growth drivers in such business areas as satellites, aviation, and IT & security.

Infrastructure and Plants

Leveraging our pool of diverse partners in Korea and abroad and our extensive global network, POSCO INTERNATIONAL delivers total EPC(Engineering Procurement Construction) solutions in undertaking industrial plants – chemical engineering, steel-making, ferro-alloy, papermaking, and grain processing – as well as energy infrastructure(LNG, electricity), transportation infrastructure(ship, port, railroad, airport) and social infrastructure(water environment, hospital, telecommunications). Furthermore, we deploy POSCO's World Premium products for LPG and chemical engineering storage tanks as well as LNG storage tanks to provide the highest possible quality to customers.

Machinery and Public Procurement

As a leading exporter of Korea's defense & security solutions, we became the first in the nation to initiate the Government to Government(G2G) export of general supplies in 2012 and has since been pioneering G2G business on the strength of our know-how accumulated in doing business with overseas governments for more than four decades. Specifically, we are building future growth drivers in such new business areas as aerospace and IT & security as well as naval ships and relevant equipment where Korea is highly competitive. We are also a global exporter of construction heavy machinery, machine tools, agricultural machinery and engines, and are constantly broadening our tailor-made product offerings that cater to specific market needs through strategic cooperation with Korean manufacturers.

Our business presence is constantly expanding as we deliver business solutions that are aligned with the industrialization policies of respective countries through our strengthened cooperation with overseas manufacturers and business know-how.





CHEMICAL MOBILITY & MATERIALS

POSCO INTERNATIONAL serves the global market with its wide-ranging product offerings from petrochemicals to polyesters and polymers while ensuring the stable supply of raw materials and competitive finished products through its strategic partnership with global makers and direct operation of textile factories. Furthermore, we are the sole Korean general trader to operate a dedicated automobile and component organization to deliver integrated solutions, and are expanding our business in Korea and abroad through the trading of non-ferrous metals.

Petrochemicals We are a global supplier of petroleum products manufactured from the upstream oil refining process. In partnership with global major petrochemical companies, we also supply rubber-related raw materials including synthetic rubber, natural rubber, carbon black and EPDM rubber that are consumed to manufacture tires, automotive parts and industrial rubber products. Harnessing our global trading know-how and market experience accumulated over the years, we are engaged in the import, export and triangular trade of chemical fertilizers and inorganic chemicals. Our NPK, DAP and other composite fertilizer products also serve the Southeast Asian market.

Polyesters and Polymers We serve the global market of synthetic resins used as key ingredients of synthetic fiber intermediates and plastics. Leveraging our strategic partnership with major global players, we built Korea's largest supply and sales network of and are generating solid profits across both the upstream and downstream sectors. Furthermore, we continue to expand our global market of functional synthetic resins used for automobiles and electronics. We also operate textile factories in Uzbekistan to capitalize on abundant raw cotton produced in the country. We are the sole Korean trader who directly produces/sells products through our own spinning and weaving facilities, and are also engaged in the trading of synthetic filament yarn.

Automobiles and Components As an export-driven organization that has achieved IATF 16949(automobile quality management system standard), our Mobility Business Division offers automobiles and automotive components to global customers, including original equipment(OE) components - engine & transmission, steering, suspension, and powertrain - and replacement equipment(RE) components - tires and batteries. We are tapping into the future mobility and the wider global automobile OEM market through export and import of finished vehicles and KD(Knock Down) business with leading automobile makers in Korea and abroad through strategic partnerships and sales network. Furthermore, active investments are underway to expand, localize and modularize our parts business for future green mobility including hybrid and electric vehicles.

Non-ferrous Metals We are an active player in the export, import and triangular trade of non-ferrous metals. We handle a wide array of these essential industrial materials from raw to finished products, and are increasing trading volume to expand our business territories. In particular, we are elevating our position along with global major traders leveraging our extensive experience and professionals in the trading of non-ferrous metals and steelmaking materials.



POSCO SPS

POSCO SPS(Steel Processing & Service) is Korea's No.1 steel processing company created through the split & merger of POSCO INTERNATIONAL's steel processing business divisions in April 2020. POSCO SPS is committed to establishing an integrated steel value chain and delivering the greatest-possible value to attain its vision of becoming a 'Global Top Steel Processing Solution Provider' in such wide-ranging steel business sectors as the production and sales of stainless steel and motor cores, the processing of steel plates and the manufacturing and sales of steel structures.

Stainless Steel Processing Stainless steel is highly value-added steel recognized for its exceptional corrosion resistance. POSCO SPS processes high-quality hot-rolled/cold-rolled stainless steel according to customer requirements and serves a wide array of applications including automobiles, kitchen appliances, electric and electronic devices and construction materials. As Korea's sole steel processor that owns wide precision equipment, POSCO SPS is capable of producing steel products that are virtually impossible to be manufactured at conventional stainless cold rolling mills, such as thin steel that is 0.3t and under and precision steel that satisfies stringent quality standards. POSCO SPS is also the only global exporter of 470FC, a material used for hydrogen vehicle fuel cell separators, in collaboration with POSCO. By investing in inimitable surface post-processing technology and equipment, POSCO SPS plans to increase its production capacity to serve 110,000 hydrogen-powered vehicles by 2025.

— Main items: Hot-rolled/cold-rolled stainless steel, precision stainless steel

Motor Core Processing POSCO SPS supplies motors for traction, residential and electronic applications in diverse forms desired by customers, and is shifting its business structure to focus on EV traction motor cores in line with the emerging trend of green mobility. To this end, POSCO SPS is making facility investment in press, molding and assembly lines, and plans to increase its EV traction motor core capacity to serve 2 million EVs by 2025 and raise its global market share above 10% in so doing. POSCO SPS is maintaining its status as the exclusive supplier to the Korean car OEM Hyundai Motor Company while developing overseas automotive OEM projects such as BorgWarner and ZF.

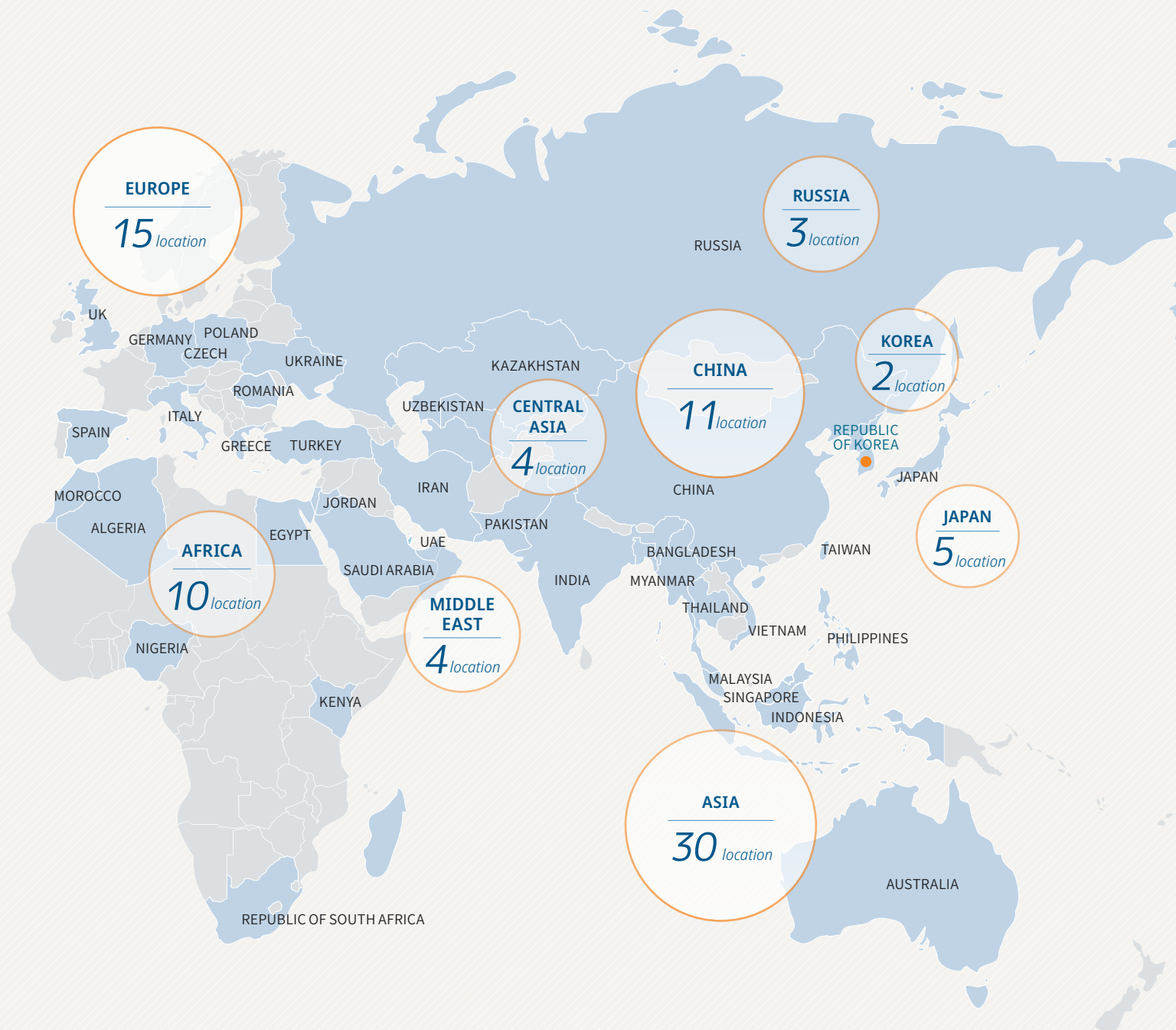
— Main items: Motor cores, transformer cores

Plate Fabrication Processing POSCO SPS processes steel plates for intended purposes that mainly include shipbuilding or construction, and performs pre-processing to coat steel plates to prevent rust from occurring. Using H-beams produced by welding steel plates, POSCO SPS designs, manufactures and installs steel structures as the basic frames for buildings and plants as a participant in ultra-large-scale projects in Korea and abroad. POSCO SPS also processes panels consumed to make onshore storage tanks in order to manufacture storage tank/LNG tank panels.

— Main items: H beams, construction materials, shipbuilding plates

Global Network

POSCO INTERNATIONAL harnesses its broad global network to engage in the trading of wide-ranging products – steel, agro resources, petrochemicals, synthetic resins, automobiles and automotive components and non-ferrous metals – with top-tier customers in Korea and abroad. We are conducting business in developing resources and undertaking overseas projects.





Sales Breakdown by Region in 2019*

(as of Dec. 31, 2019, Unit: KRW billion)

Korea	4,042	16.6%
Asia(excluding China)	10,011	41%
China	3,180	13%
Europe	3,054	12.5%
North America	1,775	7.3%
Others	2,353	9.6%

Sales



KRW **24,415** billion

* This is based on net sales, and excludes KRW 7,163 million generated from property investments as lease income.

Global Network

(as of Dec. 31, 2019)

Overseas Presence



45 countries

Overseas Corporations and Offices



105 locations

(Unit: location)

Trading Corporations and Affiliate Branches	Corporation	12
	Affiliate Corporation	1
	Affiliate Branch	18
	Affiliate Office	1
Trading Offices and Liaison Offices	Representative Office	30
	Liaison Office	4
Investment Corporations		39

* Consolidated subsidiaries in 2019: Please refer to page 3 of the Annual Report

* New consolidated subsidiary in 2019: Yuzhnaya Stevedoring Company Limited LLC

* Subsidiaries not consolidated in 2019:
DAEWOO PRECIOUS RESOURCES CO., LTD., POSCO Gulf SFC LLC.,
DAEWOO POWER AND INFRA(PTY) LTD., POSCO DAEWOO E&P CANADA CORP.,
and DAEWOO INT'L GUANGZHOU CORP.

Governance

POSCO INTERNATIONAL establishes solid governance to serve the interest of the Company and its shareholders and to promote its sustainable growth in accordance with the principles of business transparency and accountability. Our Board of Directors(BOD) ensures transparency in the entire decision-making process as our top decision-making body, and exercises checks and balances on senior management to promote efficiency in business conduct.

Composition of the BOD

As of March 2020, our BOD consisted of seven directors in total, including two inside directors, one non-standing director, and four outside directors. All our directors fully meet the criteria set by Article 382 of Korea's Commercial Law and our Articles of Association to strengthen the independence of the BOD and the transparency of BOD operation. Outside directors are appointed for their expertise in diverse industrial and management areas to improve the expertise of the BOD, and a support organization is under operation to assist them in fulfilling their duty more efficiently. At the regular General Shareholder Meeting held in 2020, a female outside director was appointed for the first time in our history to promote diversity at the BOD level and balanced decision-making as a result. Furthermore, an expert in the environmental management field was appointed as an outside director to capitalize on his expertise in response to the growing needs for businesses to cope with climate change and to fulfill our corporate social responsibility.

(as of Mar., 2020)

Director	Name (Gender)	Position	Career	Expertise	Date of Initial Appointment	Termination of Tenure	Committee
Inside Director	Si-Boo Joo (Male)	· CEO · Chair of the BOD · Chair of the Outside Director Candidate Recommendation Committee	· Curr. President & CEO, POSCO INTERNATIONAL · Fmr. Head of Energy Group, POSCO INTERNATIONAL · MS in Earth Resources and Environmental Engineering, Hanyang University	General management of business administration	Mar. 30, 2020	Until the regular General Shareholders' Meeting in 2021	· BOD · Outside Director · Candidate Recommendation Committee
	Min-Yong Noh (Male)	· Head of Corporate Strategy & Finance Group	· Curr. Head of Corporate Strategy & Finance Group · Fmr. Head of Corporate Audit, POSCO · MBA, Korea University	Internal accounting control management, general business administration	Mar. 18, 2019		
Non-Standing Director	Tak Jeong (Male)	-	· Curr. Head of Marketing Division, POSCO · Fmr. Head of Steel Business Division, POSCO · BA in Arabic, Hankook University of Foreign Studies	General business administration	Mar. 13, 2017	Until the regular General Shareholders' Meeting in 2021	· BOD
Outside Director	Soo-Young Kwon (Male)	· Chair of the Audit Committee	· Curr. Professor, Business School of Korea University · Fmr. Dean of Business School, Korea University, · PhD in Accounting, University of Washington	Financial and accounting expert, general business administration	Mar. 18, 2019	Until the regular General Shareholders' Meeting in 2021	· BOD · Outside Director · Candidate Recommendation Committee · Audit Committee
	Heung-Soo Kim (Male)	-	· Curr. Standing advisor to Kim & Chang(law firm) · Fmr. Head of Dongfang CJ in Shanghai · MBA, KAIST(Korea Advanced Institute of Science and Technology)	General business administration	Mar. 18, 2019		
	Jong-Ho Hong (Male)	-	· Curr. Professor, Seoul National University Graduate School of Environmental Studies · Fmr. Director of the Institute for Sustainable Development, Seoul National University · PhD in Applied Economics, Cornell University	Environmental expert, general business administration	Mar. 30, 2020	Until the regular General Shareholders' Meeting in 2022	
	In-Sook Shim (Female)	-	· Curr. Professor, Law School of Chung Ang University · Fmr. Member of the Sanction Review Committee, Financial Supervisory Service · LL.M, Harvard Law School	Legal expert, general business administration	Mar. 30, 2020		

BOD Meetings

BOD meetings are arranged on an annual basis, and the meeting agenda should be announced seven business days prior to the meeting according to BOD regulations. If the set meeting schedule is changed for any reason, this is immediately announced as well. In 2019, a total of nine BOD meetings were held to decide on 41 agenda items. Director attendance amounted to 98.4% in 2019.

Date	Agenda	Approval
Feb. 1	Approving the 19 th financial statements (7 items in total)	Approved
Feb. 28	Convening the 19 th General Shareholder Meeting and deciding on its purpose(2 items in total)	Approved
Mar. 18	Appointing the CEO(8 items in total)	Approved
May 10	Approving the financing plan for Q3 of 2019 (5 items in total)	Approved
Jun. 7	Supporting short-term loans extended to PT. BIA(5 items in total)	Approved
Aug. 6	Selling long-term NPLs	Approved
Sep. 20	Approving the refinancing of the power generation corporation in LAE, Papua New Guinea(3 items in total)	Approved
Oct. 25	Approving the spin-off of domestic steel processing business(5 items in total)	Approved
Dec. 20	Approving the 2020 business plan(5 items in total)	Approved

BOD Committees

The Outside Director Candidate Recommendation Committee and the Audit Committee are operated under the BOD in accordance with relevant regulations. Each committee supports the Company in making major decisions efficiently and the Audit Committee is solely made up of outside directors to ensure its fairness and transparency.

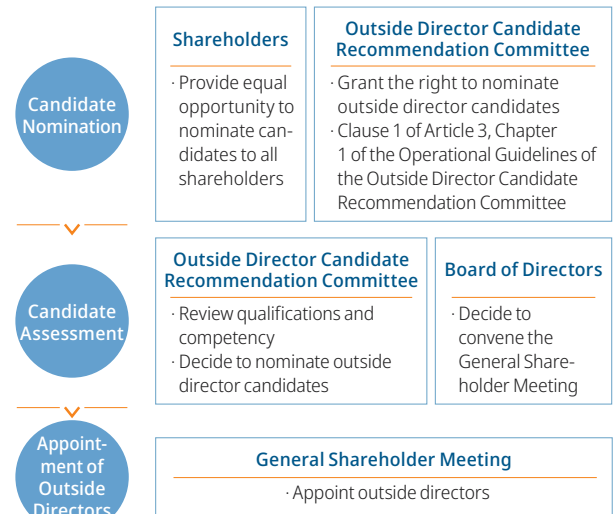
(as of Mar., 2020)

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

Outside Director Appointment Process

The Outside Director Candidate Recommendation Committee nominates candidates based on their independence, industrial experience, and previous career in accordance with the qualifications set by the Commercial Law and other relevant regulations. The candidates who have been sanctioned previously for regulatory violations that led to the degradation of corporate value or infringement on shareholder rights and interest excludes from debate. In addition, diversity is taken into consideration to prevent any discrimination in nomination process. The shareholders are given detailed information on candidates and sufficient time to review their credentials, at least two weeks prior to the General Meeting. Director appointment requires

a majority of the BOD attending and voting for, and directors who have special interest in such matters are prohibited from exercising their voting rights. The final appointment should be approved by the General Shareholder Meeting.

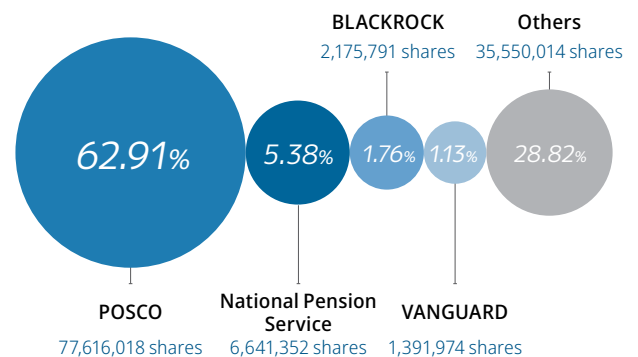


Shares and Dividends

As of the end of December 2019, the total number of issued common shares amounted to 123,375,149, and the number of outstanding shares was 123,374,891, excluding 258 treasury shares. The largest shareholder is POSCO with 62.91% of the total, and other minority shareholders own 10.36% of the total.

I Shareholders

(as of Dec., 2019)



I Dividends Paid

(on a consolidated basis)

Category	Unit	2017	2018	2019
Net income	KRW million	175,880	155,174	209,404
Earnings per share	KRW	1,444	1,258	1,697
Total cash dividends	KRW million	61,687	74,025	86,362
Dividend payout ratio	%	35.1	47.7	41.2
Dividends per share	KRW	500	600	700

Risk Management

POSCO INTERNATIONAL conducts business globally in a variety of areas and is thus exposed to multiple types of risks. This prompted us to establish a company-wide risk management system to prevent risks from occurring. In particular, we developed an integrated management system to address risks that may occur in trading transactions.

Risk Management System

Along with the Investment Committee, the Enterprise Risk Management(ERM) Department, a dedicated risk management organization under the leadership of the Head of Corporate Strategy & Finance Group, preemptively respond to diverse risk that may occur in business operations. In particular, we developed an integrated management system and are strengthening our internal capabilities to address risks that may occur in trading transactions.

Risk Management Organization

The ERM Department reviews general factors regarding credit transactions and project undertakings, and is responsible for the efficient collection and management of debts and insurance management. Risk factors are segmented by type of sales transaction and multilateral assessments are made accordingly, and detailed assessments are performed to minimize risks. Risk review and approval is subject to the arbitrary decisions made by the Head of Corporate Strategy & Finance or the CEO in accordance with applicable guidelines. Such reviews are performed in landing prior to signing contracts, and annual reassessments are made on the approved agenda item. If an issue arises, comprehensive deliberations are made to ensure efficient joint response among organizations, and continued monitoring is conducted on the compliance of approved agenda items with the set conditions and on the occurrence of additional risks. In 2019, a total of 51 credit items were deliberated and reported. Furthermore, the credit operation system has been reinforced since January 2020 to improve our capabilities in responding to risks that may occur in credit transactions.

Investment Committee

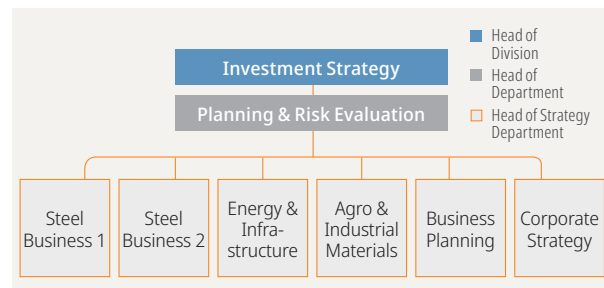
The company-wide Investment Committee addresses a wide range of risk factors in relation to the undertaking and management of investment business. In accordance with the committee guidelines, the Investment Committee consists of one chairman, five standing members, and one to two non-standing members. The chairman and standing members are appointed for their work experience in the fields of finance, accounting, financial, and legal affairs while non-standing members come from organizations responsible for business operation to ensure their expertise. The committee performs business feasibility reviews by investment type and conducts assessments to minimize relevant risks. For approved investment projects, the committee monitors their compliance with the set project plans and the possible occurrence of investment risks. In 2019, a total of 11 committee meetings were held to deliberate on 11 agenda items.

Investment Review Process

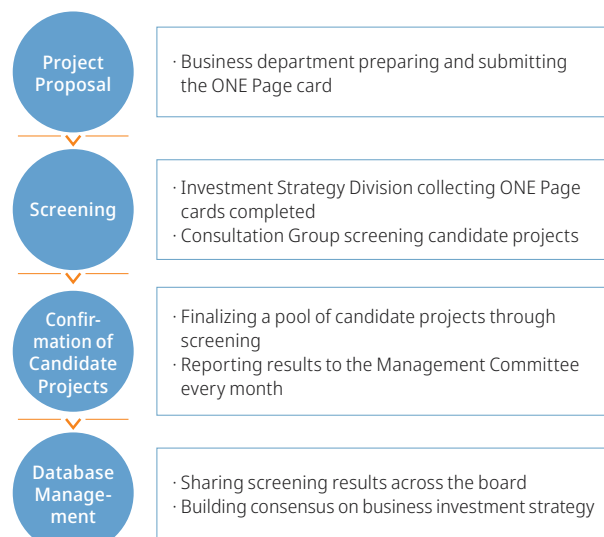
Creating a Pre-investment Consultation Group

POSCO INTERNATIONAL created an investment consultation body to perform joint verifications on investment projects with business departments from their identification phase to ensure that such projects are reviewed systematically prior to their approval. Organizations proposing investment projects conduct self-assessments in accordance with the six criteria of 'Strategic Suitability', 'Sales Alignment', 'Comparative Advantage', 'Risk Management', 'Synergy with POSCO Group', and the 'Corporate Citizenship' philosophy, and fill out the 'ONE Page card' based on assessment outcomes and submit the card to Investment Strategy Division. The submitted ONE Page card is presented to the consultation body for review, and a pool of candidate projects is finalized as such. This is followed by the company-wide sharing of projects that were not approved as well as candidate projects through the 'Consultative Group for Investment DB' to publicize and build company-wide consensus on our investment strategy.

I Composition of the Pre-investment Consultation Group



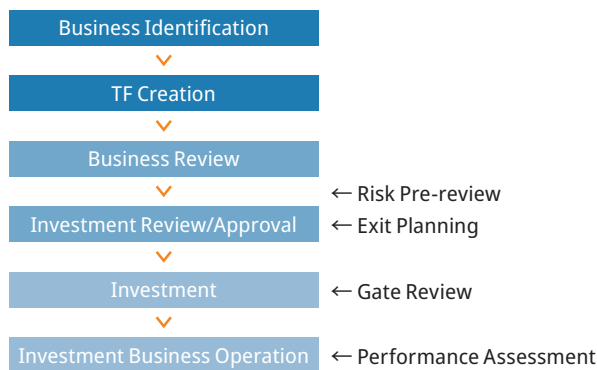
I Operational Process of the Consultative Group for Investment



Revising Guideline for Invest Management

POSCO INTERNATIONAL revised the investment business management guidelines to tighten its risk management system aligned with POSCO Group's investment business risk management process. The definition of high-priority business was renewed in relation to business proposed to the BOD for consideration, M&A and other high-risk and large-scale investment business in order to apply more stringent review standards. For high-priority business, a task force(TF) is set up from the initial review process to identify risks and develop countermeasures, and their risk is thoroughly managed even in the business operation phase. In addition, monitoring and performance analysis procedures were improved to establish a permanent investment business risk monitoring system, preemptively set performance assessment indicators, and stipulate the performance assessment process. The revised provisions were included in the work guide app and other various guidelines were posted, and such integrated management of guidelines will surely improve the efficiency of investment operations and employees' understanding.

I Risk Management Process of High-Priority Business



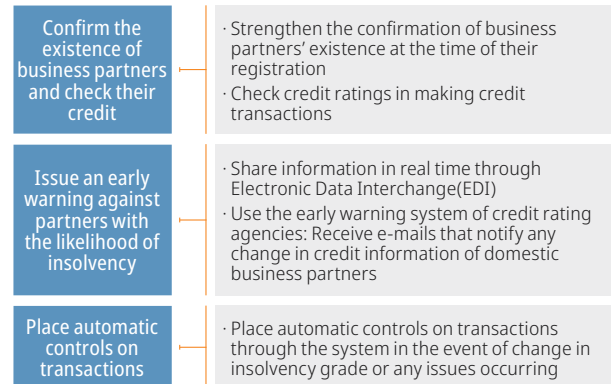
New Credit Management System

POSCO INTERNATIONAL's new credit management system allows the Company to set different credit limits on business partners in comprehensive consideration of their national information, credit ratings assigned by external credit rating agencies, and their past track records in doing business with the Company. This will enable us to minimize risks that may occur in the course of making credit transactions and improve our capability in responding to such risks.

Early Warning System

We operate an early warning system to minimize risks from business transactions. This system, aligned with the new credit management system, assists us in preemptively identifying business partners' appropriate credit limits and sign of insolvency as a way to manage risk factors. Our business partners are graded for their signs of insolvency according to the possibility of going bankrupt, and if any change in grade is detected through the system, this alerts the relevant organizations to take proper actions in real time.

I Early Warning System Operation



Strategic Item Management

Strategic items refer to goods and technologies used to develop and produce weapons. We fully cooperate with the Korean government's strategic item export management policy and operate the 'Compliance Program' designed for traders of strategic items to verify their compliance with relevant governmental regulations. We strictly monitor regulatory violation in relation to the illegal export of strategic items, and no single incident occurred concerning these items in 2019.

Authorized Economic Operator Certification

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



• Certificate of Excellent Import/Export Safety Management Performance(Grade A)
(Left: Export, Right: Import)

Sustainability Management System

POSCO INTERNATIONAL aims to strengthen its environmental soundness and social responsibility in addition to generating economic outcomes through business operations. To this end, we operate the Corporate Citizenship Bureau to internalize the philosophy of Corporate Citizenship and undertake flagship Corporate Citizenship projects, and continue to respond to ESG issues through company-wide collaboration driven by the CSR Committee.

Corporate Citizenship Bureau

Managing the Performance of Corporate Citizenship Projects

In January 2020, we launched the Corporate Citizenship Bureau to be exclusively responsible for Corporate Citizenship operations to practice the management philosophy 'Corporate Citizenship: Building a Better Future Together'. The Bureau plays a pivotal role in internalizing this management philosophy at all levels, pursuing the value of co-existence across the entire business conduct, and generating meaningful outcomes from the viewpoint of Substance, Execution and Practical.

In particular, Corporate Citizenship project performance has been included in our executive/organizational performance appraisal indicators since 2020 to facilitate employee engagement, which served to embed the Corporate Citizenship philosophy into our corporate strategic framework. For executives in head of division and higher positions, Corporate Citizenship projects account for 10% of their KPIs to encourage them to produce substantial performance in the areas of Business, Society and People. In addition, participation in social contribution and other Corporate Citizenship projects create additional points in receiving group-level organizational appraisal to promote organizational engagement and internalization of this management philosophy.

Status of Progress on Corporate Citizenship Projects

In February 2020, executives in head of division and higher positions defined and submitted Corporate Citizenship projects, and they were supplemented by reflecting feedback from POSCO Corporate Citizenship Office made in consideration of the appropriateness of KPIs and effectiveness for beneficiaries. In June 2020, interim reviews were made at the company-level to grade

on-going projects into good, insufficient, and poor and reorganize them for their successful completion. Another round of interim reviews are set for August and project assessments for October by the POSCO Corporate Citizenship Office, and all our executives are committed to bring these projects to success.

I Corporate Citizenship Project Assessment Process

Project Identification(Feb.)	Interim Review(Aug.)	Project Assessment(Oct.)
<ul style="list-style-type: none"> Select projects that could change organizational culture and work practices 	<ul style="list-style-type: none"> Check progress status based on the set plan, difficulties, and stakeholder feedback 	<ul style="list-style-type: none"> Confirm the attainment of the set goal Survey beneficiaries of major projects Assess social impact

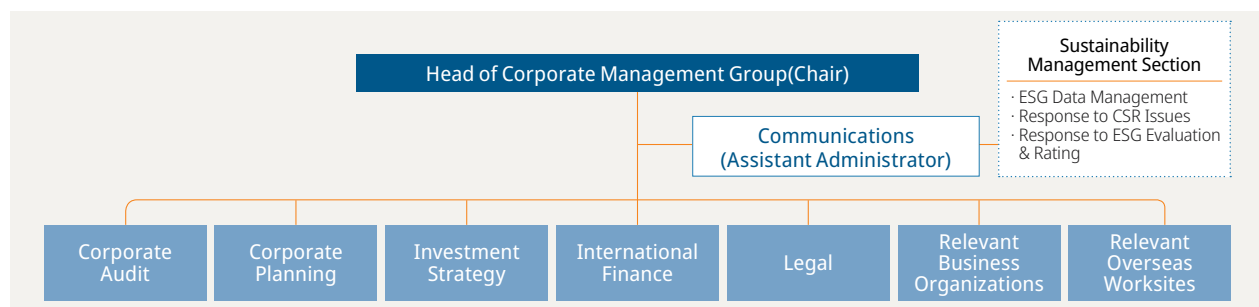
I Assessment Criteria for Corporate Citizenship Projects

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

















CSR Committee

The CSR Committee has been under operation since 2012 to establish a company-wide response system for sustainability management. The Committee is supervised by the Head of Corporate Management Group and attended by key executive members to share major CSR agenda items, including environment, society and governance issues of the Company and to develop strategic response measures.

I CSR Committee



6 Focus Areas of Sustainability Management

Focus Area	Commitment	Project					SDGs	6 Types of Capital for Integrated Reporting
		Indicator	Unit	2017	2018	2019		
 Enhancing Business	We will reinforce our business model and build new growth drivers to evolve into a Globally Integrated Corporation.	Sales of steel and steel raw materials	1 million tons	26.8	27.8	27.6	  	Financial Manufacturing Intellectual
		LNG handling volume	10,000 tons	-	47	146		
		Grain handling volume	10,000 tons	319	430	545		
 Reinforcing Ethics Management	We consider compliance with ethics as an essential prerequisite to grow into a great company and fully abide by basics and principles in business conduct.	Reports submitted and handled under the grievance mechanism	No. of reports (%)	18 (100)	19 (100)	20 (100)	 	Human
		Trainees who completed ethics management training	No. of persons	3,823	3,903	4,291		
		Monitoring through the ethics counseling center	No. of cases	54	54	60		
		Fair trade training	No. of sessions	22	38	50		
		Violation of personal information protection	No. of cases	0	0	0		
 Promoting Talent Development	We recognize that the source of value creation lies in the creativity and competence of employees, and recruit exceptional talent and assist them in growing into top-tier experts.	Training hours per employee	No. of hours	45.1	50.8	51.8	 	Human
		Training expenses per employee ¹⁾	KRW	1,085,775	1,149,215	1,858,591		
		Total training hours for global staff	No. of hours	1,127	3,280	5,702		
		Global staff attending offline training	No. of persons	128	110	133		
		Female employees in manager and higher positions	%	5.8	7.0	6.8		
 Respecting Employees	We value work & life balance based on respect for human beings to help our employees lead a better life, and create a healthy workplace.	Male employees who returned to work after parental leave	No. of persons (%)	2 (100)	1 (25)	2 (50)	   	Human Social Relation
		Female employees who returned to work after parental leave	No. of persons (%)	19 (95)	6 (100)	12 (80)		
		LTIFR	%	0.2	0.0	1.38		
		Worksites that received human rights due diligence	No. of worksites	2	3	3		
		P-GWP score	Point	59	74	84		
 Communicating with Stakeholders	We ensure transparent communication and serve public interest as a corporate citizen who sets an example in fulfilling corporate social responsibility and obligation.	Social contribution expenses	KRW 100 million	9.1	10.2	10.7	    	Social Relation
		Volunteer hours	No. of hours	22,611	22,202	16,888		
		Employee volunteers	No. of persons	1,081	1,079	1,312		
		Beneficiaries of medical social contribution	No. of persons	3,975	3,871	4,025		
 Advancing Eco-friendly Management	We minimize environmental impact generated from business operations, and respond to the global challenge of climate change and contribute to preserving the ecosystem.	Energy consumption	TJ	1,396	1,391	1,243	 	Natural
		Total GHG emissions ²⁾	tCO ₂ e	69,536	69,098	62,604		
		Direct GHG emissions(Scope 1)	tCO ₂ e	18,736	17,294	13,631		
		Indirect GHG emissions(Scope 2)	tCO ₂ e	50,809	51,810	48,979		
		Water consumption	Ton	471,966	547,779	520,269		
		Mangrove forests created (cumulative)	Acre	1,670	1,881	2,062		
		Waste generation	Ton	3,095	2,913	2,523		
		Emission of air pollutants(NOx)	Ton	36	36	25		

* Based on the HQ and POSCO SPS

** Data on energy consumption and GHG emissions for 2019 is the result of the first verification performed by the Ministry of Environment, and this may differ from the final verification results.

1) Training expenses per employee in 2017 and 2018 were corrected due to change in data calculation criteria.

2) Total emissions might be different from the sum of direct and indirect emissions by applying the rule that emissions should be summed after truncating decimal places at the business site level.

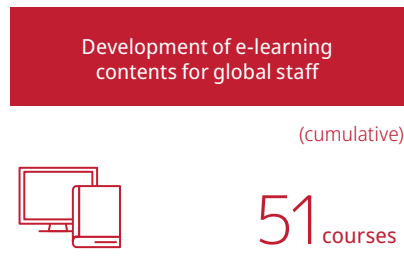
Contribution to the UN SDGs

The Sustainable Development Goals(SDGs) adopted at the UN Sustainable Development Summit represent the commitment of the international community to sustainable development. As a global corporate citizen, POSCO INTERNATIONAL recognizes the severity of global challenges and will fully engage in the resolution of such challenges in cooperation with nations, governments, businesses, civil society and other numerous stakeholders.

SDGs 2030 Target

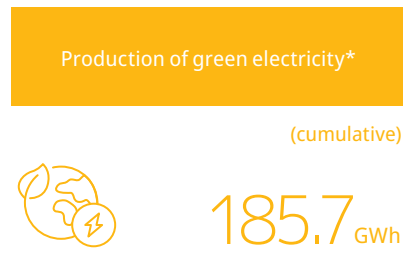
Companies can contribute to attaining the SDGs through their business operations. Identifying and operating sustainable business by way of ESG management not only helps resolve current social issues but also has positive impact on business performance. To achieve the SDGs, POSCO INTERNATIONAL set the following major goals of strengthening the competence of global staff, protecting the environment, and respecting the human rights of employees and local community members, and will endeavor to attain these goals by 2030.

SDGs 4



16 courses as of 2019

SDGs 7



5,760 MWh as of 2019

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


SDGs 8



PT. BIA in Indonesia, the Myanmar Shwe Project, and textile factories in Uzbekistan received such due diligence as of 2019.

SDGs Mapping by Stakeholder

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



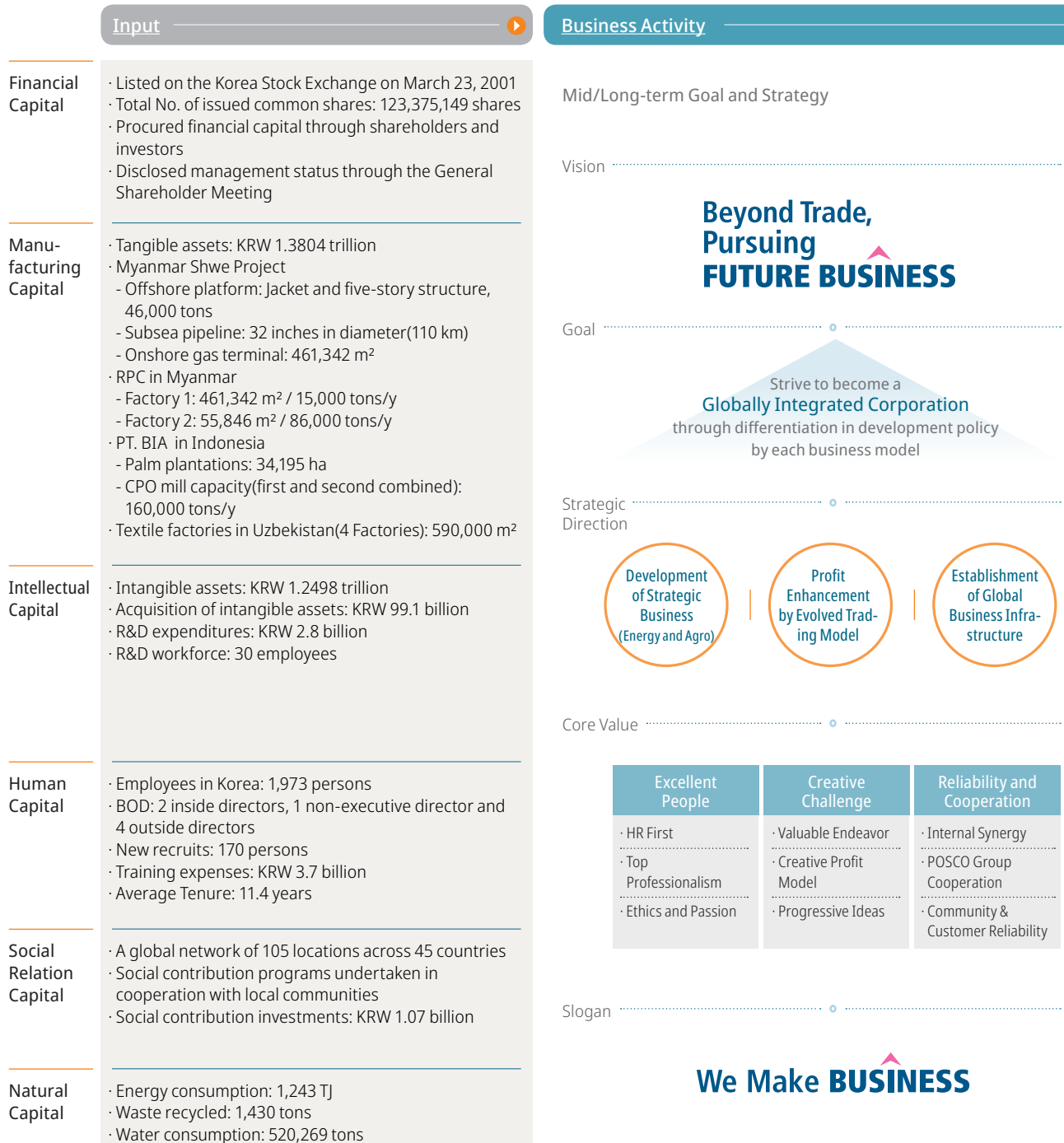
- No Poverty
- Zero Hunger
- Good Health and Well-Being
- Quality Education
- Gender Equality
- Clean Water and Sanitation
- Affordable and Clean Energy
- Decent Work and Economic Growth
- Industry, Innovation and Infrastructure
- Reduced Inequalities
- Sustainable Cities and Communities
- Responsible Consumption and Production
- Climate Action
- Life Below Water
- Life on Land
- Peace, Justice and Strong Institutions
- Partnerships for the Goals

2019 Activity and Achievement for the SDGs

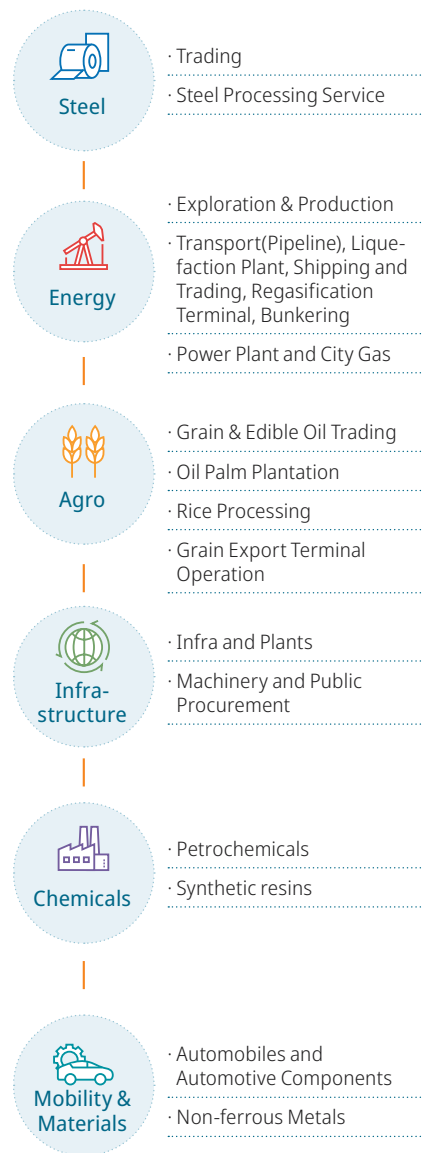
Focus Area	SDGs	2019 Activity and Achievement		Page
 Enhancing Business	 2 ZERO HUNGER	<ul style="list-style-type: none"> Initiated the commercial operation of the Ukrainian grain export terminal 	<ul style="list-style-type: none"> Completed the second CPO mill and initiated its commercial production at PT. BIA in Indonesia 	50-51
	 7 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> Launched FEED for Phase 3 of the Myanmar Shwe Project 	<ul style="list-style-type: none"> Signed an MOU on liquefaction plant investment in North America 	48-49
	 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> Operated the Global Marketing Portal for SME ventures (108 companies joined the portal and 48 companies under collaboration as of Jun. 2020) 		54
	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	<ul style="list-style-type: none"> Operated the grain export terminal in Ukraine 		50
 Reinforcing Ethics Management	 2 ZERO HUNGER	<ul style="list-style-type: none"> Created a mobile version of the Fair Trade Compliance Handbook Performed pre-audits on private contracts Performed preliminary reviews on the appointment of agents 	<ul style="list-style-type: none"> Hosted five Fair Trade Compliance Council meetings Sent practicing leaders of the Fair Trade Compliance Council to the Korea Fair Competition Federation for training 	62-63
	 16 PEACE AND JUSTICE, STRONG INSTITUTIONS	<ul style="list-style-type: none"> Completed ethics training by 4,291 employees Conducted ethics counseling (monitoring) on 60 occasions 	<ul style="list-style-type: none"> Expanded ethics risk reviews at overseas organizations Expanded ethics training for global staff 	58-59
 Promoting Talent Development	 4 QUALITY EDUCATION	<ul style="list-style-type: none"> Posted 51.8 in training hours per employee Expanded the Global Mobility Program (GMP) (13 employees) 	<ul style="list-style-type: none"> Expanded e-learning for global staff (developed 16 programs) Provided financial support for self-development 	67-69
	 5 GENDER EQUALITY	<ul style="list-style-type: none"> Reached 6.8% in the ratio of female employees in manager or higher positions 	<ul style="list-style-type: none"> Reached 100% in the completion of anti-sexual harassment training 	71
 Respecting Employees	 5 GENDER EQUALITY	<ul style="list-style-type: none"> Achieved Family-friendly Business Certification Improved maternity protection programs (extended the period of parental leave and increased childbirth grants) 	<ul style="list-style-type: none"> Expanded training and career development programs for female employees Increased the ratio of male/female employees who return to work after parental leave (14 employees, 74%) 	68, 71
	 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> Conducted human rights due diligence at overseas worksites (3 worksites) 	<ul style="list-style-type: none"> Endeavored to eliminate child labor and forced labor at textile factories in Uzbekistan 	70-71, 127
	 10 REDUCED INEQUALITIES	<ul style="list-style-type: none"> Expanded training for Expert Group 	<ul style="list-style-type: none"> Implemented the Practice Guidelines for Protection of and Respect for Human Rights (4. Respect and Equality) 	68
	 16 PEACE AND JUSTICE, STRONG INSTITUTIONS	<ul style="list-style-type: none"> Implemented the Practice Guidelines for Protection of and Respect for Human Rights (1. Respect for International Standards Regarding Human Rights) 	<ul style="list-style-type: none"> Announced PT. BIA's Environmental and Social Commitment and its associated Code of Conduct (2. Protection of and Respect for Human Rights, 3. Social Inclusion) 	119
 Communicating with Stakeholders	 1 NO POVERTY	<ul style="list-style-type: none"> Undertook the Plasma initiative for the economic self-reliance of local residents living near palm plantations in Indonesia 		116
	 3 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> Offered medical volunteering for children with facial deformities in Myanmar Improved the healthcare infrastructure for local residents at palm plantations in Indonesia 	<ul style="list-style-type: none"> Promoted the eye health of the less privileged in Uzbekistan (offering cataract surgery to 24 children, hosting the Eye Camp for 789 persons) Provided counseling through 休(Hyu: Relax) Smile Counseling Room 	73, 87, 125
	 4 QUALITY EDUCATION	<ul style="list-style-type: none"> Supported teens from multi-cultural families and immigrant adolescents Provided scholarships to develop science and engineering talented students in Uzbekistan 	<ul style="list-style-type: none"> Supported the production of tactile teaching aids for students with visual impairments 	86, 126
	 17 PARTNERSHIPS FOR THE GOALS	<ul style="list-style-type: none"> Supported HR/labor consulting at overseas worksites Transferred advanced medical technology to developing countries and supported their competency development 	<ul style="list-style-type: none"> Undertook the Rural Community Support project in Myanmar 	66, 87, 109
 Advancing Eco-friendly Management	 7 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none"> Produced green energy (5,760 MWh) at PT. BIA and supplied this to locals suffering the shortage of energy Produced and traded eco-friendly products 	<ul style="list-style-type: none"> Operated a PV power generation system on Manaung Island in Myanmar Reduced energy losses through process improvement 	85, 96-98
	 13 CLIMATE ACTION	<ul style="list-style-type: none"> Launched mangrove forestation in Myanmar (2,062 acres on a cumulative basis) Responded to the governments' GHG emissions reduction regulations 	<ul style="list-style-type: none"> Identified and executed items to reduce GHG emissions Launched the cook stove distribution project in Myanmar 	95-97

Value Creation Process

POSCO INTERNATIONAL adopts the Integrated Reporting Framework published by the International Integrated Reporting Council(IIRC) in disclosing its financial/non-financial values created during the year. We will generate even greater value through constant communication with stakeholders.



Business and Products



Output/Outcome

- Sales: KRW 24. 4226 trillion
- Net income: KRW 202.4 billion
- Earnings per share: KRW 1,697
- Total assets: KRW 8.9594 trillion

- Main products and their sales
- Sales of steel: 11.4 million tons
- Sales of steel raw materials: 16.1 million tons
- Orders awarded for future mobility components: USD 250 million
- Sales of gas: 216 bcf
- Grain handling volume: 5.45 million tons
- CPO production(first and second mills combined)1: 100,000 tons/y
- Textile production: (Yarn) 53,000 ton/y, (Fabric) 33,000 km/y

- Strategic directions set and approved by business group
- 2019 business plans set and approved
- Mid/long-term strategy set and approved
- Overseas worksites' business strategy set and approved
- Intellectual property rights owned: 3,487 cases(cumulative)

- Training programs: 1,309 programs
- Total training hours: 102,183 hours
- Global staff training hours: 5,702 hours
- Employees who return to work after parental leave(male: 50%, female: 80%)
- LTIFR: 1.38

- Total volunteer hours: 16,888 hours
- Total employee volunteers: 1,312 persons
- Beneficiaries of medical volunteering: 4,025 persons

- GHG emissions: 62,604 tCO₂e
- Mangrove forests created(Cumulative): 2,062 acres
- Sales of traction motor cores for eco-friendly vehicles: Nearly 400,000 units

Stakeholder Impact

• Shareholders & Investors

Improve capacity to procure necessary funds and appropriately distribute financial capital in order to achieve the best-possible growth and distribution

• Shareholders/Investors, Suppliers and Customers

Effectively leverage the company's corporate overseas network and capabilities in selling products and operating production processes in order to deliver high-quality products to customers

• Customers

Apply innovative and professional technology in developing new products and services to cater to customer needs

• Employees

Respect diversity, recruit competent employees, and simultaneously pursue individual and organizational growth through support for competency development

• Local Communities

Give back to society the profits generated through domestic and overseas business conduct to contribute to creating local community values

• Local Communities/Governments and International Organizations

Comply with the environmental requirements set by countries and international norms, and minimize negative environmental impact in the course of business conduct in order to fulfill environmental responsibility


Total Impact Measurement and Management (TIMM)

As a corporate citizen, POSCO INTERNATIONAL endeavors to recognize its positive or negative social and environmental impact in addition to attaining its business goals, and to consider such impact in its decision-making process and business conduct. This is why we adopted PwC's Total Impact Measurement and Management(TIMM) methodology to evaluate the social impact generated from our financial and non-financial performance during the year 2019.

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

Value Measurement Aspects

Economy Present of Future Impact on GDP	<ul style="list-style-type: none"> - Wages: Sum of employee wages and severance payments, employee wages of suppliers estimated as a ratio of wages and severance payments against industry-specific sales of main products and services based on the cost of goods sold, and the per-capita consumption expenditures of employee family members - Profits: Net income(profits generated as of now) - Investments: Sum of the depreciation costs of tangible assets and the depreciation costs of property investments(contribute to generating future profits) - Intangible assets: Sum of the depreciation costs of intangible assets and R&D expenditures(contribute to generating future profits)
Taxes¹⁾ Impact on Public Finance Made through Tax Payments	<ul style="list-style-type: none"> - Income taxes: Sum of corporate taxes and local income taxes - Property taxes: Sum of property taxes, acquisition taxes, and registration & license taxes - Production taxes: Sum of tariffs and added value taxes - Employee taxes: Sum of employee withholding taxes and corporate contributions to the four major insurance plans
Society Impact on Members of Society in Leading a Better Life	<ul style="list-style-type: none"> - Healthcare: Impact on beneficiaries generated in consideration of the Disability Weight(DW) calculated by the type of diseases and disabilities treated through surgeries and procedures, of the lifespan of beneficiaries(difference between country-specific average life expectancy and the average age of beneficiaries), and of the Values of a Statistical Life(VSL) that reflects country-specific income elasticities - Education and training: Educational and training expenditures invested to strengthen the expertise of individual employees - Health and safety: Losses caused by health and safety incidents involving employees - Social contribution: Impact generated from beneficiaries' production activities, added values, and increased employment - Welfare and benefits: Impact generated from employees' production activities and increased added values
Environment Impact on the Natural Environment	<ul style="list-style-type: none"> - Atmospheric emissions: Impact of air pollutants(SOx, NOx, and dust) emitted from buildings and processes on increases in premature mortality - GHG emissions(products and others): Impact on reducing GHG emissions from the sales and trading of the company's products(eco-friendly vehicle components) as measured against GHG emissions generated from conventional internal combustion engine vehicles, and impact from the GHG emissions absorbed through mangrove forestation in Myanmar - GHG emissions(buildings and processes): Impact of GHG emissions generated from buildings and processes - Waste: Impact of the treatment of waste generated from buildings and processes(heavy metals generated from incineration) on increases in cancer occurrence and on decreases in IQ levels

* Details on measurement are marked with the  icon on the concerned page.

1) Corporate tax payments were calculated on a consolidated basis, and other taxes were calculated on a non-consolidated basis.

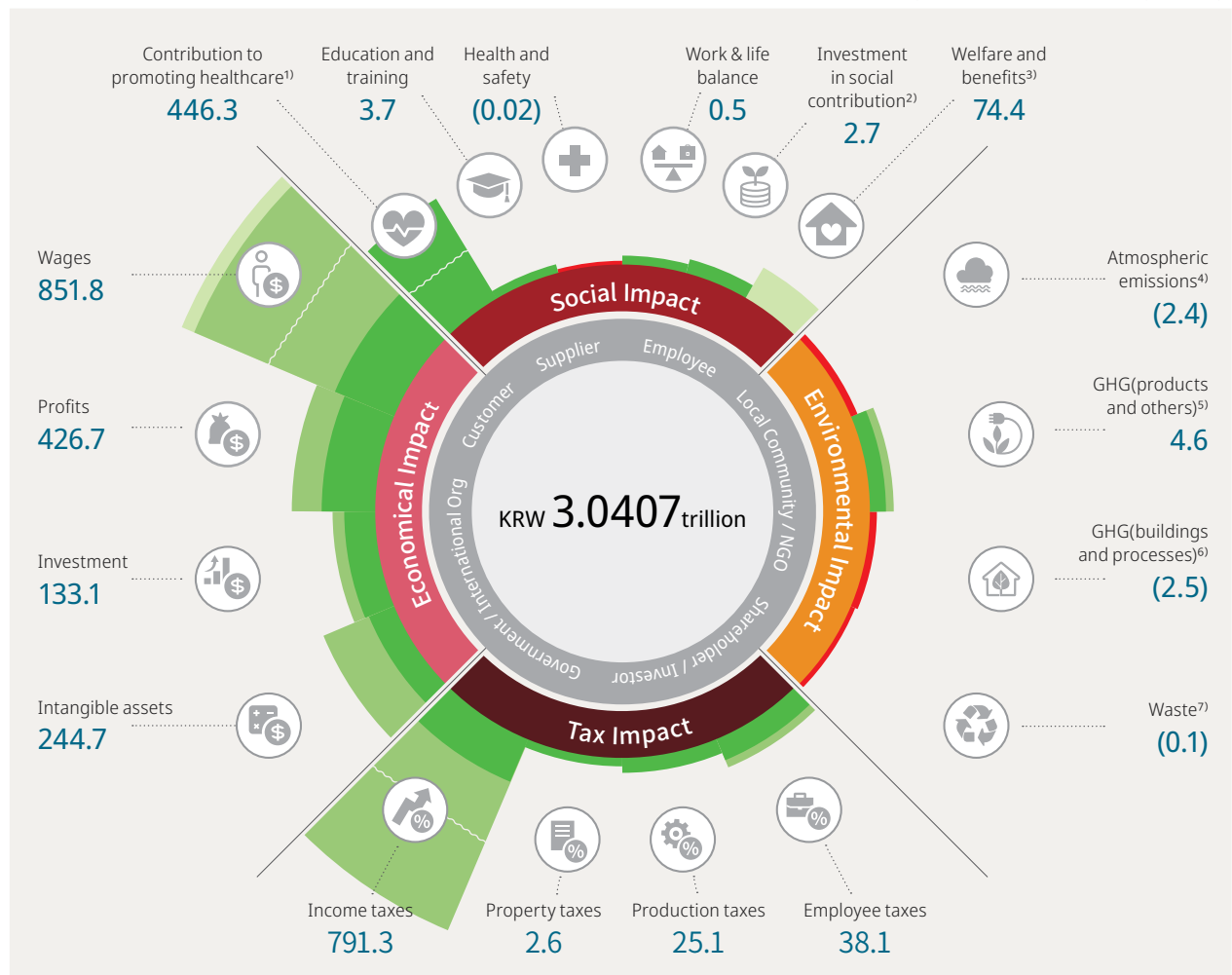
2) Training expenses that are input costs were presented to illustrate training impact due to limitations in data collection. Training impact will be measured by establishing a data management system.

Scope and Characteristics

POSITIVE		NEGATIVE	
Direct Impact	Positive impact generated by POSCO INTERNATIONAL in the course of business conduct	Direct Impact	Negative impact generated by POSCO INTERNATIONAL in the course of business conduct
Indirect Impact	Positive impact generated by suppliers influenced by POSCO INTERNATIONAL in its course of business conduct	Indirect Impact	Negative impact generated by suppliers influenced by POSCO INTERNATIONAL in its course of business conduct
Induced Impact	Positive impact generated by employees working for POSCO INTERNATIONAL and its suppliers in leading their life	Induced Impact	Negative impact generated by employees working for POSCO INTERNATIONAL and its suppliers in leading their life

POSCO INTERNATIONAL's TIMM Measurement Outcomes

(Unit: KRW billion, Measurement period: 2019, Measurement Boundary: same as this report's reporting boundary)



1) GBD(Global Burden Disease) data cited from W. Kip Viscusi and Clayton J. Masterman, 2017, "Income Elasticities and Global Values of a Statistical Life", 『J. Benefit Cost Anal.』, 8(2):226-250, and the IHME(Institute for Health Metrics and Evaluation)

2) Inter-industry Relations Table, Bank of Korea(2014)

3) Inter-industry Relations Table, Bank of Korea(2014)

4) W. Kip Viscusi and Clayton J. Masterman, 2017, "Income Elasticities and Global Values of a Statistical Life", 『J. Benefit Cost Anal.』, 8(2):226-250, PwC methodology document, Valuing corporate environmental impacts(2015), National Air Pollutant Emissions Service(2016), National Institute of Environmental Research, OECD Environmental Performance Reviews: Korea 2017

5) 2018 Automobile Energy Consumption Rate Analysis, Korea Energy Agency, 2018 Automobile Mileage Statistics(2018 statistics), Korea Transportation Safety Authority

6) PwC methodology document, Valuing corporate environmental impacts(2015), IPCC, GHG emissions scenarios, Korean Statistical Information Service, atmospheric emissions in the household sector for the year 2015(GHG emissions)

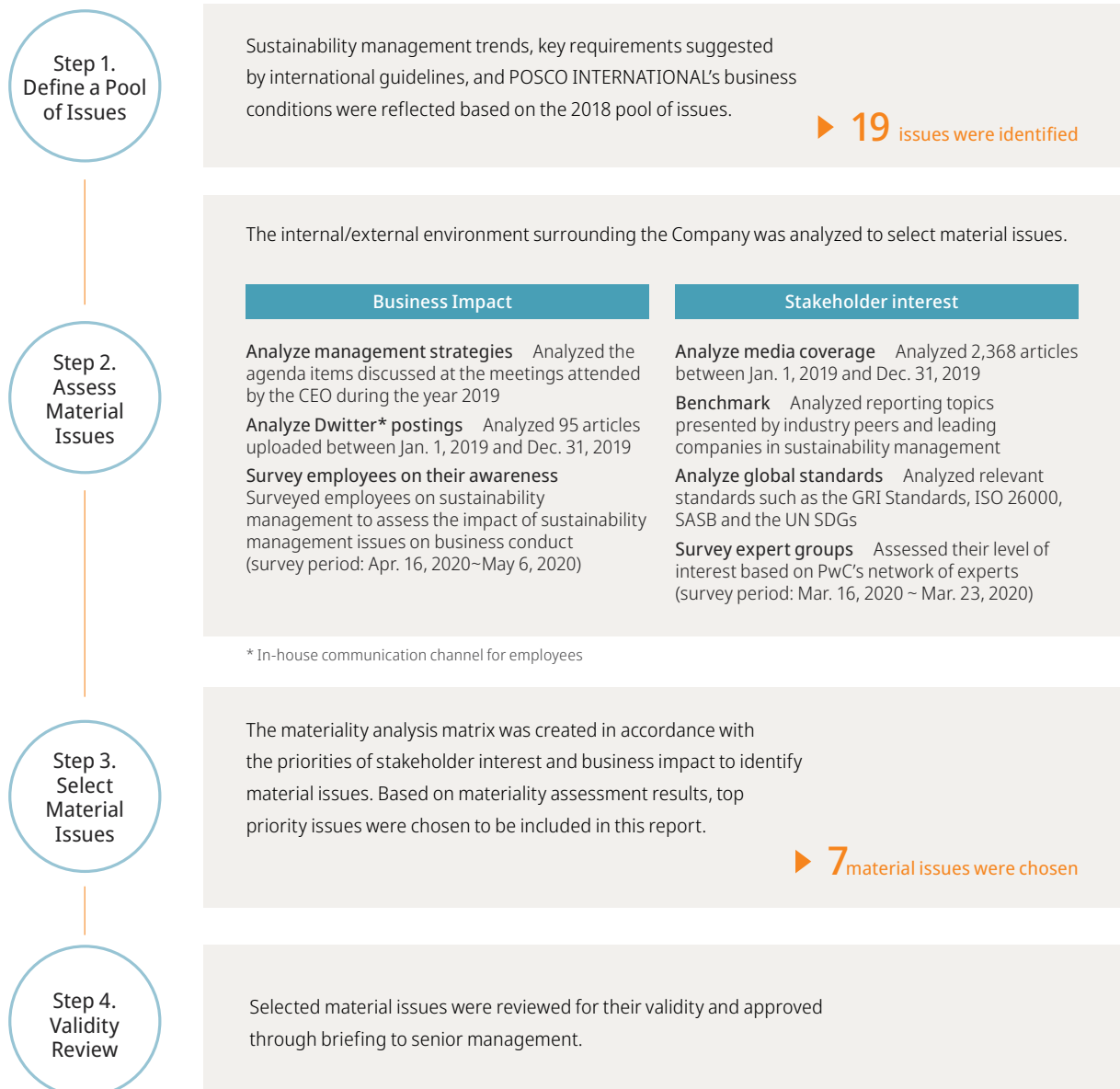
7) W. Kip Viscusi and Clayton J. Masterman, 2017, "Income Elasticities and Global Values of a Statistical Life", 『J. Benefit Cost Anal.』, 8(2):226-250, PwC methodology document, Valuing corporate environmental impacts(2015)

Materiality Analysis

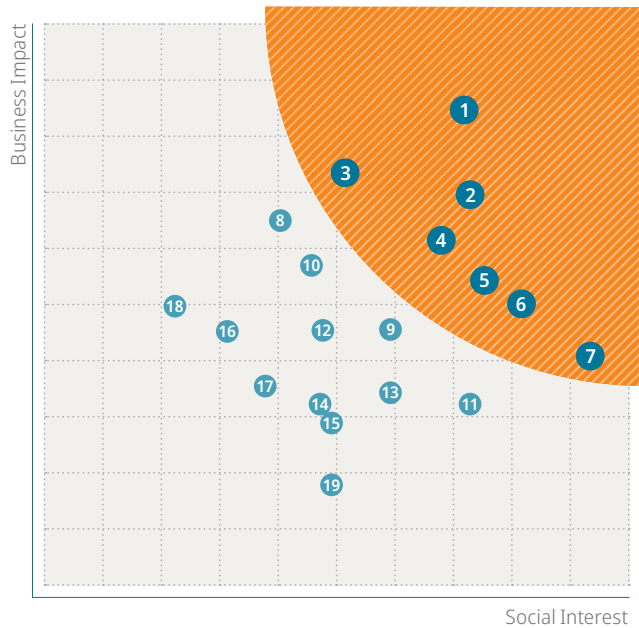
POSCO INTERNATIONAL performs materiality analysis each year to review sustainability management issues relevant to the Company and select material issues to report, and engages wide-ranging stakeholders in this process. Material issues are chosen according to the level of shareholder interest and their impact on corporate growth.

As a result of the materiality assessments made in 2019, seven material topics that duly demand our keen attention were chosen. 'Expanding and changing the business structure' and 'Developing global talent(including global staff)' were ranked first and second just as last year, reconfirming their status as our top priorities. 'Securing and managing sustainable suppliers', a topic newly added in 2019, reflects stakeholder expectations to secure competitive and high-performing suppliers to strengthen our business capabilities and to improve sustainability across the entire business conduct through supply chain CSR risk management. Meanwhile, 'Facilitating active stakeholder communication' emerged as a new material issue and this will drive our future endeavors to reach out to wide-ranging stakeholders in a more transparent and proactive manner.

Materiality Analysis Process



Materiality Analysis Matrix



Material Issues in 2019	Total Ranking	Change in Ranking
Expanding and changing the business structure	1	-
Developing global talent(including global staff)	2	-
Developing an integrated risk management system	3	▲ 2
Securing and managing sustainable suppliers	4	▲ 4
Facilitating active stakeholder communication	5	▲ 5
Respecting human rights and prohibiting discrimination	6	-
Strengthening social contribution for local communities	7	▼ 4

Material Issues

- ① Expanding and changing the business structure
- ② Developing global talent(including global staff)
- ③ Developing an integrated risk management system
- ④ Securing and managing sustainable suppliers
- ⑤ Facilitating active stakeholder communication
- ⑥ Respecting human rights and prohibiting discrimination
- ⑦ Strengthening social contribution for local communities

General Issues

- ⑧ Improving customer(market) satisfaction
- ⑨ Complying with international norms and country-specific regulations
- ⑩ Creating a great work place
- ⑪ Responding to climate change
- ⑫ Complying with the Code of Ethics and Practice Guidelines
- ⑬ Endorsing environmental initiatives
- ⑭ Improving the soundness of corporate governance
- ⑮ Reducing environmental impact at workplace
- ⑯ Reinforcing employee health and safety
- ⑰ Ensuring the diversity of employees
- ⑱ Ensuring fair performance evaluation and reasonable compensation
- ⑲ Promoting biodiversity and environmental protection

Material Issue and Reporting Boundary

6 Focus Areas	Material Issue	Stakeholder ¹⁾	GRI	SASB ²⁾	Corporate Citizenship ²⁾
		a b c d e f			
Enhancing Business	Expanding and changing the business structure	● ● ● ● ● ●	GRI 201 Economic Performance	-	B
Promoting Talent Development	Developing global talent (including global staff)	● ● ● ● ● ●	GRI 404 Training and Education	-	P
Enhancing Business	Developing an integrated risk management system	● ● ● ● ● ●	GRI 102 Strategy	Systemic Risk Management	B, S, P
Reinforcing Ethics Management	Securing and managing sustainable suppliers	● ● ● ● ● ●	GRI 102 Organizational Profile	Supply Chain Management	B, S
Communicating with Stakeholders	Facilitating active stakeholder communication	● ● ● ● ● ●	GRI 102 Stakeholder Engagement	-	B, S, P
Respecting Employees	Respecting human rights and prohibiting discrimination	● ● ● ● ● ●	GRI 412 Human Rights Assessment	Human Rights	S, P
Communicating with Stakeholders	Strengthening social contribution for local communities	● ● ● ● ● ●	GRI 413 Local Communities	Community Relations	S

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

1) ① shareholders/investors, ② customers, ③ suppliers, ④ employees, ⑤ local communities/civil organizations, ⑥ governments/international organizations

2) Sustainability Accounting Standards Board, Material issues defined by the Sustainability Accounting Standards Board

3) Material issues are matched to the Business, Society and People categories defined under the Corporate Citizenship management philosophy.

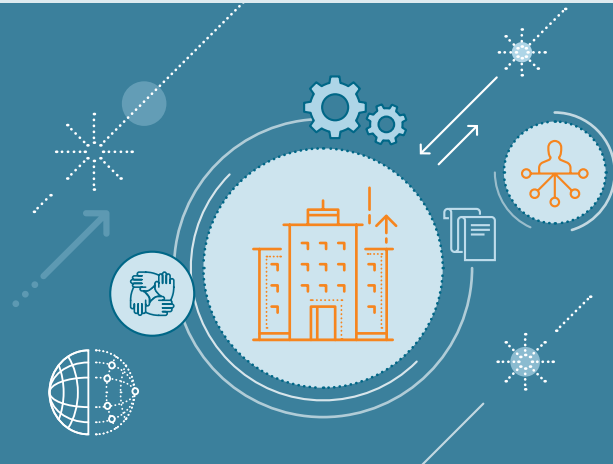
SUSTAINABILITY MANAGEMENT STRATEGY

As a member of society, POSCO INTERNATIONAL will take its obligation and responsibility seriously and will define areas of sustainability management to generate economic value and fulfill its social and environmental responsibility. We will create a sound industrial ecosystem in conjunction with business partners while coming forward to resolve social issues to make our world a better place.

Enhancing Business	36
Reinforcing Ethics Management	56
Promoting Talent Development /Respecting Employees	64
Communicating with Stakeholders	78
Advancing Eco-friendly Management	90



Enhancing Business



Internal/external economic uncertainties such as protracted US-China trade disputes and the economic slowdown of major economies are giving rise to continued negativity prevailing in the business landscape. To ensure sustainable growth, businesses today are required to establish an agile business structure to adapt to changing business conditions. In line with changing industrial structures represented by inter-industry convergence that forms the basis of the 4th Industrial Revolution and emerging green energy technology, businesses also need to invest in relevant areas and develop new business to build their competitiveness.

Business With POSCO INTERNATIONAL



We render our strategic business more competitive and consistently improve our business model as a Globally Integrated Corporation to drive customers' growth and development.

Society With POSCO INTERNATIONAL



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

People With POSCO INTERNATIONAL



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

Risks

- Degrading trade environment due to the spread of global protectionism
- Sluggish growth in trading due to the prolonged low growth across the global economy and global trade barriers
- Fluctuation in global economic indicators(e.g. F/X, commodity prices)

Opportunities

- Increasing business opportunity from the recovery of E&P investment and the continued growth in LNG demand
- Growing demand for green energy sources
- Expanding demand for infrastructure/resource development projects in emerging countries
- Increasing opportunity to grow as a Globally Integrated Corporation through business convergence






Our Approach

POSCO INTERNATIONAL reinforces the competitive edge of its strategic business while tapping into new markets and businesses to emerge as a Globally Integrated Corporation. On the strength of our know-how accumulated through trading business and extensive global network, we expand our business presence into uncharted territories and build a value chain in our core energy, agro and steel business.

POSCO INTERNATIONAL's Topic

	Issue	GRI Topic	Relevance to Financial Performance	Relevance to Non-financial Performance
	1 Expanding/changing the business structure	· GRI 201: Economic Performance	· Improve on the low growth/profitability inherent in our structure as a Globally Integrated Corporation	· Increase business longevity by rapidly responding to changing business conditions
	3 Establishing an integrated risk management system	· GRI 102: Strategy	· Avoid monetary losses by preventing risks concerning trade and investment business	· Improve corporate credibility by increasing non-financial risk management capacity
	8 Improving customer(market) satisfaction	· GRI 201: Economic Performance	· Increase sales by reinforcing the global network and sales basis	· Strengthen trust-based relationships with customers (markets)

* The issue number indicates its ranking identified from the result of the materiality analysis.

Our Commitments					
Focus Area	2019 Plan	2019 Achievement	Evaluation	2020 Plan	Mid/Long-term Target
 Steel Biz 1	<ul style="list-style-type: none"> Expand the micro-management of overseas markets through localization Strategically expand global partnerships Improve profitability by reinforcing the biz model Strengthen the global network and internal biz capability 	<ul style="list-style-type: none"> Posted 5.38 million tons in sales through increasing POSCO Group-wide marketing synergy and the resulting expansion of markets Posted 8.03 million tons in sales through strengthened strategic customer partnerships: Signed 3.5 million-ton MOUs and long-term contracts with 37 customers Established a biz expansion platform by expanding the steel network and creating local corporations 	●	<ul style="list-style-type: none"> Realign region-specific organizations and personnel to strengthen POSCO products' marketing capability in strategic markets Constantly discover joint overseas market entry models through collaboration with competitive Korean SMEs Develop biz launching strategies through a newly-created 'e-Mobility Industry Strategy Task Force' 	<ul style="list-style-type: none"> Strengthen Group-wide marketing synergy to expand POSCO brand's global steel markets Develop investment-linked trading biz to enter the value chain of steel consuming industries Continue to explore Group-wide biz to proactively respond to new growth drivers
 Steel Biz 2	<ul style="list-style-type: none"> Reach 1.98 million tons in domestic steel package sales Intensively promote specialized steel construction materials, and work with manufacturers for investment and R&D Lay the basis for steel raw material biz Establish an integrated steel processing management/operation system from placing orders to manufacturing and shipping 	<ul style="list-style-type: none"> Reached 2.15 million tons in sales through strengthened field sales and the increased sale of packages meeting actual customer needs Laid the basis for sales expansion by developing new biz models and expanding modular biz areas Laid the basis for steel raw material biz through improvement in material competitiveness and product category diversification Reached 1 million tons in exporting low-price iron ore(to POSCO) and granulated blast furnace slag and fully replacing coal supplied by Yancoal 	●	<ul style="list-style-type: none"> Strengthen the sales of POSCO products(Target: 2.75 mil tons) Strengthen the biz portfolio and expand steel raw material biz partners Collaborate with domestic steel processors to expand the export-driven biz model and pursue shared growth 	<ul style="list-style-type: none"> Reinforce the basis for domestic steel sales and increase the market share Lay the basis for steel raw material biz and strengthen POSCO Group-wide collaboration Collaborate with POSCO SPS to expand biz areas and generate synergy
 Energy	<ul style="list-style-type: none"> Develop appraisal strategies (e.g. finalizing exploratory well locations) in Block A-3, offshore Myanmar Achieve the target progress rate for Phase 2 EPCIC¹⁾ of the Myanmar Shwe Project Establish an integrated LNG procurement system for POSCO Group's captive demand and an organizational structure Develop Gas-to-Power biz through Group-wide cooperation and profit-driven small/mid-scale IPP²⁾ biz 	<ul style="list-style-type: none"> Set a new record with 216 bcf in gas sales Commenced exploration drilling in Block A-3, offshore Myanmar Exceeded the target progress rate for Phase 2 EPCIC of the Myanmar Shwe Project Led the development of an organizational structure for the integrated LNG procurement system for Group's captive demand and the signing of long-term supply contracts Proposed to the Myanmar government the concept of IPP for mid/large-sized gas-fired power generation 	●	<ul style="list-style-type: none"> Ensure the stable operation of the Myanmar Shwe Project Succeed in exploration of Block A-3, offshore Myanmar Set Phase 3 development plans of the Myanmar Shwe Project Participate in mid/small-size development assets, new exploration biz and LNG-linked asset ownership Expand LNG trading volume Develop LNG-linked mid/small-scale IPP biz 	<ul style="list-style-type: none"> Complete Phase 2 & 3 development of the Myanmar Shwe Project Secure additional reserves Secure captive LNG demand to expand LNG procurement and sales Diversify the trading portfolio and Group-wide LNG-linked biz Expand the scope of IPP biz including large-scale IPP
 Agro	<ul style="list-style-type: none"> Complete 2nd CPO mills and initiate their commercial production Achieve environmental certification at Indonesia palm oil plantations to respond to environmental issues and stabilize their operation Construct Factory 2 of the RPC in Myanmar and initiate its full operation Acquire and commercially operate a grain terminal in Ukraine 	<ul style="list-style-type: none"> Initiated full-fledged production at 2nd CPO mills Achieved ISPO certification Initiated the operation of Factory 2 of the RPC in Myanmar Initiate the commercial operation of the grain terminal in Ukraine 	●	<ul style="list-style-type: none"> Reach 100,000 tons in annual CPO production capacity Announce the NDPE policy Reach 1.5 million tons in handling capacity at the Ukraine grain terminal to stabilize its operation 	<ul style="list-style-type: none"> Expand the palm oil biz and enter the downstream sector Expand Myanmar rice trading volume by enhancing RPC's ability Expand the grain production and procurement value chain in Ukraine Strengthen the portfolio by investing in grain infrastructure and import distributors in the Americas
 Chemicals, Mobility & Materials, Infra	<ul style="list-style-type: none"> Reinforce the synthetic fiber value chain and their global markets Expand the customized heavy oil consignment and bunkering biz Increase orders granted for future mobility components Discover cross-functional biz through partnerships Strengthen expertise in 4 key areas of overseas public procurement Expand the sales network of industrial machinery 	<ul style="list-style-type: none"> Expanded the sales of synthetic fiber intermediates/resins for global customers Expanded the supply of gasoline and functional non-tire rubber products in major markets Landed orders for EV traction motor cores and signed an F/A to import Chinese EVs Expanded the biz model and product categories in the non-ferrous metal value chain Achieved shared growth with domestic partners(e.g. winning a steel mill project in India) Strengthened overseas public procurement biz(e.g. supplying engines for floating power plants in Indonesia) 	●	<ul style="list-style-type: none"> Develop new markets for key products and identify new functional green material biz Diversify the product portfolio for major suppliers Increase EV traction motor core orders and invest in EV battery pack biz Expand the POSCO Group-wide biz and future mobility lightweight materials biz Expand the public procurement biz in strategic countries 	<ul style="list-style-type: none"> Expand investment-linked compounding and green material biz Develop domestic biz for industrial raw materials to secure mid/long-term biz opportunities Lead the auto parts and materials & future mobility biz Strengthen the value chain-aligned biz and POSCO Group-wide synergy Expand core biz through strengthened alliance with infra suppliers

1) EPCIC: Engineering, Procurement, Construction, Installation & Commissioning
 2) IPP: Independent Power Producer

Evaluation Criteria : ● Achieved ● Partially Achieved ○ Not Achieved

2022 Mid-term Strategic Direction

In the face of the prolonged low growth of the global economy and emerging global trade barriers that undermine the growth of trading business, POSCO INTERNATIONAL will remain focused on strengthening the growth base for its core business and establishing a stability-driven management system in order to attain the set business goals.



2030 Growth Roadmap



2020 Management Principles and Goals

Following global protectionism and the spread of COVID-19, international trade has plummeted and its swift recovery is nowhere in sight. To turn crisis into opportunity, swiftly adapt to changing conditions and emerge as a Globally Integrated Corporation, POSCO INTERNATIONAL aims to conduct business in accordance with the three management principles illustrated below.

01 We will focus on strategic business to 'Generate Tangible Outcomes'.



Steel

- Expand strategic product sales and overseas business areas through aligned POSCO Group-wide marketing strategy
- Increase strategic product sales and domestic market share through strengthened Group-wide collaboration
- Build a shared growth system through strategic partnerships with customers and suppliers
- Become a market leader in domestic business through strengthened field sales
- Expand collaboration with domestic small/mid-size processing centers to contribute to the growth of Group-wide steel business



E&P

- Stabilize the operation of the Myanmar Shwe Project and swiftly execute its Phase 2 & 3 development
- Succeed in new exploratory drilling in Block A-3, offshore Myanmar
- Secure additional reserves by using partnerships to obtain equity ownership in gas field development projects



Agro

- Stabilize the operation of the grain terminal to lay the basis for securing grains from the Black Sea region
- Support Korea's food security and expand sales into China and SEA



LNG

- Continue to expand trading business based on POSCO Group-wide captive volume
- Secure assets including liquefaction plants and receiving/export terminals

02 We will lay the foundation for future growth and 'Improve the Profitability of Trading Business'.



Automobiles

- Diversify the portfolio to reinforce capabilities in EV, future mobility and other promising areas
- Expand the development of emerging markets in Africa and Central & Latin America
- Develop a shared growth model to help competitive Korea SMEs to enter the global market



Non-Ferrous Metals

- Improve profitability by nurturing promising materials business (e.g. functional and green materials)
- Lay the basis for the supply of compounded resins for home appliances through collaboration with competitive Korean SMEs



Chemicals

03 We will 'Establish Management Infrastructure' on the basis of Substance, Execution and Practical and the three field-focused principles of observing the location, the problem and the facts on the shop floor.

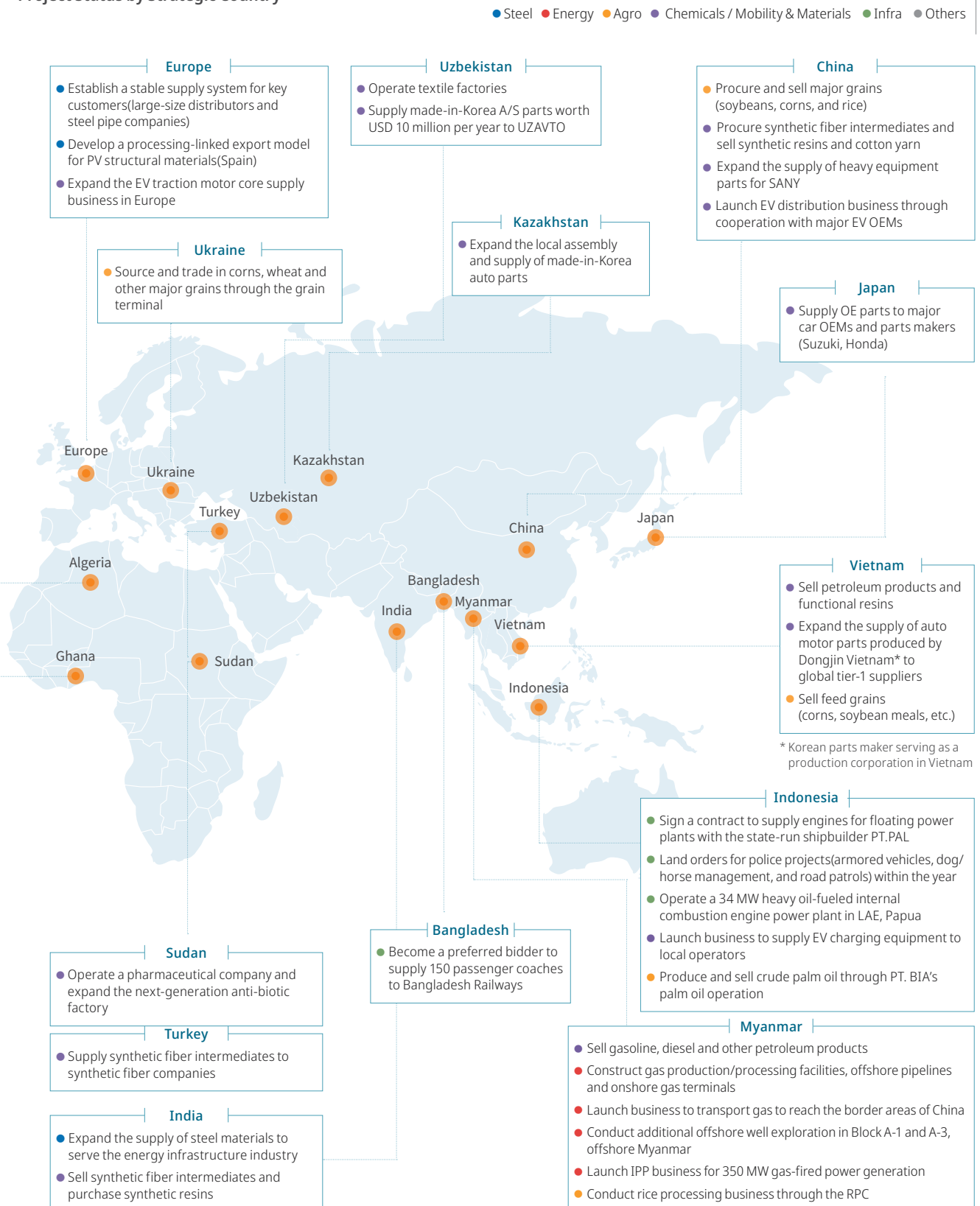


Planning & Management

- Increase business transparency through preemptive risk management and the strengthened internal control process
- Improve consolidated profitability and eliminate management inefficiencies by establishing a performance-driven business management system
- Ensure efficient collaboration through executive-level field activities for strengthened field-driven management and communication across organizations and career levels
- Establish a talent development system to support employees including global staff to have diverse experience and generate performance
- Take the lead in establishing a corporate culture of shared growth with society based on the philosophy of 'Corporate Citizenship: Building a Better Future Together'



Project Status by Strategic Country



2019 Business Performance

POSCO INTERNATIONAL endeavored to strengthen its strategic business, re-establish a balanced profit structure, and build global competitiveness amid the mounting uncertainties from the continued low economic growth at home and abroad and sluggish investments.

01

First, we focused on the expansion of the value chain in our energy, agro, and other strategic businesses.

In the E&P sector, our production facilities in the Shwe Project site in Myanmar reached 99.9% in utilization and set a new record in sales through strengthened preventive maintenance. Phase 2 development is also under way as planned to increase the number of production wells to maintain stable gas production. In the LNG sector, trading capability was reinforced with a focus on captive demand to expand the POSCO Group-wide LNG business. .

Agro business holds significant potential as our future strategic business and as a new growth driver for POSCO Group. We completed the construction of Factory 2 of the RPC in Myanmar in May and initiated the operation of a grain terminal in Ukraine in July to fully establish our rice production and grain procurement system in Myanmar and in the Black Sea region respectively. Our Indonesian palm oil business reached 100,000 tons in mass production capacity through the operation of the second CPO mill while reinforcing socially responsible management and working to achieve environmental certification to ensure its business sustainability. As such, we have become ISPO¹⁾ certified by the Indonesian government, and phase-specific efforts are underway to obtain RSPO²⁾ certification.

02

Second, we demonstrated the possibility of creating a balanced profit structure through profitability improvement in trading business.

In the steel sector, we leveraged our strategic partnerships with overseas customers to increase the sales of POSCO products and tap into Africa and other new markets, and strengthened our sales basis in Korea to establish leadership in the domestic market. In particular, steel e-commerce was facilitated through the 'Steeltrade' system as a preemptive move to respond to shifting market conditions. We also focused on developing and expanding overseas markets through the increased sales of POSCO Group's strategic products and strengthened global partnerships.

Our mobility business diversified the global portfolio to broaden its presence in future mobility business. We increased orders granted for future mobility components(e.g. EVs) and reinforced strategic cooperation with leading players while advancing into overseas markets with promising Korean component makers to develop a win-win business model. Our chemicals business expanded its global business areas for flagship products as well as long-term contracts with strategic customers while developing growth products and new business opportunities in the areas of functional compounded resins, bio, healthcare, and green materials. Our materials business broadened its high value-added product categories in alignment with POSCO Group affiliates, and promoted Lithium Ion battery raw material business(graphite and cobalt among others). In so doing, we developed our trading capability for future materials and upstream/downstream business to take the lead in supporting the growth of POSCO Group.

03

Third, we established differentiated management infrastructure to build global competitiveness and fulfill our social responsibility.

We were committed to developing talented individuals with expertise and diversity as a way to expand our global business. A range of competency development opportunities were provided through expatriate assignment and short-term overseas training, and global staff working at our overseas locations benefited from the expanded operation of training, the Global Mobility Program, and other talent development programs.

We promoted communication with millennial-generation employees and improved our systems in a real and tangible way to provide a great work place. Our empowerment initiatives – delegation of approval rights, paperless reporting, and translation of knowledge into assets – were undertaken to improve work efficiency while growth vision workshops and section leader mindset training sessions were held to further motivate our employees. In addition, the Smart Work Center and flexible work hours were operated to support employees' work & life balance.

Our global network and trade capabilities served as assets to provide SMEs and venture firms with global marketing support, and we endeavored to generate the value of co-prosperity through collaboration. We supported Manaung Island in Myanmar with photovoltaic power generation, and included carbon emission mitigation items in performing quality assessments as part of signing new bid contracts with domestic shippers to establish win-win business models across diverse regions and business sites in Korea and abroad. We will continue to practice our management philosophy of Corporate Citizenship in the years ahead.

1) ISPO: Indonesian Sustainable Palm Oil business certification

2) RSPO: Roundtable on Sustainable Palm Oil business certification

Statements from the Heads of Groups

We will establish a management system based on Substance, Execution and Practical and the three field-focused principles to attain the set goal, and explore POSCO Group-wide business cooperation opportunities.

Min-Yong Noh, CFO
Corporate Strategy & Finance Group

• We strengthened practical risk management through improvement in the internal control system, cost savings, and low-profit trading to increase consolidated profitability while enhancing the quality of investment assets through the restructuring and management improvement of non-profitable investment business. To help POSCO Group advance into Africa, we contributed to developing market entry strategies and Group-wide business opportunities, and endeavored to create social value with the 'Corporate Citizenship' philosophy as the basis of our entire business conduct.

In 2020, we aim to establish a management system based on Substance, Execution and Practical and the three field-focused principles to respond to Group-wide business contingency plans and attain the set profit goal with a focus on cash flow. We will also improve profitability while reducing risks to zero through the innovation of our trading structure, and explore Group-wide business partnerships in Lithium Ion battery materials and African market development.

We will expand into the downstream sector to create added value, and help our partners increase their facility utilization for shared growth.

Gwang-Soo Kim, COO
Steel Business Group 2

• Our business involves the sales of steel coils(cold/hot-rolled steel) and plates in the domestic market, the export of STS products, and the supply of steel raw materials to POSCO and other domestic/overseas steel makers. On the strength of such sales basis, we expand into the downstream sector of the supply chain to create greater added value. In the construction steel market, the greatest source of demand in Korea, we seek combination business deals and orders as well as business connecting different products, industries and customers to increase our sales and secure profits.

In particular, we develop a processing-to-export business model in collaboration with Korea's competitive steel pipe/structure makers to expand mutual sales and help them increase facility utilization for shared growth. 'Steeltrade', our domestic steel e-commerce system introduced in 2019, will allow us to proactively respond to the shifting business landscape(e.g. increase in virtual online trading) following the COVID-19 outbreak.

With the belief that sustainable growth is fueled by trust built on transparent communication, we will focus on elevating stakeholder communication to new heights.

Yong-Suk Lee, CAO
Corporate Management Group

• We ensure strategic flexibility to pave the way for sustainable growth in order to generate corporate value even amid uncertain business conditions. Differentiated HR and training systems are put in place to develop both leadership skills and expertise, and employees are encouraged to improve their information security awareness in the 4th Industrial Revolution era. In 2019, we focused on improving our work environment and infrastructure for a better work & life balance and became a certified Family-friendly Business.

As we put first the safety of our employees and their families, preemptive disease control measures were taken to prevent COVID-19 and its dissemination, and IT systems for video conferencing and VPN were arranged to promote remote working and build full preparedness against the on-going COVID-19 pandemic. With the belief that sustainable growth is fueled by transparent communication and the resulting trust, we will strengthen stakeholder communication through sustainability reports and practice the philosophy of 'Corporate Citizenship', in addition to legal collaboration across the board.

We will secure gas field replacement reserves and strengthen our competitive edge in LNG trading to establish an upgraded gas value chain business model.

Heung-Bum Yi, COO
Energy & Infrastructure Group

• In the upstream sector, the stable operation of our Myanmar Shwe Project resulted in the sales of 216 bcf, the greatest-ever since the initiation of its production while EPCIC for Phase 2 and front end engineering design for Phase 3 are currently underway for additional production. Our new exploration in Block A-3, offshore Myanmar, intended to secure replacement reserves, reaped success in discovering gas reserves, and we aim to reach 2.5 tcf in reserves by 2030 through the selection and concentration strategy in obtaining operation rights and equity ownership in key regions across Southeast Asia and Australia.

In the mid/downstream sectors, we established a POSCO Group-wide organizational system for integrated LNG procurement, and are increasing our trading volume based on Group-level synergy. Over the mid/long-term, we will strengthen our competitiveness in LNG procurement through liquefaction plants and receiving terminals, and diversify our business portfolio through the expansion of IPP business in strategic countries in order to emerge as an integrated energy company.

We will become the foremost champion in driving steel demand for POSCO Group affiliates and expand our global steel market.

Kye-In Lee, COO
Steel Business Group 1

• Under the vision of becoming a 'Global Top Steel Business Maker', our group is fully committed to attaining the set the goal of reaching 17 million tons in steel trading volume by 2030. We will reach this goal through communication and cooperation between HQ and overseas worksites, aligning POSCO Group-wide marketing strategies, and pursuing shared growth based on mutual trust with suppliers and customers.

To pursue the qualitative growth of our organization, we explore new trading business models in connection with asset investment, broaden our overseas network for new market development, and proactively respond to such new growth drivers as green mobility and wind power generation in order to expand Group-wide steel markets. In doing so, Steel Business Group 1 will evolve into a truly global top steel trader with its worldwide steel marketing platform, and advance into the global market along with competitive Korean SMEs to put into action the 'Corporate Citizenship' philosophy.

We will boost synergy through collaboration with domestic/overseas competitive SMEs and across POSCO Group affiliates to practice the Corporate Citizenship philosophy.

Kyeong-Ryoung Koo, COO
Agro & Industrial Materials Group

• We will create a value chain of agro resources to meet the essential needs of humanity while promoting Lithium Ion battery raw materials, composite materials, and components consumed for future new mobility business as our new growth drivers.

Our agro business will reach 25 million tons in grain handling volume by 2030 and secure investment assets throughout the entire value chain from farming and production to processing, storage and distribution to join the league of global top 10 agro companies and contribute to national food security. Our chemicals business will expand new growth categories such as green materials, bio, and healthcare. We will shift the focus into Lithium Ion battery materials & raw materials and future mobility lightweight materials in non-ferrous metals business, and into EV and future mobility parts in automotive parts business to develop global expertise in industrial materials. We will also create new business models and platforms to strengthen Group-wide synergy and collaboration with domestic/overseas competitive SMEs, practicing the Corporate 'Corporate Citizenship' in so doing.

STEEL

External Environment

Sluggish growth in domestic/overseas steel demand and ever-present risk of oversupply

+

Internal Issue

Need to develop plans to improve profitability and defend the domestic market

Action Agenda

Strengthen our role as a developer of POSCO Group's steel business and expand the basis for domestic/overseas demand

Our Competitive Advantage

In line with the strategic goal set with POSCO Group, we have expanded the sales of strategic products and strengthened global partnerships to tap into the overseas steel market. We broaden our business territories on the strength of POSCO Group-wide collaboration across the construction, materials, IT and plant industries, and explore new business opportunities to generate synergy on multiple fronts.

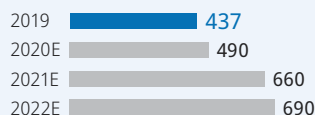
Our Sustainability from the ESG Viewpoint

We contribute to sustainable consumption through the expansion of POSCO's World Premium(WP) products that help mitigate GHG emissions. We seek new business opportunities in photovoltaics, wind power and other green energy industries and increase our plate sales for wind energy projects while forming strategic alliances with business partners to broaden the market of Hyper NO steel consumed for EV motor production, pursuing sustainable growth in so doing. Furthermore, we execute a win-win business model through equity ownership in Korea's competitive SMEs and joint entry into overseas markets in order to practice the Corporate Citizenship philosophy.

Key Figures

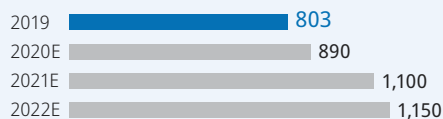
Sales of POSCO Products

(Unit: 10,000 tons)



Product Sales

(Unit: 10,000 tons)



WP Sales*

(Unit: 10,000 tons)



* WP Sales: Sum of Sales between Steel Business Group 1 & 2

Steel Business Group 1



Strengthen Marketing Synergy for POSCO Products

2020~2022 Implementation Measure

- Strengthen our role as a steel business developer for POSCO Group and expand Group-wide marketing synergy
 - Strengthen the global sales of POSCO products in key markets across the Americas and China to continuously expand overseas markets
- Continue to develop emerging strategic markets in Africa and Central & Latin America
- Continue to expand business territories across sustainable industries – green mobility, wind power and infrastructure

2020 Action Plan

- Realign the sales organization and increase staffing to optimize marketing for POSCO products in key strategic markets of the US and Mexico
 - Develop region-specific sales expansion strategies and fully support customers in winning projects
- Send 'Market Development Team' responsible for steel business to key locations in Africa and Central & Latin America to identify local steel demand
- Fully expand trade connecting POSCO products and products made by overseas production corporations as well as local business in regions where corporations were newly established in 2020

2019 Achievement

Strengthening global steel partnerships and expanding POSCO Group-wide marketing synergy to broaden overseas steel business territories

We reached 8.03 million tons in global sales through our partnerships reinforced based on the 3.5 million-ton MOUs and long-term contracts signed with 37 global key strategic customers. New offices were set up in Morocco and Greece and steel business expatriates were assigned to North Africa and Europe to identify local needs and strengthen networking as a way to expand our business territories. New corporations were also created in Thailand and Indonesia to advance into their local markets and to expand business aligned with POSCO's overseas production bases. We leveraged our global network to collect information in real time and conduct outreach activities for strategic customers while offering information on the status and outlook of region-specific trade sanctions to strengthen Group-wide collaboration and respond to global trade regulations.



Expand Trading-aligned Investment Business

- Invest in the value chain of steel consuming industries in conjunction with global strategic customers to expand business territories and improve value creation capability
- Cooperate with domestic suppliers in tapping into overseas markets and making investments to practice the Corporate Citizenship philosophy and expand the value chain

- Advance into the US market and secure dividend profits through equity investment in the Black Plate
- Expand sales and develop new industry markets through the equity investment made with POSCO in the expansion of Indonesia-based the third IJPC plant

Tapping into new markets in Africa

In February 2019, a 'Task Force for the Expansion of Steel Business in Africa' was created to respond to global trade sanctions and tap into new markets in Africa. The TF held a local strategic meeting in Africa in April, opened a Morocco Office in September, and set up a market development team to be sent to Africa in the second half of 2020 as part of its mid/long-term market development endeavors to reach 1 million tons in sales in this region.



Develop Strategies to Respond to the Future Green Mobility Industry

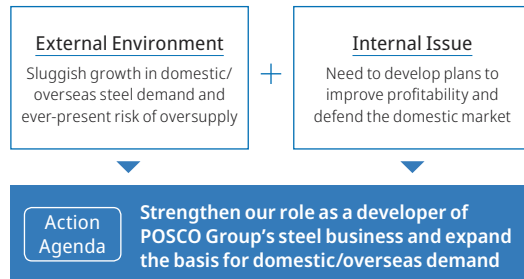
- Gather POSCO Group-wide capabilities in the future green mobility industry to serve as a business developer and organizer
- Identify investment business opportunities along the green mobility value chain with major auto industry strategic partners(global OECs/ parts makers, etc.) and expand the market share of POSCO Group affiliates in associated industries

- Set up a 'e-Mobility Industry Strategy Task Force'
 - Purpose: Gather company-wide capabilities to develop business strategies for new growth driver industries
 - Target Outcomes:
 - 1) Develop company-wide and POSCO Group-aligned market entry strategies in the EV industry
 - 2) Identify partners among global leading OEMs and tier-1 suppliers and create a strategic cooperation system

Preemptively responding to new growth driver industries to lay the basis for sustainable growth

We reinforced marketing in the upstream wind power sector(e.g. turbine companies) to diversify our supply chain in response to the emerging renewable energy industry. This was accompanied by the continued development of lower tower structure makers to increase orders landed for POSCO's plate products in wind power projects. In cooperation with POSCO and domestic wind tower makers, we endeavored to develop markets in the US and identify joint investment business opportunities. In addition, customer reviews were made on major global OEMs and parts makers for their EV business strategies to develop our own business strategy through cooperative partnerships in preparation for the shifting paradigm in the automotive industry.

STEEL



Our Competitive Advantage

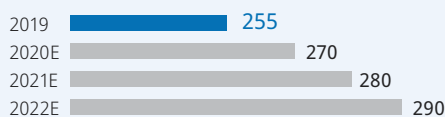
Since we joined POSCO Group, not only did we secure a stable supply of steel products but also we expanded business territories into construction, materials, IT and plants based on POSCO Group-wide collaboration, broadening the horizon into new business areas. Our sale of specialty products was increased through strengthened field sales and processing capabilities and our leadership solidified in the domestic market while steel e-commerce was promoted to preemptively address changing market conditions. In addition, we have focused on expanding the sales of Group-wide strategic products and reinforce global partnerships to tap into new overseas markets and sales channels.

Our Sustainability from the ESG Viewpoint

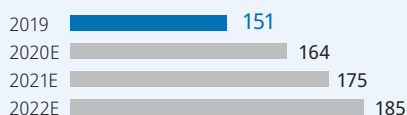
We use scraps to conserve resources and contribute to reducing CO₂ emissions. Our steel e-commerce platform facilitates trading among small-size businesses, and our supplier-aligned export model contributed to improving their facility utilization. We harness our network to help SMEs advance into overseas markets as a way to fully support the sustainable growth of our suppliers and SMEs.

Key Figures

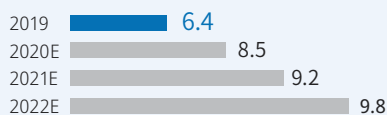
Sales of POSCO Products (including overseas production) (Unit: 10,000 tons)



Customers of Steel Raw Materials (Unit: No. of Companies)



Processing Imports (Unit: 10,000 tons)



Steel Business Group 2



Strengthen the Sales Basis

2020~2022 Implementation Measure

- Offer differentiated services to SME customers to increase our market share
- Expand tailor-made services: Supply of 'POSCO-produced + Imported' packages and support for export market development
- Increase the sales of construction steel using processing capabilities to advance into the domestic construction market
- Win steel structure company projects and strengthen relevant business capabilities

2020 Action Plan

- Expand the sales of construction steel using processing capabilities and help domestic customers develop overseas markets
- Advance into the steel structure market using processing capabilities
- Enter the Japanese construction steel market with POSCO SPS
- Discover new steel-consuming businesses: STS processing export and carbon steel-aligned business development
- Develop business connecting different industries, customers and products
- Increase sales through combination steel orders awarded by customers and projects consuming multiple product items
- Collaborate with competitive domestic SME makers to expand the processing-to-export business and help domestic customers develop overseas markets
- Pursue win-win partnerships with domestic companies through processing exports for overseas construction/energy projects: Steel structure production and export and PV structure processing export
- Develop new STS markets(Central & Latin America, SEA, Africa and Middle East) to increase sales

2019 Achievement

Seeking shared growth with SME processors and customers

In collaboration with SME processors who own idle equipment in Korea, we focused on winning orders for processing exports that target overseas energy and construction projects. In 2019, PV project orders that we landed in cooperation with Hanjin Steel Pipe and Yuseok Steel resulted in 47,000 tons in sales. We also leveraged our global network to assist Korean stainless steel SMEs in exploring overseas sales routes for their processed STS products, creating a shared growth model in cooperation with SME customers.



Identify New Growth Drivers

- Develop a steel e-commerce system and facilitate trading to preemptively respond to shifting steel market conditions
- Establish a sustainable investment-aligned profit structure

- Promote stepwise expansion of the steel e-commerce system and generate profits
 - Steeltrade: Develop a matching process for customers ordering non-POSCO products to generate additional profits
 - Open market: Consider the expansion of available products and suppliers to facilitate e-commerce
- Identify business items in the steel coil downstream sector
- Develop investment/processing export business models and form alliances
 - Diversify PV project construction steel items for sale, expand the sales of steel frames in Japan as well as processing sales in Australia and the Middle East



Diversify the Sellers and Suppliers of Steel Raw Materials

- Expand sellers, suppliers and product items to identify new growth drivers
- Pursue shared growth and practice Corporate Citizenship through domestic customers developing overseas markets

- Broaden the pool of sellers and suppliers of coal, iron ore and scraps to expand business
- Swiftly address spot deals as well as long-term contracts and continue to identify competitive coal to elevate POSCO Group-wide synergy
- Advance into the abrasive market through new coal or ferronickel slag to develop new items and discover new growth drivers
- Strengthen shared growth and Corporate Citizenship through small-size mine development and sales



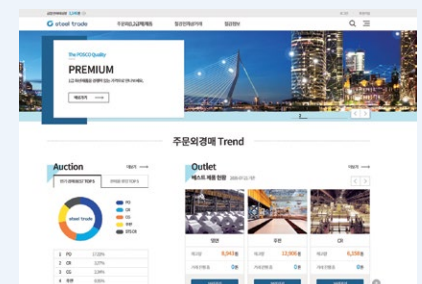
Expand the Construction Steel Value Chain

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

- Increase package sales through construction/steel structure company project winning and sourcing capabilities
 - Expand the share of raw material orders placed on us for resupply through marketing focused on large construction companies
- Develop production and processing demand through collaboration with domestic customers
 - Expand the production and sales of PosMAC PV structures through steel pipe makers
 - Develop overseas processing demand in Japan, Central & Latin America and Australia through steel structure companies
- Manufacture steel structures and launch steel structure business with POSCO SPS
- Strengthen capabilities and expand territories in steel curtain wall and modular business

Opening and facilitating the steel e-commerce system 'Steeltrade'

In 2019, Steel Business Group 2 opened the steel e-commerce system Steeltrade (www.steeltrade.co.kr) to expand from conventional steel trading to online sales channel. Our endeavors to facilitate this system led to more than 1,400 companies making member registrations as of Q1 of 2020, and nearly 40,000 tons of steel are traded among 460 companies every month. Just as any other general online shopping malls, sellers can directly place their steel products for sale, and its safe payment system enables one-stop services from product registration and purchase to payment, shipping and sales settlement. Our customers can purchase steel products on this mobile platform as they wish beyond time or location constraints, and this allows us to expand products available in the virtual setting in preparation for the post-COVID-19 era and to pursue shared growth with SME customers.



ENERGY

External Environment

Growing business opportunities from recovery in E&P investment and continued increases in LNG demand

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Internal Issue

Need to secure mid/long-term growth momentum early on

Action Agenda

Leverage existing capabilities, secure replacement gas reserves, and strengthen LNG trading competitiveness

Our Competitive Advantage

Currently, Phase 2 of the Myanmar Shwe Project is under-way to add eight production wells to the existing portfolio, along with an exploratory drilling campaign on three wells to secure additional reserves. Leveraging our capabilities in overseas project undertaking and professional trading as well as POSCO Group-wide captive LNG demand and Gwangyang LNG Terminal, we are launching trading business and trading-aligned overseas infrastructure and bunkering business.

Our Sustainability from the ESG Viewpoint

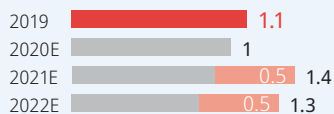
We perform environmental impact assessments prior to initiating work(e.g. exploration and development under the Myanmar Shwe Project) and collect and share feedback from local residents. In Myanmar, our PV project on Manaung Island helped resolve the chronic power shortage of the local community, and cook stoves distributed in the Rakhine state led to improvement in quality of life and thermal efficiency, reducing GHG emissions as a result. As such, we recognize local community issues and aid in their resolution while exploring new business opportunities in so doing.

Key Figures

Existing Reserves

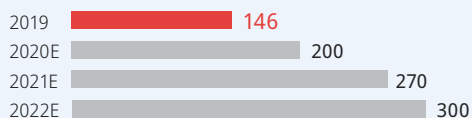
(Unit: Trillion Cubic Feet)

■ LNG-linked gas field development



LNG Trading Volume

(Unit: 10,000 tons)



UPSTREAM



Exploration



Development



Production/Operation

2020~2022 Implementation Measure

Exploration	<ul style="list-style-type: none"> Conduct new exploration and appraisal drilling in Block A-1 and A-3, offshore Myanmar Acquire operating rights and equity ownership in Southeast Asia and Australia
Development	<ul style="list-style-type: none"> Complete Phase 2 development and proceed with Phase 3 as planned(to be completed in 2024) Acquire equity ownership in small/mid-size development assets in SEA, Australia and the US
Production/Operation	<ul style="list-style-type: none"> Continue to generate profits through the stable operation of the Myanmar Shwe Project

2020 Action Plan

Exploration	<ul style="list-style-type: none"> Spud in drilling on three new wells in Block A-3, offshore Myanmar Plan and proceed with appraisal drilling if exploratory drilling is successful Participate in international tenders in Australia and Malaysia and conduct joint surveys in Indonesia
Development	<ul style="list-style-type: none"> Achieve the target progress rate for Phase 2 EPCIC and spud in production well drilling Complete FEED for Phase 3 and set development plans Select PNG/LNG investment assets in SEA, Australia and the US
Production/Operation	<ul style="list-style-type: none"> Maximize gas sales through the stable operation of the Myanmar Shwe Project

2019 Achievement

Signing a FEED contract for Phase 3 of the Myanmar Shwe Project

POSCO INTERNATIONAL signed a Front-End Engineering Design(FEED) contract for Phase 3 development of the Myanmar Shwe Project with McDermott International of the US and Hyundai Heavy Industries. These two companies will be responsible for FEED work including the design of new compression platforms and bridge links and the retrofit of existing platforms, and one of them will be chosen by the Company as the EPCIC contractor. Going forward, we will complete Phase 3 development of the Myanmar Shwe Project and accelerate the creation of an end-to-end LNG value chain spanning from natural gas production and liquefaction to transport and sales to focus our capabilities on developing this business into one of POSCO Group's strategic priorities.

MIDSTREAM

DOWNSTREAM



Liquefaction



Trading



Storage/Regasification



Generation IPP(EPC)

Transmission and Distribution

Liquefaction	<ul style="list-style-type: none"> Ensure stable long-term LNG sourcing for the integrated procurement of POSCO Group-wide demand and trading volume
Trading	<ul style="list-style-type: none"> Increase trading volume and procurement competitiveness through Group-wide synergy Diversify trading regions from India and Korea into Europe, China and Japan Sell to domestic power generators and direct importers as well as overseas customers based on stable volume
Storage/Regasification	<ul style="list-style-type: none"> Conduct business in strategic countries to explore future LNG supply opportunities and secure stable profits

Generation IPP(EPC)	<ul style="list-style-type: none"> Expand small/mid-scale IPP business development mainly in strategic countries(develop the existing Copy Project in Papua New Guinea) Develop new EPC power generation business in Algeria (continue to identify follow-ups on existing business)
Transmission and Distribution	<ul style="list-style-type: none"> Strengthen core capabilities to reduce risks and increase profits

Liquefaction	<ul style="list-style-type: none"> Obtain equity ownership in liquefaction plant assets in North America in alignment with Group-wide demand
Trading	<ul style="list-style-type: none"> Increase LNG trading volume to 2 million tons Maximize short-term sales volume for 2020 in the buyer's market
Storage/Regasification	<ul style="list-style-type: none"> Obtain a regasification business license for the LNG receiving terminal in Kyauk Phyu, Myanmar, within this year

Generation IPP(EPC)	<ul style="list-style-type: none"> Launch IPP business for a 350 MW gas-fired power plant in Myanmar Ensure the stable execution of the 1,300 MW combined cycle power plant construction project in Oumache, Algeria
Transmission and Distribution	<ul style="list-style-type: none"> Maximize profit through stable execution of on-going transmission and distribution projects Focus on markets with an established network and potential for work scope expansion in order to land new orders

Signing an MOU with POSCO Group and Korea Gas Corporation for collaboration in new LNG business

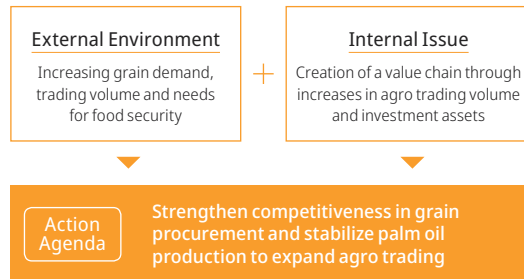
On November 15, 2019, POSCO INTERNATIONAL, POSCO ENERGY, and Korea Gas Corporation signed an 'MOU on collaboration for new LNG business' to establish a joint cooperation system to lead new LNG business. This will promote proactive and mutual cooperation among the three parties to develop and expand new LNG business, and will allow us to accelerate the full establishment of our business presence in the downstream sector of the LNG value chain which is under development with a focus on upstream assets and trading.



Making an IPP business proposal for mid/large-scale gas-fired power generation in Myanmar

POSCO INTERNATIONAL and the Myanmar Ministry of Electricity and Energy concurred on the need for Independent Power Producer(IPP) business development to expand stable 24/7 power supply in Myanmar, a country suffering chronic power shortages, and to contribute to its economic development as a result. Leveraging our business capabilities and generation business know-how accumulated since we first entered the market back in 1985, we completed preliminary business feasibility assessments on IPP business to build eco-friendly high-efficiency gas-fired power plants. The assessment outcomes were used in making our business concept proposal to the ministry to lay the basis for fully developing IPP business. Going forward, we will expand the gas value chain and solidify our status as a power generator through investment, construction and long-term operation of new power plants while constantly seeking additional business opportunities.

AGRO



Our Competitive Advantage

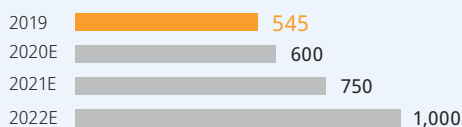
POSCO INTERNATIONAL conducts grain trading and agro resources development business to ensure the future sustainability of agro resources. While our handling volume increased mainly in Korea, China, Southeast Asia and MENA, we also promoted market diversification. In Indonesia, we developed palm plantations, set up crude palm oil production facilities and expanded sales while constructing the second CPO mill to reach 100,000 tons in CPO production capacity. In Myanmar, our Rice Processing Complex(RPC) initiated the operation of Factory 2 to fully launch distribution-focused agro business. In Ukraine, we acquired a grain terminal and created a procurement corporation to expand our value chain and strengthen the basis for grain procurement in so doing.

Our Sustainability from the ESG Viewpoint

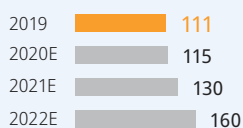
In operating the grain terminal, we aim to meet growing agro needs in line with increasing population, prepare for instability in grain production caused by climate change, and contribute to national food security. Our palm oil business in Indonesia adopted a sustainable palm oil policy and will disclose the progress made to preemptively respond to relevant issues and communicate with stakeholders.

Key Figures

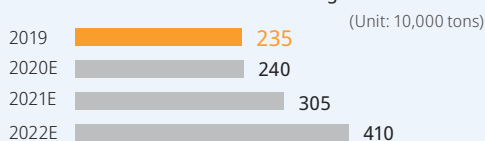
Grain Handling Volume (Unit: 10,000 tons)



Domestic Grain Import (Unit: 10,000 tons)



Sales of Grains from the Black Sea Region



Value Chain

Three Major Grains(Wheat, Corn, Soybean)



Farming

- Advance into farming business in grain producing countries
- Introduce diverse contract farming models for the stable supply/demand of grains

Rice



Farming

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

Palm Oil



Farming

- Acquire global sustainable palm oil certifications and adopt and implement the NDPE policy to strengthen sustainable management
- Apply for RSPO certification and implement the NDPE policy

- Expand the scale of business through the acquisition of palm plantations
- Acquire existing plantations and raise the bar in executing the NDPE policy to conduct environmentally-responsible business

2019 Achievement

Initiating the commercial operation of the Ukraine grain terminal

In December 2019, we acquired a 75% stake of the local grain export terminal held by Olexim Group, a Ukraine-based logistics company, and initiated its operation. The terminal is capable of shipping 2.5 million tons of corns, wheat and barley per year. This makes us the first-ever Korean company to construct and operate an overseas grain export terminal, and the terminal serves as a key asset of our grain distribution business to significantly increase our grain handling volume.



Execution Period: 2020 Mid-term Long-term

Inland Logistics

- Expand into storage in grain-producing areas and transport in alignment with the Ukraine export terminal

- Secure export facilities first and then inland silos and procurement logistics in the Americas

Export Terminal

- Stabilize the operation of the terminal
 - Reach 1.5 million tons in annual contract volume
 - Improve the efficiency of logistics and facilities in alignment with the terminal

- Secure grain export infrastructure in the Americas
 - Introduce the Ukrainian procurement model into grain sourcing in other producing areas

Trading/Import Distribution

- Stabilize sales accounts through strategic partnerships with domestic/overseas actual customers
 - Lay the basis to advance into distribution and processing business in long-term importers

Import Processing

- Invest in processing and distribution in MENA and Asia in alignment with grains from the Black Sea region
 - Feed distribution in Vietnam, distribution and milling in MENA, milling in Southeast Asia, etc.

Processing(polishing)

- Stabilize Factory 2 of the Myanmar Rice Processing Complex(RPC)

- Secure additional RPCs in SEA to diversify the portfolio and expand the distribution-driven RPC business

Export Logistics

- Create brands for domestic market products and invest in related distribution and logistics companies

Import Distribution

- Increase supply of Myanmar rice to China by leveraging on G2G business opportunities between Myanmar and China
 - Register as a vendor for Chinese companies

- Expand the supply of rice from the US and China for Korea's TRQ¹⁾ program

1) TRQ: Tariff Rate Quotas

CPO Extraction

- Initiate the operation of the second CPO mill to establish a full-fledged CPO production system for Indonesian palm oil business
 - Reach 100,000 tons in oil and fat production

Refining/BD

- Advance into Indonesian palm oil refining business
 - Make joint investment with major customers in the food and biodiesel sectors to expand the value chain and secure stable sales accounts

Import Distribution

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

Completing the second CPO mill and initiating its commercial operation

In December 2019, POSCO INTERNATIONAL successfully completed its second CPO mill and initiated its operation at PT. BIA in Indonesia. The experience accumulated through the construction of the first CPO mill enabled us to efficiently reduce the construction period and costs and to minimize the time taken for stabilization from roll-out to normal operation. As of April 2020, its monthly CPO production capacity amounted to 8,000 tons.



Announcing the NDPE policy

In March 2020, we became the first Korean company to announce the NDPE policy for sustainable palm oil business. As a highly stringent environmental and social policy adopted by global palm oil distributors, the NDPE initiative spans the areas of environmental conservation and management, protection of and respect for human rights, and stakeholder engagement and communication. POSCO INTERNATIONAL, as a Globally Integrated Corporation, aims to keep pace with international trends, proactively reach out to local communities, and conduct business sustainably in order to create a virtuous cycle of economic and social values.

CHEMICAL/ MOBILITY & MATERIALS/ INFRASTRUCTURE

External Environment

Growth expected in the new promising materials market compared to the saturated market of conventional industrial materials

Internal Issue

Need to shift to qualitative growth due to limitations in quantitative growth

Action Agenda

Realign trading business through the development of new promising business opportunities

Our Competitive Advantage

Our chemical business established a stable sales network of synthetic fiber intermediates and resins through the strengthened polyester value chain and long-term contracts. Our non-ferrous metals and automotive parts business are shifting their focus into Lithium Ion battery materials & raw materials and future mobility lightweight materials and into EVs and future mobility parts respectively to build competitive advantages as a global industrial material supplier. In the power generation infrastructure sector, our overseas network of more than 100 locations support our project management from gathering information required for project discovery to making proper responses to local conditions.

Our Sustainability from the ESG Viewpoint

We assist competitive SMEs, proven for their exceptional technology but lacking overseas business experience, in creating overseas corporations and launching marketing campaigns. This, in turn, allows us to build a win-win business model through joint advancement into overseas markets and share business outcomes generated as such. We will also reinforce global marketing support for SME venture firms to expand collaboration with POSCO Group affiliates.

Key Figures

Sales of Synthetic Fiber Intermediates and Resins

(Unit: 10,000 tons)

2019	165
2020E	170
2021E	200
2022E	220

Orders Awarded for Future Mobility Parts

(Unit: USD million)

2019	250
2020E	275
2021E	300
2022E	325

Non-Ferrous Metal Business Collaboration with Domestic/ Overseas Affiliated Companies

(Unit: KRW 100 million)

2019	1,328
2020E	1,500
2021E	1,650
2022E	1,820

Orders Awarded in Infrastructure and Plant Business

(Unit: KRW 100 million)

2019	564
2020E	900
2021E	1,200
2022E	1,500

CHEMICAL



Petrochemicals

Synthetic Resins

2020~2022 Implementation Measure

Petrochemicals	<ul style="list-style-type: none"> Develop the industrial raw material market to expand the domestic business Preemptively develop future markets in line with the changing product portfolio of major suppliers
Synthetic Resins	<ul style="list-style-type: none"> Synthetic fiber intermediates <ul style="list-style-type: none"> Pursue combination deals and increase sales for PX, PTA, PIA, and MEG resins in strategic countries(US, Turkey) Increase the supply of compounding resins for global home appliances makers and car OEMs Functional Resins <ul style="list-style-type: none"> Expand the existing PET business and improve its profitability Launch new business(recyclable PET) Synthetic Resins <ul style="list-style-type: none"> Improve the profitability of PE and PP business and expand the bioplastic business

2020 Action Plan

Petrochemicals	<ul style="list-style-type: none"> Increase the sales of petroleum products in Myanmar Expand the handling of ammonia and other industrial raw materials Develop markets for functional rubber(growth item) used in the healthcare and construction sectors in strategic countries
Synthetic Resins	<ul style="list-style-type: none"> Synthetic Fiber Intermediates <ul style="list-style-type: none"> Increase the sales volume of PTA for Nanya(US) and SASA (Turkey) in 2H of 2020 Increase the supply of compounding resins for home appliances in Mexico and Vietnam through collaboration with competitive Korean SME suppliers of EP Functional Resins <ul style="list-style-type: none"> Launch green business through increased collaboration with competitive Korean SMEs Synthetic Resins <ul style="list-style-type: none"> Sell PBAT in Europe through cross trade Sell made-in-China PBAT and PLA to Korean bioplastic makers Choose joint venture partners among competitive Korean SMEs makers

2019 Achievement

Paving the way for functional resin and other new growth business

In petrochemical business, we are reinforcing partnerships with major oil companies and leveraging our local network to increase petroleum sales mainly in Southeast Asia. We helped improve the competitive edge of Korean petroleum products through the Korea-Vietnam FTA while analyzing factors affecting supply and demand(e.g. maintenance of oil refinery equipment in consuming countries) in search of more supply opportunities. Furthermore, we expanded areas of added-value creation through the use of local storage facilities to fuel our business growth.

In synthetic resin business, our global markets of PX, PTA, PET, PE/PP and other key products and long-term contracts with strategic customers were expanded to establish a stable sales network. We are currently developing growth items and new businesses including functional composite resins, bio, healthcare and green materials.

MOBILITY & MATERIALS



Automotive Parts

Non-Ferrous Metals

Automotive Parts	<ul style="list-style-type: none"> · Increase orders awarded for future mobility business · Expand the EV traction motor core business and land new EV parts orders awarded by emerging OEMs · Develop investment-linked business in relation to EV battery packs · Expand business in emerging markets · Increase parts sourcing and supply from China and India · Expand localization business in conjunction with competitive SME suppliers · Expand the parts cluster business using local logistics bases in North America and Europe
Non-Ferrous Metals	<ul style="list-style-type: none"> · Expand synergy from raw material supply and product sales in alignment with POSCO Group · Expand half-finished/finished product sales following the supply of raw materials from copper processing partners

Automotive Parts	<ul style="list-style-type: none"> · Increase orders awarded in future green mobility business · Develop new customers of EV traction motor core · Supply drivetrain and electronic components to new OEMs · Develop a local business model in collaboration with local partners in India and SEA · Secure production bases through cooperation with competitive SME parts makers for overseas investment
Non-Ferrous Metals	<ul style="list-style-type: none"> · Expand existing partnerships(with POSCO, PZSS, POSUK, and SNNC on Ni, Ti, and ferroalloy) · Develop new partnerships(NMC-related nickel ore, FeSi, FeCr, etc.) and expand Cu tolling business items(add blister copper)

Strengthening the materials portfolio for future mobility and Lithium Ion battery business

In 2019, our automotive business signed long-term parts supply contracts worth more than USD 500 million. Specifically, the share of EV traction motor cores and other key components of future mobility is constantly on the rise to respond to the emerging trends of green mobility and diversify our portfolio. To discover new future mobility business opportunities, we also signed a basic domestic sales agreement with a Chinese electric commercial vehicle maker. In addition, post processing lines and testing labs of competitive Korean SME suppliers were established within our overseas logistics bases in North America and Europe to further expand these locations. In non-ferrous metal business, we expanded a value chain business model to link the supply of Cu scraps and electrolytic copper cathodes with the following rod production and sales while generating synergy through raw material supply and product sales in alignment with POSCO Group. We are working with POSCO CHEMICAL to secure Lithium Ion battery raw materials as a future growth driver, and expanding business regarding the development of lightweight materials for future mobility.

INFRASTRUCTURE



Infrastructure & Plant

Machinery & Public Procurement

Infrastructure & Plant	<ul style="list-style-type: none"> · Improve the competitiveness of core business · Strengthen developer capabilities in alignment with POSCO Group · Focus on IT/transportation/education/healthcare infrastructure and steel mills · Expand shared growth through the 'lock-in' of promising SMEs · Develop new sustainable business · Explore investment models in alignment with environmental business · Develop new products in relation to the 4th Industrial Revolution
Machinery & Public Procurement	<ul style="list-style-type: none"> · Expand the overseas public procurement business · Diversify overseas government organizations as business partners · Participate in aerospace and other businesses related to the 4th Industrial Revolution

Infrastructure & Plant	<ul style="list-style-type: none"> · Strengthen order-winning activities mainly for key products · Increase orders for ferroalloy plants in the CIS region · Focus on the development of ODA business and expand business aligned with the GKD investment corporation · Optimize brand business for respective regions to increase profits · Expand the development of new business · Develop infrastructure business in Africa · Win more EDCF projects in the fields of transportation, healthcare and education
Machinery & Public Procurement	<ul style="list-style-type: none"> · Expand the police business in Indonesia · Discover additional G2G business opportunities in Central & Latin America · Diversify partners in ship design and equipment supply business

Building a road surveillance system for Indonesian police authorities

In March 2019, we completed a USD 10 million road surveillance system for Indonesian police authorities: video detectors and CCTVS were installed along the 724 km-long main road crossing Jakarta from east to west, the traffic center was renovated and software was deployed. This enabled the local police agency to collect, process and provide traffic information, and contributed to mitigating traffic congestion and promoting efficient road network management in the country.



NEW BUSINESS

Launching Business in Africa

POSCO INTERNATIONAL develops new business across wide-ranging sectors that will serve as future growth drivers in order to expand its business territories. As a single mega-size market, Africa is witnessing growth in regional trade and markets and is abundant in Lithium Ion battery raw materials and other resources required for future industries in addition to conventional resources. Since the Korean government has recently expanded its Africa support program, this will surely assist POSCO Group affiliates in developing business in Africa.

Business Category	Business Strategy	Progress Status	Business Expansion
Lithium Ion Battery Materials/Raw Materials Trading	<ul style="list-style-type: none"> Secure the supply chain of raw materials by forming partnerships with cobalt and graphite mining companies in alignment with POSCO Group and establishing a toll processing network 	<ul style="list-style-type: none"> Conduct feasibility assessments on flake graphite development project Consult on partnerships with cobalt producers Consult with toll processing companies 	<ul style="list-style-type: none"> Review the business feasibility of spherical graphite Review the business feasibility of processing cathode raw materials
Steel/Grain Trading	<ul style="list-style-type: none"> Develop demand and expand business in Africa with a focus on areas where POSCO Group affiliates are highly competent 	<ul style="list-style-type: none"> Expand grain volume in three countries in North Africa Discover new steel customers/suppliers 	<ul style="list-style-type: none"> Continue to develop high-performing grain partners in strategic countries Strengthen the steel network and expand entry into local markets
Pharmaceuticals and IPP/EPC	<ul style="list-style-type: none"> Take a selective business approach in consideration of business conditions (local governmental incentives, strategic partners, etc.) 	<ul style="list-style-type: none"> Prepare a site to expand the pharmaceutical corporation business in Sudan Launch business when the set financing conditions are met (market environment, policy funding, etc.) 	<ul style="list-style-type: none"> Expand the next-generation anti-biotic production plant of the Sudanese pharmaceutical corporation Take a dual-track business strategy in consideration of the needs of IPP partner countries Work with competent local partners in advancing into the market using EPC policy funding

Collaborating with SMEs and venture firms for global marketing

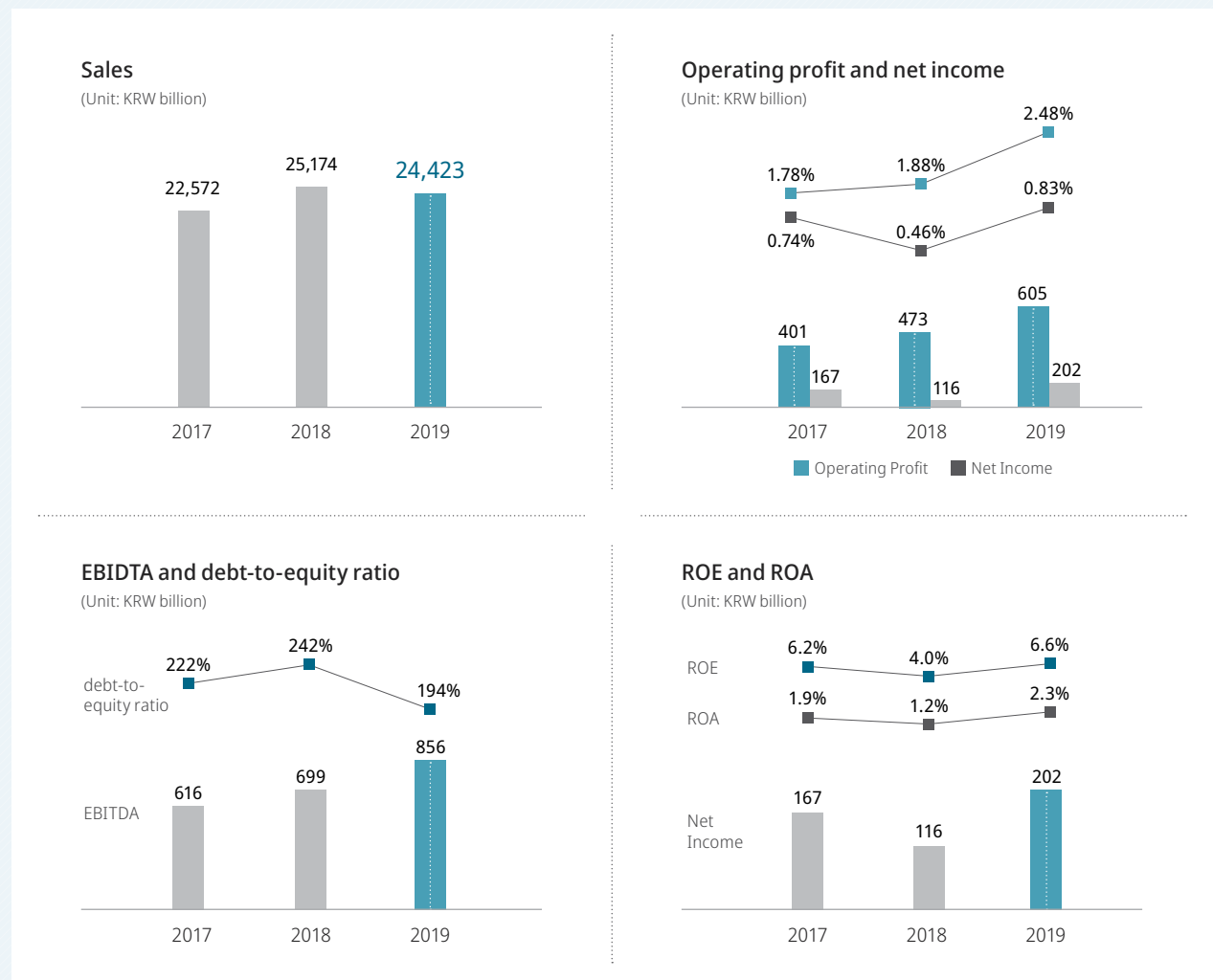
With a global network of more than 100 locations and 4,000 accounts, POSCO INTERNATIONAL is operating the Global Marketing Portal as a collaboration platform to support outstanding SMEs and venture firms facing difficulties in advancing into the global market. Not only do we serve to help SMEs and venture firms explore the wider global market, but also we continue to support them to develop joint business and create new business opportunities for mutually-beneficial partnerships.

Collaboration Partner	Support Service	2019 Achievement
Social venture firms in future business areas (future mobility/bio/healthcare) SMEs and venture firms cooperating with POSCO Group for shared growth POSCO INTERNATIONAL's business areas: Steel/energy/agro/infra/chemical/mobility & materials	<div>Joint business development</div> <div>Support for branch establishment</div> <div>Buyer brokerage</div> <div>Overseas business training</div> <div>Overseas office space</div> <div>Locally-based export counseling (interpretation/transport)</div> <div>Exhibition support</div> <div>Introduction to overseas standard/certification agencies</div>	Companies that joined the portal 108 companies Current collaboration partners 48 companies

Financial Performance

In 2019, POSCO INTERNATIONAL posted KRW 605.3 billion in operating profit, up by KRW 132.7 billion from the previous year on a consolidated basis, due to growth in sales from the Myanmar Shwe Project. Increasing net income and declining working capital led to a KRW 1.7551 trillion year-over-year growth in cash flow from operating activities while reduced borrowings resulted in a 15.5% year-over-year drop in liabilities, and our debt-to-equity ratio fell by 48.1p to 193.9% accordingly. As our net income improved, this contributed to year-over-year increases in such profitability indicators as ROE and ROA.

Creation of Economic Value



Distribution of Economic Value

(as of Dec. 31, 2019, on a consolidated basis, Unit: KRW million)

Stakeholder	Category	2017	2018	2019
Shareholder & investor	Total cash dividends	61,687	74,025	86,362
	Interest expenses	87,983	146,163	141,244
Government	Income tax expenses	92,339	70,756	134,461
Local community	Donations	954	1,889	1,098
Supplier	Cost of goods sold	20,917,299	23,285,363	22,157,555
Employee	Employee wages*	206,165	210,929	245,720

* Recalculated due to errors in data calculation in 2018

Reinforcing Ethics Management



Stakeholders' awareness of corporate ethics management has risen significantly and applicable laws and regulations are tightening as well. This not only gave rise to mounting risks faced by businesses for non-compliance with business but also increased opportunities for ethical businesses to generate diverse values based on stakeholder trust. As such, numerous global business leaders are taking a multi-faceted approach to solidifying their ethics management system and disseminating a culture of fair trade.

Risks

- Increasing risks in line with tightening domestic and international regulations in relation to fair trade and ethics management
- Possible risk of declining stability of suppliers as a result of non-compliance with fair trade regulations

Opportunities

- Stakeholder trust gained through regulatory compliance
- Strengthened competitive edge in products and services through the establishment of a sustainable value chain
- Preemptive response to applicable regulations to establish an ethical and stable management system and improve corporate reputation

Our Approach

POSCO INTERNATIONAL will fulfill its role as a corporate citizen in line with integrity, fairness and honesty, the three core values of ethics management. We provide training to employees to ensure that any violation of ethics management principles does not occur in their business conduct while maintaining trust-based relationships with suppliers, partners and other stakeholders.

Business With POSCO INTERNATIONAL



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

Society With POSCO INTERNATIONAL



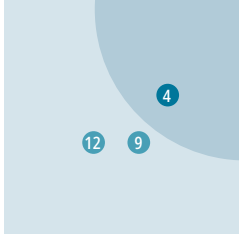
We fully comply with the Code of Ethics as well as laws and regulations in the regions where we operate to set an example for the global community.

People With POSCO INTERNATIONAL



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




POSCO INTERNATIONAL's Topic



Issue	GRI Aspect	Relevance to Financial Performance	Relevance to Non-financial Performance
4 Securing and managing sustainable suppliers	· 102 Organizational Profile	· Strength competitiveness of suppliers affect quality and sales of products and services	· Pursue shared growth through improved sustainability of suppliers
9 Complying with international norms and country-specific regulations	· 205 Anti-corruption	· Pay a fine in the event of regulatory violations · Suffer impact on business operations(e.g. suspension of operation) when the issue concerned is highly critical	· Suffer degradation in corporate reputation and brand value when conducting business in an unethical way
12 Complying with the Code of Ethics and Practice Guidelines	· 205 Anti-corruption	· Pay a fine in the event of regulatory violations · Suffer impact on business operations(e.g. suspension of operation) when the issue concerned is highly critical	· Suffer degradation in corporate reputation and brand value when conducting business in an unethical way

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

Our Commitments

Focus Area	2019 Plan	2019 Achievement	Evaluation	2020 Plan	Mid/Long-term Target
 Anti-corruption	<ul style="list-style-type: none"> Facilitate the 'workplace bullying' counseling and whistleblower system Expand ethics practice activities for global staff Expand company-wide ethics training Offer special training to organizations with potential ethics risks Perform specialized ethics surveys on department heads 	<ul style="list-style-type: none"> Facilitated the 'workplace bullying' counseling and whistleblower system Expanded ethics practice activities for global staff(9 occasions) Expanded company-wide ethics training(4,291 employees) Offered special training to organizations with potential ethics risks Performed specialized ethics surveys on department heads (71.9% in response rate) 	●	<ul style="list-style-type: none"> Launch campaigns to eliminate four unethical practices(bribery, embezzlement, information manipulation, and violation of sexual ethics) Establish a culture of shared growth by registering and managing private-sector stakeholders Expand ethics assessments and surveys on corporate culture that respects human dignity Expand training to eliminate four major unethical practices for global staff and expatriates 	<ul style="list-style-type: none"> Establish a global top-tier compliance culture Develop a systemic preventive process to strengthen anti-graft and anti-corruption practices Create a culture of Corporate Citizenship to promote trust and creativity through ethics risk management
 Fair Trade	<ul style="list-style-type: none"> Review the acquisition of ISO 37001 Implement pre-audits on private contracts 	<ul style="list-style-type: none"> Implemented pre-audits on private contracts (451 contracts in total) Reviewed subcontracts to prevent the risk of regulatory violation Completed the review of the acquisition of ISO 37001 	●	<ul style="list-style-type: none"> Review the status of private contracts signed, transactions made with stakeholders and subcontracts Create a Fair Trade Compliance Handbook mobile app and revise its contents Strengthen CP practicing leader activities 	<ul style="list-style-type: none"> Strengthen the review of status of private contracts signed, transactions made with stakeholders and subcontracts Strengthen the prevention of subcontracting risks and consulting support at manufacturing worksites Facilitate CP activities
 Information Security	<ul style="list-style-type: none"> Develop customer information management plans in line with the initiation of steel e-commerce Create a dedicated information protection organization and designate a dedicated executive-level officer Prepare for the acquisition of Information Security Management System(ISMS) certification 	<ul style="list-style-type: none"> Took measures to ensure customer information security in line with the initiation of steel e-commerce Created a dedicated information protection organization and designated a dedicated executive-level officer Performed self-assessments to achieve ISMS certification 	●	<ul style="list-style-type: none"> Achieve ISMS certification Improve the level of information protection management at overseas corporations and offices Ensure security for the virtual remote work environment 	<ul style="list-style-type: none"> Continue to improve the information security management system to ensure the security of customer and personal information Respond to information security issues in line with changes in markets, regulatory requirements and the IT environment

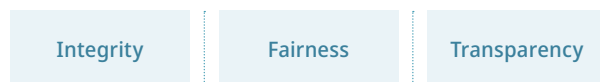
Evaluation Criteria : ● Achieved ● Partially Achieved ○ Not Achieved

Anti-corruption

POSCO INTERNATIONAL aims to establish ethics awareness that pursues the Right Way on the basis of mutual trust and eliminate all forms of activities that undermine the development of an ethical corporate culture. We set forth regulations in such a way that all our employees recognize ethics as the top priority in making value judgements and conducting business in order to build a corporate culture that practices consideration and sharing and respects human dignity.

Ethics Management System

I Core Value



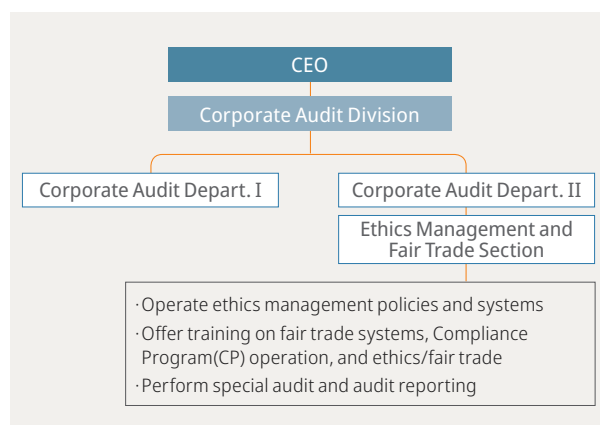
I Direction of Operation



Dedicated Organization

The Corporate Audit Division is under the direct leadership of the CEO and is responsible for our company-wide ethics management. The division consists of the Corporate Audit Department I tasked with audit planning and internal control and the Corporate Audit Department II responsible for work auditing, ethics management and fair trade. In particular, the Ethics Management and Fair Trade Section was created under the Corporate Audit Department II to create an ethical organizational culture based on trust and creativity.

I Organizational Chart of the Corporate Audit Division



Code of Ethics

We define and practice the Code of Ethics for all employees to follow and develop in pursuing ethical values and taking actions accordingly. In 2019, new provisions on the prevention of conflict of interest were added to establish fair competition practices.

Practice Guidelines

The Practice Guidelines are provided to employees to help practice the Code of Ethics. New guidelines on preventing sexual harassment and bullying at workplace were created in 2018, and the prevention of conflict of interest was added in 2019 to render these guidelines more specific.

<ul style="list-style-type: none"> Practice of Ethics and Compliance with Law Duty of Good Faith and Fair Dealings Toward Investors Protection of Environment and Preservation of Eco-system Employees and Executives' Work Life Balance 	<ul style="list-style-type: none"> Building Win-Win Relations with Business Partners Protection of and Respect for Human Rights Creation of Customer Value and Building Trust Contribution to the Country and Society <Appendix> Management and Operation of the Code of Ethics
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Internal Control Policy

Internal controls are performed by the Corporate Audit Department. I under the Corporate Audit Division. Internal control policies were developed and monitoring was conducted in relation to compliance required for business operations, the presentation of financial statements and the appropriateness of the internal accounting control system. The Corporate Audit Dept. II constantly monitors any violation of applicable regulations and guidelines through the reporting of unethical practices and power harassment while assisting the compliance manager to provide regular ethics and fair trade training to all employees and reporting the outcomes to the Audit Committee.

Competency Development for Ethics Management

Ethics Training

A wide array of ethics training programs are operated to improve employees' ethics awareness and prevent related issues from ever occurring. In 2019, offline ethics training was offered to 1,533 employees in total, and online training was provided to all employees.

I Ethics Management Training Offered in 2019

(Unit: No. of Training Courses and Persons)

Worksite	Training Course	Attendance
HQ(including Overseas Organizations)	36	3,775
STS Division	2	97
TMC Division	3	356
Plate Fabrication Division	1	63
Total	42	4,291

Reinforced Communication on Ethics Management

We operate the ethics counseling center to help employees resolve ethical dilemmas they may face in business operations and to monitor and eliminate unethical practices that degrade the culture of human dignity. In 2019, counseling and investigation were performed on a total of 60 cases through the center. While annual ethics surveys had been conducted on department heads internally, an external professional survey organization was commissioned to perform such surveys to ensure their expertise and objectivity. This also led to a significant increase in response rate from 50% in 2018 to 71.9% in 2019.

I Ethics Counseling Center's Monitoring Performance

(Unit: No. of Cases)

Category	2017	2018	2019
Violation of the Code of Ethics	13	1	12
Violation of Fair Trade Regulations	33	39	32
Violation of the Anti-graft Act	4	2	1
Violation of the FCPA	4	9	8
Others (Workplace Bullying, Etc.)	-	3	7

Prevention of Ethical Risks at Overseas Worksites

Our overseas worksites and their employees receive training to review and prevent ethical risks. In 2019, such ethics training was provided to expatriates six times and to global staff nine times to disseminate our business ethics policies and programs as well as cases of violation and to raise their ethics awareness. The unethical behavior reporting system for overseas organizations was also introduced across the entire overseas operations to highlight the importance of practicing ethics standards.

Special Lecture on the Prevention of Workplace Bullying

In line with the enactment of the 'Workplace Bullying Prevention Act' in Korea, we offered a special lecture on the 'Prevention of Workplace Bullying' to officers. A total of 235 officers were trained on applicable norms and systems, standards used in determining workplace bullying and case studies to develop attitudes and perceptions required of leaders in line with tightening regulations.



• Special Lecture on the Prevention of Workplace Bullying

Unethical Behavior Reporting System

Clean POSCO INTERNATIONAL System

Our Clean POSCO INTERNATIONAL System documents and manages all recommendations made and favors asked to prevent and root out all forms of unethical practices. This system informs employees who received unreasonable requests of the process to reject such requests in accordance with ethical standards while placing a psychological burden of documentation on those who ask for favors to prevent unethical practices from occurring. This system assists employees in voluntarily and conscientiously uploading the unjustified requests they receive onto the system to serve as the primary mechanism in establishing a culture of fair trade and to put the spirit of whistleblowing into action by creating a culture of honesty and integrity. Our guidelines on the prevention of conflict of interest also stipulate that in making any transactions with former executives who are currently working at companies doing business with POSCO INTERNATIONAL, their information should be registered on the system. Monitoring such transactions that may grant competitive advantages to former executives will surely enable us to create a culture of fair competition as a corporate citizen trusted by stakeholders for its fair business conduct.

I Protection of Whistleblowers

Protection of Whistleblowers	
Identity Protection	If whistleblowers or those collaborating in investigation are believed to suffer any disadvantage in HR or other matters, they are eligible for changes in positions or assignments.
Confidentiality	Even when whistleblowing is recognized in connection with one's business conduct or by accident, the identity of whistleblowers and those collaborating in investigation should remain strictly confidential.
Protection against Retaliation	Any work-related retaliatory actions against whistleblowers and those collaborating in investigation are prohibited, and such actions would be reprimanded in accordance with applicable regulations.

I Operational Procedures of the Clean POSCO INTERNATIONAL System

Step 1	Register the person who made unjustified requests and the details of such requests on the system
Step 2	Verify the details by the Corporate Audit Division
Step 3	Notify the concerned department
Step 4	Conduct detailed investigations and take proper measures by the Corporate Audit Division if deemed necessary

Counseling and Reporting through the Grievance Mechanism

We operate the grievance procedure for stakeholders to freely report on our employees' unfair work practices, the abuse of their position to make unjustified requests, corruptive practices, and verbal and physical violence. Grievances can be raised through our corporate website: submitted grievances remain confidential in accordance with stringent security procedures, and the identity of whistleblowers who revealed their real name is fully protected. These grievances are addressed through the appropriate measures taken by relevant organizations and their outcomes are notified later on. In 2019, we focused on publicizing this grievance mechanism at overseas worksites to raise employees' awareness in responding to non-compliance with the Code of Ethics.


Grievance Procedures



Grievances Submitted and Handled under the Grievance Mechanism in 2019

(Unit: No. of Grievances, %)

Category	Grievance	Handling Rate
HQ(including Overseas Organizations)	14	100
STS Division	5	100
TMC Division	1	100
Plate Fabrication Division	0	0
Total	20	100

 Unethical Behavior Reporting System

Power Harassment Report Center

We operate the Power Harassment Report Center for whistleblowers to report on any unreasonable or insulting behaviors occurring among employees during their business conduct or on any unjustified treatment that all stakeholders, including supplier employees, suffered due to power harassment related to POSCO INTERNATIONAL. When a submitted report is confirmed to be accurate, it is briefed to the Head of the Corporate Audit Division and the CEO in principle. If the whistleblower wishes to be notified of handling outcomes, the center offers relevant information. While typical handling time is one month, this is shortened to 14 days for sexual harassment or other special issues and disciplinary measures are taken following the notification of handling outcomes to the whistleblower and the signing of the confidentiality and non-retaliation agreement by the offender.

Reporting Procedures at the Power Harassment Report Center



Responsible Supply Chain Management

POSCO INTERNATIONAL is fully aware that the Company's sustainability could be affected by the environmental and social issues of its suppliers. As such, we manage supply chain risks on the basis of the POSCO Group Supplier Code of Conduct and support competency development for sustainability of our supply chain in order to create a robust industrial ecosystem.

Supplier Code of Conduct

The POSCO Group Supplier Code of Conduct is implemented to ensure that all subsidiaries of POSCO doing business with us fulfill their responsibility towards sustainability. This code consists of 21 provisions in seven categories concerning the basic norms of human rights, labor, environment, and anti-corruption as stipulated in the UN Global Compact as well as fair trade, quality management, and shared growth, and defines fundamental requirements that all suppliers wishing to do business with POSCO INTERNATIONAL should abide by.

Summary of the POSCO Group Supplier Code of Conduct



 POSCO INTERNATIONAL Supplier Code of Conduct

Partner Selection and Assessment

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

Responsible Mineral Sourcing

There is an increasing demand from stakeholders for responsible mineral sourcing that extends from a mere prohibition of conflict minerals(tantalum, tin, tungsten and gold) to the protection of human rights and the environment and the fulfillment of social responsibility. This prompted us at POSCO INTERNATIONAL to recognize the importance of responsible mineral sourcing and to cooperate with customers on their responsible mineral sourcing policy and to support suppliers with their responsible mineral procurement as a global corporate citizen, making concerted efforts with the global community to establish responsible sourcing practices.

Under the principle to limit transactions with suppliers that have negative impact on society, we ensure that we do not use minerals sourced in conflict areas. We comply with POSCO Group's conflict mineral management policy based on the OECD Due Diligence Guidance¹⁾, and cooperate with the Group-wide consultative body created to jointly respond to responsible mineral sourcing to identify our consumption of conflict minerals and develop counter-measures. We plan to review our responsible mineral sourcing response process and establish a management system and to fully disclose our status in responsibly sourcing minerals through our website and reports.

1) OECD Due Diligence Guidance: (1)Establish strong company management system, (2)Identify and assess risks in the supply chain, (3)Design and implement a strategy to respond to identified risks, (4)Carry out an independent third-party audit, (5)Report annually on supply chain due diligence

REACH Regulation on Hazardous Substances

EU's Registration, Evaluation, Authorization and Restriction of Chemicals(REACH) regulation stipulates that all substances whose annual production and import amounts exceed one ton within the EU region should be registered, evaluated, authorized and restricted depending on their import quantities and hazardousness. This means that Korean companies supplying to EU countries should analyze their products for their containment of Substance of Very High Concern(SVHC) and disclose relevant information.

CR 300, a product manufactured and sold by the STS Division, is subject to the REACH regulation and was analyzed for its inclusion of nearly 200 substances on the SVHC list. It was revealed that the content of these substances was below the set reporting threshold. Going forward, the STS Division will continue to manage regulated substances under the REACH regulation and transparently disclose information required by stakeholders as a member of the global supply chain.

Information Security

Information Security System

The Chief Information Security Officer(CISO) is appointed to take charge of the entire information security operations at POSCO INTERNATIONAL. Furthermore, an organization dedicated to company-wide information protection is created under the CISO to prevent breaches, leaks or destruction of internal information and create a secure work environment as a result. To make strategic decisions on critical information protection issues, Information Security Executive Committee is convened under the supervision of the CEO, and the Information Security Working Committee is also operated to address working-level issues and maintain relevant business cooperation.

Management and Review of Information Security Risks

Each year, internal information protection audits are performed to independently review our in-house information security management system. Audit findings are reported to Information Security Executive Committee and Information Security Working Committee, and plans are developed on issues in need of improvement and necessary actions are taken accordingly. We are also preparing for Information Security Management System(ISMS) certification granted by the Korea Internet & Security Agency. We expect to achieve this certification in 2020 and will constantly ensure the objectivity of our customer information security through annual surveillance audits.

Employee Training on Information Security Awareness

We provide information security training to help supplier employees as well as our own improve their awareness on information security and prevent information security breaches. It is mandatory to complete online information security training provided to all employees each year, and offline training is offered to new hires and returning expatriates. Furthermore, we train supplier employees on precautions to take concerning information security each year as well as secure coding training recommended by the Korea Internet & Security Agency.

Information Security Breach Reporting Procedures

Customer rights including any inquiries, complaints, remediation or access in relation to personal information are specified in the personal information handling policy section of our website. Any information security breaches can be reported to the department or staff responsible for personal information security, and these reports are immediately addressed without any delay. Meanwhile, internal information security breaches are handled promptly by the dedicated information security department in accordance with our information security regulations.

Fair Trade

POSCO INTERNATIONAL fully complies with fair trade regulations to prevent any violation of such regulations, and is committed to establishing a corporate culture of compliance through the qualitative improvement of the Compliance Program(CP). Furthermore, we aim to take the initiative in developing compliance practices as a way to strengthen our corporate competitive edge. The sum of these endeavors was recognized as we were named a Company with Compliance Program(CP) Excellence by the Fair Trade Commission in 2020.

Fair Trade Compliance Program System

Compliance Program

Our independent fair trade compliance program has been under operation since 2011 in accordance with the 'Fair Trade Compliance Standards' stipulated by Korea's Fair Trade Commission. We published the Fair Trade Compliance Handbook and the Subcontractor Handbook, and uploaded them on our website to be easily accessed by employees and other stakeholders, and these handbooks are updated each year in reflection of regulatory amendments. In 2020, a mobile app version of the Fair Trade Compliance Handbook was created to make it easier for our employees to refer to fair trade regulations in their business operations.

Core Elements of the Fair Trade Compliance Program

Government Recommendation	<ul style="list-style-type: none"> • CEO's declaration of commitment and policy to promote compliance • Appointment of the compliance manager responsible for CP operations • Publication and distribution of the compliance handbook • Continuous and systemic provision of compliance training • Development of an internal monitoring system • Disciplinary actions to be taken against employees who violate fair trade regulations • Development of a document management system
Voluntary Operation	<ul style="list-style-type: none"> • Creation of a fair trade compliance council • Evaluation of operational performance



• Fair Trade Compliance Handbook

Fair Trade Compliance Council

The 'Fair Trade Compliance Council' has been up and running as a dedicated fair trade compliance organization. The council consists of the compliance manager(Head of the Corporate Audit Division), council members(senior department leaders at the HQ and POSCO SPS), practicing leaders, and assistants. In 2019, the council met five times and was actively engaged in the prevention of regulatory violations through the continued sharing of fair trade policy trends, fair trade counseling and self-directed reviews.



• Fair Trade Compliance Council

Fair Trade Internal Monitoring System

Pre-work Fair Trade Consultation

When questions or dilemmas arise in relation to fair trade while conducting business, the Ethics Management and Fair Trade Section is engaged in conducting pre-work consultations. The Fair Trade Consultation Office is also under operation to assist employees in making the right decisions. In 2019, a total of 466 pre-work consultations were performed to prevent the risk of violating fair trade regulations.

Self-directed Fair Trade Reviews by Organization

The fair trade checklist is distributed to respective departments for self-directed reviews. The checklist is provided to practicing leaders of the Fair Trade Compliance Council by area and violation type. If any issues are identified for their potential risk of violating fair trade regulations, necessary measures are taken following consultations with the Ethics Management and Fair Trade Section, the Legal Division, or other departments with relevant expertise.

Fair Trade Status Reviews and Audits

A follow-up monitoring system is under operation to primarily address the weaknesses and high-risk organizations identified through the self-directed fair trade reviews performed by respective organizations. This process allows us to review our compliance with the regulations imposed by the Fair Trade Commission in accordance with its large enterprise policy, and to perform audits on the fair trade risks detected either through reports submitted or through our own monitoring. Those with outstanding performance in fair trade compliance are rewarded. In 2019, such reviews were conducted on subcontract deals made at the HQ and independent business divisions: improvements were made on those issues identified as a result of reviews, and their progress was checked as well. Anyone who violates fair trade regulations are subject to disciplinary measures in accordance with the Operational Guideline of the Fair Trade Compliance Program to prevent the reoccurrence of those violations. In 2019, no such disciplinary measures were taken.

Private Contract Pre-audits

Pre-audits on private contracts were introduced to ensure fair trade in selecting subcontractors and making purchases. If subcontractors are chosen or assets are purchased through private contracts, the Ethics Management and Fair Trade Section under the Corporate Audit Division reviews the adequacy and validity of such contracts. In 2019, nearly 450 private contracts were reviewed, and we plan to make continuous improvements to increase the efficiency of these audits by stipulating the 'categorization of private contracts' and 'private contract guidelines' for our employees to refer to in proceeding with private contracts.

Preliminary Review of Agent Appointment

Agents are normally appointed for collaboration in developing new business partners or undertaking overseas projects. This, however, may pose the risk of corruption under the anti-corruption regulations of respective countries and the Foreign Corrupt Practices Act of the US. This prompted the Corporate Audit Division in 2020 to conduct preliminary reviews on the appointment of agents. A department wishing to appoint an agent submits review requests to the division, who in return performs reviews and provides its feedback on the feasibility of appointment in order to ensure fairness and transparency in business conduct with the help of qualified agents.

Competency Development for Fair Trade

Competency Development of Fair Trade

To assist our employees in improving their understanding on fair trade, we operate wide-ranging training programs. We also provide regular support for employees in charge of fair trade operations to become Certified Compliance Professionals(CCP) and upgrade their job expertise in so doing. In 2019, new training programs were created, and practicing leaders of the Fair Trade Com-

pliance Council at the HQ and independent business divisions were sent to Korea Fair Competition Federation for training.

Support for Partners on Fair Trade Consulting

We assist small/medium-sized enterprises in receiving fair trade consulting. If these partners request our assistance in responding to diverse fair trade issues, we willingly share a wide array of know-how that we have to offer at POSCO INTERNATIONAL.

Rewards for High-performing Organizations and Employees

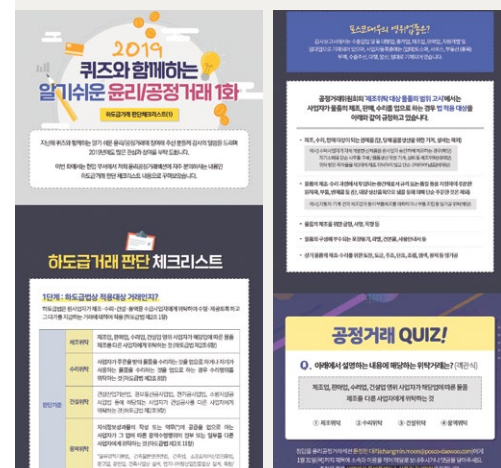
As part of our commitment to disseminating a culture of fair trade, we offer rewards to high-performing organizations and practicing leaders for their exceptional achievements in compliance. In 2019, the Fair Trade Compliance Council rewarded two groups and two practicing leaders.

Fair Trade Publicity Programs

To help employees improve their fair trade awareness, we use our internal systems to regularly share relevant information. 'Learning Your Business Ethics and Fair Trade with Quiz' is featured in our in-house webzine to motivate our employees to join fair trade initiatives. In 2019, a 'fair trade compliance slogan contest' was hosted to strengthen our commitment to fair trade compliance: one first prize, two excellence prizes and three participation prizes were awarded.



• Awarding Ceremony of the Fair Trade Compliance Slogan Contest



• Learning Your Business Ethics and Fair Trade with Quiz

Promoting Talent Development / Respecting Employees



The emergence of millennials and the increasing social value on work & life balance have given rise to mounting interest in and expectation for flexible and efficient working conditions. For any businesses, the source of their value creation lies in the creativity and competence of individual employees. As such, ensuring the diversity of employees and nurturing outstanding talent are one of the determining factors to become a lasting company. This raises the need for businesses to provide a work environment that maximizes individuals' creativity in addition to offering quality training programs for employees' expertise development.

Risks

- Tightening human rights regulations in new markets and countries where we operate
- Labor relations and human rights risks occurring due to change in domestic/overseas employment and labor regulations

Opportunities

- Human dignity respected through human rights due diligence performed on worksites
- Positive corporate reputation built through preemptive response to changing employment and labor regulations
- Recruitment and retention of global talent to secure corporate competitiveness

Our Approach

POSCO INTERNATIONAL believes that employees are the greatest assets of the Company. Based on respect for and protection of human rights, we nurture global talent who will drive our evolution into a Globally Integrated Corporation through employee competency development, innovative corporate culture and reasonable HR processes. We will further strive to deliver a safe and healthy workplace.

Business With POSCO INTERNATIONAL



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

Society With POSCO INTERNATIONAL



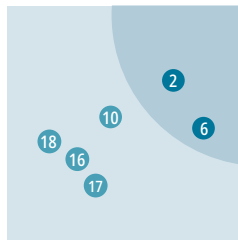
We respect human rights in business conduct in accordance with international standards, and build upon fair HR processes and stable labor relations to create a training environment that helps employees unleash their potential.

People With POSCO INTERNATIONAL



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





POSCO INTERNATIONAL's Topic



Issue	GRI Aspect	Relevance to Financial Performance	Relevance to Non-financial Performance
2 Developing global talent(including global staff)	· 404 Training and Education · 405 Diversity and Equal Opportunity	· Improve our corporate competitive edge by developing human resources	· Improve individual employees' work satisfaction through expertise development
6 Respecting human rights and prohibiting discrimination	· 406 Non-discrimination · 412 Human Rights Assessment	· Retain employees through human rights protection	· Achieve human dignity through respect for human rights
10 Creating a great work place	· 401 Employment	· Increase work productivity by improving work conditions	· Motivate employees and improve their work satisfaction
16 Reinforcing employee health and safety	· 403 Occupational Health and Safety	· Suffer the loss of human and physical resources and the suspension of business due to safety incidents	· Improve employee satisfaction by creating a safe work environment
17 Ensuring the diversity of employees	· 405 Diversity and Equal Opportunity	· Improve corporate competitiveness by meeting the expectations of customers from diverse national, regional and cultural backgrounds	· Secure organizational flexibility to proactively adapt to rapidly-changing conditions
18 Ensuring fair performance evaluation and reasonable compensation	· 404 Training and Education	· Improve employees' work productivity	· Motivate employees and improve their work satisfaction

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

Our Commitments

Focus Area	2019 Plan	2019 Achievement	Evaluation	2020 Plan	Mid/Long-term Target
 Talent Recruitment and Development	<ul style="list-style-type: none"> Strengthen the care program for junior positions Introduce an internal contest for expatriate positions Expand the overseas study and regional expert programs Systemize global staff development 	<ul style="list-style-type: none"> Introduced promotion points and short-term overseas assignments Held an internal contest for expatriate positions Expanded the overseas study and regional expert programs Opened e-learning courses for global staff 	●	<ul style="list-style-type: none"> Set plans to develop a regular job rotation program Increase employees' acceptance by improving the appraisal system Introduce internships aligned with recruitment Promote self-initiated career development 	<ul style="list-style-type: none"> Recruit and nurture π-type¹⁾ talent Strengthen self-initiated career development Strengthen global staff development Create a global work environment with English as the official language
 Respect for Human Rights and Diversity	<ul style="list-style-type: none"> Reinforce maternity protection programs Encourage the use of long-term leave Strengthen healthcare support for employees assigned to remote areas 	<ul style="list-style-type: none"> Expanded parental leave(2 years), expanded fertility treatment leave(10 days) and supported treatment expenses, increased tuition support for employees' children Allowed for self-approval of annual individual leave and expanded flexible hours, paid for self-development expenses, supported health check-ups for employee spouses, and opened a psychological counseling center Supported returning employees with flight tickets and resettlement as well as healing from living in alpine areas, introduced performance incentives 	●	<ul style="list-style-type: none"> Improve the compensation system for expatriates Improve on allowances and rent support by considering local conditions, strengthen support for employees assigned to remote areas Increase the recruitment of people with disabilities(reach 3.1% by the end of 2020) 	<ul style="list-style-type: none"> Build consensus on business management Stabilize labor relations and advance the global labor/compensation management system Strengthen communication with employees and improve work satisfaction
 Workplace Safety	<ul style="list-style-type: none"> Develop standard behavioral manuals on building safety management Develop evacuation manuals for building disasters Strengthen the safety management of building hazards Remain injury-free Improve the work environment by reflecting the features of domestic/overseas worksites 	<ul style="list-style-type: none"> Improved on old elevators Improved fire prevention equipment and developed disaster evacuation manuals Conducted private-public fire drills Received the QSS Award by POSCO Group - Cheonan Plant, TMC Division 	●	<ul style="list-style-type: none"> Improve on old equipment and safety equipment Improve employees' amenities Improve the access control system for tighter security Reach the set QSS performance indicator targets aligned with worksite-specific KPIs 	<ul style="list-style-type: none"> Continue to improve on equipment in line with aging worksite facilities and identify risk factors early on to deliver workplace safety
 Creating a Great Work Place	<ul style="list-style-type: none"> Increase employees' use of convenience programs Strengthen motivation for female employees Improve section leaders' leadership competency Operate the Generational Nexus Talk program 	<ul style="list-style-type: none"> Posted a two-fold increase and 3.1-fold increase in the use of the Smart Work Center and Flextime respectively Introduced automatic Refresh Leave system for business travelers and two-week leave Offered W-Leader's Day training for Professional Group and promotion training to Expert Group respectively Improved middle managers' leadership competency: Mindset training, empowerment reinforcement, etc. Hosted town hall meetings and communication workshops 	●	<ul style="list-style-type: none"> Strengthen senior management's communication with employees Assess leaders for their level of executing 'work methods' and make improvements Create leadership competency development programs Set a masterplan to build a corporate culture of creativity and challenge 	<ul style="list-style-type: none"> Upgrade corporate culture on par with global leaders Reach and maintain the upper 80 point range in GWP

1) Convergence-oriented talent who owns cross-disciplinary expertise

Evaluation Criteria : ● Achieved ● Partially Achieved ○ Not Achieved

Talent Recruitment and Development

Recruiting and retaining talent is the key to building our competitive edge as a Globally Integrated Corporation. POSCO INTERNATIONAL endeavors to discover and develop exceptional talent with global capabilities and attitudes.

Recruitment and Operation

Talent Recruitment

We recruit new hires through open competition each year, and experienced hires year-round. AI-enabled interviews have been introduced since 2019 to focus on applicants' communication skills and job fitness, and in-depth interviews are also performed to further verify applicants for their personality and job competence.

New Recruitment Programs

We are embracing new programs to test individual applicants' personality and job fitness from multiple angles. We plan to introduce an internship program aligned with recruitment to conduct in-depth verifications on applicants for their personality and job competence through the working-level work performed during their internship period. This also benefits applicants as they can confirm their fitness with the Company prior to official employment and easily settle down during the on-boarding process. We will extend this new program in line with diverse needs from business organizations and emerging recruitment trends. In addition, an internal recommendation program was launched to help experienced hires unleash their potential early on based on their deeper understanding of the Company. This will surely allow us to create a pool of professionals and assign talented individuals to their optimal positions.

Recruitment of the Less Privileged

Not only do we care for the less privileged in society but also we cooperate with the government's inclusive employment policy. Applicants from low-income or multicultural families or those with disabilities are given additional points during the recruitment process.

I Total No. of New Recruits

(Unit: No. of Persons)



I Employees

(Unit: No. of Persons)

Category			2018	2019
Domestic worksites	Permanent	Male	1,549	1,581
		Female	337	348
	Contract	Male	20	38
		Female	4	6
	Subtotal		1,910	1,973
	Overseas worksites		7,459	8,287
Total		9,369	10,260	

HR Support for Oversea Organizations

To promote talent development without any discrimination between the HQ and overseas organizations, we provide consulting to overseas organizations on the development and systemization of HR systems. In 2019, HR system improvements were made in China, Central & Latin America, Russia, Central Asia and Europe while HR system consulting was provided to the grain terminal in Ukraine where our worksite was newly created. Specifically, regional HR managers are sent to China and Ukraine to support the establishment of HR systems and infrastructure optimized for local conditions. In 2020, HR system improvements will be made in Asia, Japan and the Americas, and this will help standardize our HR systems across the entire overseas organizations.

Appraisal and Compensation

Basic Appraisal Policy

Our basic appraisal policy aims to ensure that individual employees are appraised for their performance and competence in a fair and objective manner. To better differentiate employees, we further segmented appraisal grades and adopted absolute appraisals for a portion of the grades to focus more on employees' competency development. From the fairness aspect, promotional points are considered for the promotion of junior positions: addition/deduction factors are quantified and translated into points, and promotion is granted when the predetermined level of points is reached. This promotion point system is expected to increase the acceptance of appraisal results on the part of employees in junior positions and motivate them to advance to higher positions.

Appraisal System and Awareness Improvement

Change management is underway to improve understanding and acceptance of our appraisal system and help appraisers duly fulfill their role. To this end, triannual appraisal interviews will be made mandatory from 2020 onwards to establish fair and reasonable appraisal practices. Furthermore, appraiser training will be offered to improve the effectiveness and differentiation of the appraisal system. We introduced new job categories of Expert Group and Professional Group in 2019, and this will dualize our HR appraisal system depending on its purpose and method of operation and render this system more effective in consideration of different work characteristics of respective job groups.

Compensation Process

We provide reasonable compensation in line with fair appraisal outcomes. All our employees receive annual salaries, and our compensation system is based on performance. Employee wages consist

of fixed pay(60%) and variable pay(40%). Under the compensation principle that 'Compensation is Fully Aligned with Performance', variable pay is made differently by individual and organization in accordance with individual performance appraisals, their organizational performance, and company-wide business outcomes. Our new hires who are recent university graduates are paid nearly three time more than the legal minimum wage, and all our employees receive equal pay for work of equal value regardless of their gender.

Development of Domestic Talent

Talent Development Policy

TIMM p.30

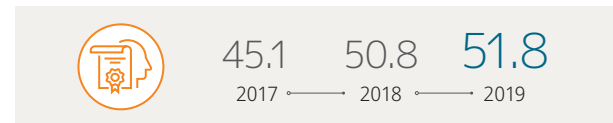
The 70/20/10 model for talent development¹⁾ holds that it is working-level experience that accounts for 70% of employee development. As such, POSCO INTERNATIONAL's talent development policy also underscores experience-based competency development. We plan to broaden employees' job experience through job rotation and develop them into convergence-driven talent with cross-disciplinary expertise.

1) This model holds that individuals obtain 70% of their knowledge from job-related experiences, 20% from interactions with others, and 10% from formal educational events, and highlights the value of informal learning over that of formal education.

In addition to company-wide group training, specialized career level-specific courses are provided to ensure tailor-made training in consideration of the characteristics of different career level and tasks. In opening new courses, preliminary surveys and interviews are performed on trainees to reflect their requirements to the fullest possible extent. In 2019, a total of 1,309 training courses(141 offline courses and 1,168 e-learning courses) were operated.

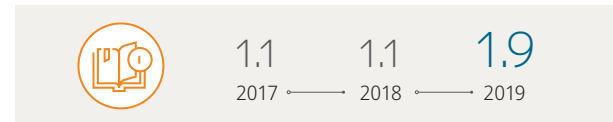
I Training Hours per Employee

(Unit: No. of Hours)



I Training Expenses per Employee*

(Unit: KRW million)



* Data for 2017 and 2018 was recalculated due to change in calculation criteria.

Talent Development Goal and System

Goal	Develop Creative Business Leaders to Lead a Globally Integrated Corporation												
Position	Mandatory Training						Selective Training		Optional Course				
							Leadership	Job	Global	Others			
Executives (P11~8)	POSCO Insight						Advanced English for executives		External CEO course	Support for the acquisition of qualifications(year-round)			
Vice President (P7)	New executive training						Finance for executives		Leadership training for group heads				
Organizational Head/ Leader (P6~5)	Introductory group training for experienced hires	Induction Course for experienced hires	Expatriate candidate training	Leadership training for new department/ group heads	Leadership training for new leaders/ plant managers	Department/ group head development training	On-Boarding program for Transferred executives and leaders	Mandatory e-learning (Anti-sexual harassment/ improved awareness of people with disabilities/ ethics management/ information security/ Corporate Citizenship)	EMBA in China	mini-MBA in Korea	Leadership training for section leaders		
Employee (P4~Pz)	Introductory group training for new hires	Induction Course for new hires	OJT/mentoring for new recruits	Career level-specific training for those newly promoted	Digital Transformation	W-Leader's day			Overseas master degree /MBA- Regional experts with master's degree in E&P	AI expert course	Mentor development		
				Overseas field tour program for Expert Group	Training for those promoted to Expert Group								
					Induction Course for new Expert Group								

Company-wide training

POSCO Group-wide training

■ Company-wide training □ POSCO Group-wide training

Training for Leaders

We provide leadership training for leaders to reinforce their positive influence and to facilitate inter-generational communication. In 2019, chosen leaders received customized leadership coaching to identify their strengths and weaknesses through leadership assessments and motivate them to substantially change their behaviors. Mindset training was also provided to section leaders to better fulfill their role and responsibility and to develop such necessary capabilities as the spirit of challenge and leadership skills.

Global Talent Development

Our regional expert program sends talented individuals to strategic regions across the globe to learn local languages and cultures. In 2019, seven regional experts were chosen and sent to a total of six countries including China, Ukraine and Vietnam. Our overseas study program has also assisted 10 employees in studying at overseas universities as of 2019.

W-Leader's Day

W-Leader's Day is a venue for education and communication for female employees. Their difficulties were collected through surveys and interviews, and were discussed in search of possible solutions. Female executives who could serve as a role model were invited to share their success stories and invaluable advice to help female employees explore career development and growth opportunities.



• W-Leader's Day

Training for Expert Group

Training for Expert Group was offered to present our corporate vision and help them define the value of their work and improve their communication skills. While the first session targeted those newly promoted, the following sessions were extended to cover the entire Expert Group. This allowed them to understand the mid/long-

term business direction of the Company through 'Business Status and Growth Strategy' and 'Corporate Citizenship Workshop' sessions, along with communication with executives in head positions of business organizations.

Training on the 4th Industrial Technology

To build insights for the 4th Industrial Revolution to create new business opportunities, Digital Transformation training was provided to all employees in staff and assistant manager positions. AI expert courses are also operated to nurture AI experts: trainees receive intensive 20-week training on programming, algorithms, and machine learning at the POSTECH Information Research Laboratories(PIRL), and execute AI-enabled projects to improve on logistics cost inefficiencies.

Training Support

As more people choose to marry late, remain single or live alone in line with changing social conditions, we provide those employees who cannot receive child scholarship benefits with financial support for self-development. This idea was suggested at the organization-level town hall meeting, and helps eligible employees pay for books or qualification training. Training budget is allocated to develop job competence specifically required to perform work at respective organizations, and this can be used to attend seminars, forums, fairs or e-learning courses. In 2019, such training support was offered on 324 occasions in total.

Support for Retirees

Training and counseling programs are operated at the POSCO Group level to assist executives in designing their retirement life. Employees nearing their retirement can take paid leave for self-development, and are supported to adapt to another critical period of their life cycle after retirement.

Other Training Programs

Our executives can take MBA courses at domestic and global prestigious universities to improve their global business competence and leadership and create a social network. Our employees and their spouses learn hands-on CPR, AED and other first-aid skills to help save lives in emergency, and special lectures on parenting were provided by experts.

INTERVIEW



Sung-Hee Kim
Manager at
POSCO INTERNATIONAL
Ukraine LLC

— As the sole member of the GAFTA¹⁾ in Korea, the Company supports the development of grain trading experts, and you also benefited from such support to pass the GAFTA Trade Diploma(GTD) Examination and become a GAFTA Certified Arbitrator. Tell us about your motivation in earning the diploma and your future plans in utilizing your qualifications?

I am responsible for exporting grains to Europe and the MENA region through the Ukrainian grain terminal. Trading in grains is different from other commodities as their prices fluctuate frequently and they are shipped on GAFTA's standard forms of contract. This business may also incur significant losses when a conflict occurs. All of these motivated me to become a grain trading expert, and at that very moment, the Company fully supported GAFTA training. Thanks to such assistance, I was able to complete learning courses, pass the GAFTA Trade Diploma exam, and finally become a GAFTA Certified Arbitrator based on my experiences in grain trade. I would love to share my knowledge and experience as an expert and contribute to expanding the Company's agro business. Other junior co-workers can also grow into global talent if they fully utilize the Company's in-house training programs and systems.

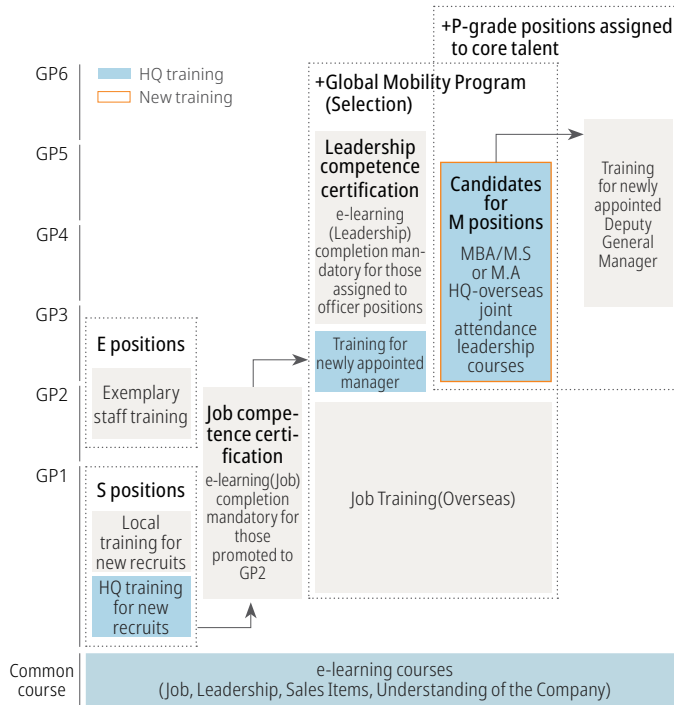
1) GAFTA: Grain and Feed Trade Association based in London, the UK

Global Staff Development

Talent Development Programs

We recognize global staff as the core human resources that drive our global business operations, and systematically manages them accordingly. Career level-specific offline training is provided at the HQ, including training for newly-hired global staff introduced in 2018, and current talent development programs will continue, from the selection of P-grade positions to the Global Mobility Program and the Global Staff Conference.

I Global Staff Development System



HQ Offline Training

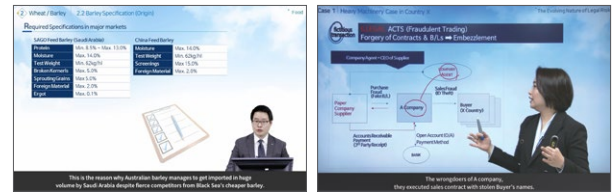
HQ offline training for global staff aims to strengthen their sense of community and improve career level-specific competence. Newly-recruited global staff are invited to the HQ for such training, and training for those promoted to manager positions was newly added in 2019. The exemplary staff training at the POSCO Group University is also provided to selected global staff. In 2019, HQ offline training was offered to 52 new recruits, 27 newly-appointed managers, and seven exemplary staff.

Global Mobility Program

Our Global Mobility Program was designed to enable global staff with growth potential and exceptional competence to work at the HQ to better understand our business and build their own network. In 2019, a total of 13 global staff from 12 countries worked at the HQ for three to six months, receiving Korean language and practical job training. Returning to their original worksite following the completion of this program, they continued to collaborate with sales employees at the HQ to develop new business and partners, and contributed to improving the performance of their own organization.

Expanding Job e-Learning Courses

Our overseas organizations hire a small number of employees and thus lack internal training infrastructure. This prompted us to operate locally-based e-learning courses to make training contents available anytime. In a total of four areas, 16 such courses are provided, and are aligned with our global HR system by making these courses mandatory for promotion or assignment. In 2020, five additional courses will be developed on understanding the Company(Corporate Citizenship, ethics management, trade cases), sales items (resources development), and job(HR) to expand learning contents.



Strengthened Communication between the HQ and Overseas Worksites

We support a variety of programs to strengthen communication between the HQ and global staff at overseas corporations and offices. The EP system, that had been separated between the HQ and overseas worksites, will be integrated from 2020 onwards to facilitate bilateral communication.

Global Staff Conference

We host the Global Staff Conference to gather together competent global staff representing their worksites to share our mid/long-term management strategies at the HQ level and discuss ways to create new business opportunities and expand existing business. The event is held at the HQ and overseas alternately each year, and was hosted in Singapore for global staff in the Asian region in 2019. This was attended by 30 global staff from 11 countries, and joined by CEO and heads of organizations from such key locations as China, Singapore, Malaysia, and Thailand to share our mid/long-term strategies and ideas to overcome the intensifying trade war and broaden our regional business presence.

Global News Letter

The Global News Letter is sent monthly to all global staff on diverse topics including a message from the CEO, major business news and Korean culture. The letter is available through e-mail and our in-house webzine.

Global HR Hot Line

The Global HR Hot Line has been operated since 2018 to address HR-related grievances raised by global staff. This serves as an official communication channel to receive any HR-related suggestions or inquiries concerning HR programs, appraisal systems or corporate culture. Employees may directly e-mail responsible HR staff, who then properly respond to them while protecting the confidentiality of whistleblowers.

Respect for Human Rights and Diversity

Since we specified protection of human rights in our Code of Ethics in 2003, we have advanced human rights management in accordance with such international standards as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact(UNGC), and the OECD Guidelines for Multinational Enterprises. We share our Practice Guidelines with employees across all overseas worksites to build consensus on the protection of and respect for individual employees' human rights.

Respect for Human Rights

We have global presence that spans all corners of the world and fully comply with international norms on human rights protection as well as the requirements presented by country-specific labor regulations. In Korea, we conduct annual human rights surveys to prevent any violation of human rights and to take proper actions when such violations are identified. At our overseas worksites, we perform human rights due diligence to investigate the occurrence of human rights violations. In 2020, we will update the human rights due diligence checklist that could be commonly applied to our overseas worksites based on the UNGC's guidance on enterprises and human rights, and apply the checklist in performing due diligence.

Human Rights Due Diligence Performed at Overseas Worksites

(Unit: No. of Worksites)



Practice Guidelines for Protection of and Respect for Human Rights

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

1 Respect for International Standards Regarding Human Rights

- We will respect internationally recognized standards on human rights, such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the OECD Guidelines for Multinational Enterprises.
- We will establish clear policies and systems for the protection of human rights and endeavor not to violate human rights in our management activities.
- We will comply with internationally recognized human rights standards and regulations, protect our employees' human rights and treat them fairly.

2 Due Diligence in Relation to Human Rights

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

3 Protection of Executives and Employees

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

4 Respect and Equality

- We will not discriminate nor harass for reasons of race, nationality, gender, age, educational achievement, religion, regional origin, disability, marital status, and sexual orientation.
- We will provide equal employment opportunity to those who possess necessary qualification and capability.
- We will maintain the work environment that respects cultural diversity.

5 Assurance of Legitimate and Humane Employment Terms

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

6 Efforts to Respect Community Human Rights

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

Training to Prevent Human Rights Infringement

All our employees are provided with a variety of human rights training as a way to respect and protect human rights. In 2019, the completion rate of the training offered to prevent sexual harassment and improve perceptions on people with disabilities amounted to 100%. In line with the enactment of the Workplace Bullying Prevention Act, training was offered on possible infringement of human rights at workplace. This training was attended by partner employees as well to improve human rights awareness along the supply chain.

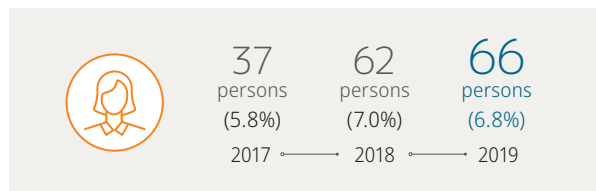
I Completion of Anti-sexual Harassment Training (Unit: %)



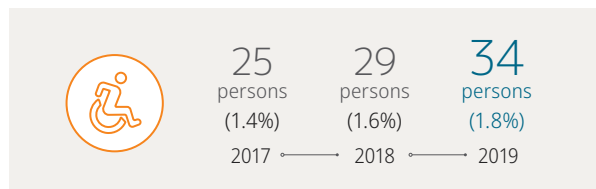
Respect for Employee Diversity

In the recruitment process, we provide equal employment opportunity without any discrimination or restriction on the grounds of race, gender, religion, or physical condition in order to respect employee diversity. We plan to reinforce the recruitment of local employees in manager positions at overseas worksites while increasing the number of female managers and the ratio of new female hires in Korea. In addition, we strive to provide more opportunities to applicants with disabilities.

I Female Managers(in manager and higher positions)



I Employees with Disabilities



Reinforcement of Maternity Protection Programs

Improving of Maternity Protection System

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We reinforced existing maternity protection programs and created new ones to build a family-friendly corporate culture. Parental leave was extended from one year(legal standard) to up to two years. Fertility treatment leave was also expanded for both paid and unpaid leave, and fertility treatment expense support was newly added to provide up to KRW 1 million per treatment(up to 10 times). Paid leave for prenatal check-ups and childbirth leave for fathers were also expanded, along with increases in childbirth grants.

I Operational Status of Maternity Protection Programs

Program	Before Revision	After Revision
Parental leave	1 year(legal standard)	Up to 2 years
Fertility treatment leave	1-day paid leave + 2-day unpaid leave	6-day paid leave + 4-day unpaid leave
Fertility treatment - expenses		KRW 1 million per treatment(up to 10 times)
Prenatal check-up leave	0.5-day/month (paid leave)	1-day/month(paid leave)
Childbirth leave for fathers	3-day paid leave + 2-day unpaid leave	10-day paid leave
Childbirth grants	KRW 500,000 for the first child, KRW 1 million for the second child	KRW 1 million for the first child, KRW 5 million for the second child

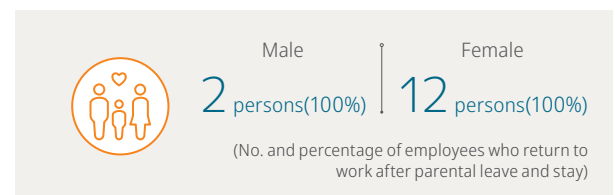
I Parental Leave Taken*

(Unit: No. of Persons, %)

Category			2017	2018	2019
Parental leave taken	Employees who took leave	Male	4	4	7
		Female	6	20	17
Return to work after parental leave	Employees who took leave	Male	2	4	4
		Female	20	6	15
	Employees who returned to work	Male	2	1	2
		Female	19	6	12
	Ratio of employees returning to work	Male	100	25	50
		Female	95	100	80

* Based on the HQ

I Employees who returned to work after parental leave and stayed for one year or longer(2019)



Opening a Second Daycare Center

In March 2019, we opened a second daycare center at POSCO Tower, our office building in Songdo. This increased the facility capacity by 100 children to fully meet the childcare needs of all our employees.



2nd Daycare Center

Workplace Safety

POSCO INTERNATIONAL establishes a stringent safety management system for the health and safety of its employees and partner employees, disseminating a safety-first culture across its domestic and overseas worksites.

Safety Management System

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Health and Safety Management

We advance health and safety management through our global health and safety management system. Our STS Division and TMC Division, as manufacturing worksites, achieved the health and safety management standard KOSHA 180001 and have remained certified, and wide-ranging safety incident prevention activities are undertaken from Near Miss management and risk assessment to TBM¹⁾ at the STS Division, the TMC Division, and the Plate Fabrication Division.

I Occupational Injury Data

Category	LTIFR ²⁾	Severity rate ³⁾	Injury rate ⁴⁾	Near miss frequency rate ⁵⁾
HQ(including overseas organizations)	0	0	0	0
STS Division	2.38	0.26	0.48	4.28
TMC Division	5.40	0.88	2.16	46.77
Plate Fabrication Division	0	0	0	18.95

1) TBM(Tool Box Meeting): Hosted as a pre-work safety measure to allow a small group of workers to have dialogue near the work zone prior to initiating work with a supervisor at the center

2) No. of occupational injuries X 1,000,000 hours/Total hours worked per year

3) No. of lost work days X 1,000 hours / Total hours worked per year

4) No. of occupational injuries X 200,000 / Total hours worked per year

5) No. of near miss incidents X 200,000/Total hours worked per year

Building Safety Management System

We develop scenarios and responses for large-scale fires, earthquakes and other emergencies to ensure employee safety. In October 2019, a public-private fire drill was conducted with nearly 1,300 participants from the Songdo Fire Station, the Shinsong 119 Safety Center, and the Yeonsu Police Station. This was launched without giving prior notice on the schedule to create real-life conditions and maximize its training effectiveness.

Employee Health and Safety Management

Health and Safety Council

POSCO SPS convenes the Health and Safety Council each month where labor and management are equally represented in conformity with the Occupational Health and Safety Act. The STS and TMC Divisions hold safety performance analysis meetings and safety audit analysis meetings respectively every month to set plans and review their progress to deliver workplace safety with partners. To improve safety in registering, storing, processing and transporting hazardous chemicals that are handled, regular audits are performed and grades are given to manage relevant equipment and processes in accordance with internal standards. The STS Division created a safety disaster TF to revise the emergency response manuals for the fires, explosions or leaks caused by hazardous substances while conducting drills under the scenarios of such disasters to prevent major occupational incidents.

Safety Action Observation(SAO)

POSCO SPS performs weekly officer-led Safety Action Observations(SAO). If unsafe behaviors are identified through observations, workers are engaged in deciding on safe work methods and concurring on the importance of safety. The STS Division noticed the unsafe behavior of a hoisted coil swinging horizontally during crane operation, and alerted the crane operator to this and provided training to check the center of gravity while moving the crane prior to work.

Business Traveler Safety Management

Our employees travel on business frequently in and out of Korea, so we make sure they stay safe during their travel. An emergency response system is up and running with overseas offices and corporations for disasters, terrorism or any other emergencies in the traveling areas. If any emergencies occur, we restraint travel as the first line of defense and provide an international SOS services including medical care and transportation in case anyone is traveling in that region. We also support travel insurance for the employees traveling in areas with poor health and hygiene such as Africa and Latin America in order to protect the traveling employees from diseases.

I Safety Activity Programs at POSCO SPS

STS Division	TMC Division	Plate Fabrication Division
<ul style="list-style-type: none"> · Health and Safety Council meetings(monthly) · Safety performance analysis meeting(monthly) · Daily patrols and SAOs by officers(plant heads, team leaders/part leaders) · Emergency drills against fires and hazardous chemicals(semi-annually) · Safety activities with suppliers(internal/external): Regular safety meetings(quarterly) · Pre-work TBM, work shifts, safety greetings and other daily safety routines · Safety activities led by top management, etc. 	<ul style="list-style-type: none"> · Health and Safety Council meetings(monthly) · Occupational health and safety meetings(quarterly) · Safety audit analysis meetings(monthly) · Offline training to improve partners' safety crisis awareness(monthly) · Joint safety patrols with partners(quarterly) · Self-inspections on high-risk machinery and tools(-press, crane, pressure vessel, industrial robots, etc.) by professional accredited organizations · Precision safety assessments by research institutes, safety activities led by top management, etc. 	<ul style="list-style-type: none"> · Health and Safety Council meetings(monthly) · Occupational Health and Safety Committee meetings(quarterly) · Regular safety training(monthly), special safety training (year-round), health & safety training for new recruits · Health & safety meetings with partner CEOs(monthly) · On-site patrols and inspections(daily), joint health and safety inspections(monthly at respective plants) · Safety prayers(annually) · Work environment measurements(half-yearly) · Production of on-site VR safety training materials · Safety activities led by top management, etc.

Prevention of Musculoskeletal Diseases

The TMC Division encourages all employees to stretch prior to work to prevent musculoskeletal diseases which frequently occur among employees. For employees who work in stand-up work zones, anti-fatigue mats, disease prevention chairs, wrist & waist protectors are provided. Robotic automation is also introduced for repetitive work to prevent such diseases. The Plate Fabrication Division surveyed shop floor workers on harmful factors on work with musculoskeletal burden, and reflected the outcomes to improve the work environment.



• Prevention of Musculoskeletal Diseases

Prevention of Noise-induced Diseases

The STS Division conducts regular work environment measurements to control noise and prevent noise-induced diseases. In 2019, harmful noise factors were measured on the wide precision ZRM(Sendzimir Mill) Process to confirm that the noise level did not exceed the exposure threshold(90db). To improve on noise around wide precision ZRM oil pressure tanks, noise barriers were installed to reduce the noise level to 5~10 db. The TMC and Plate Fabrication Divisions installed automatic earplug distributors at their worksites, and the TMC Division also set up soundproof booths in the press workshop to mitigate noise by nearly 25 db.

Special Safety Training

The STS Division provides worksite-specific safety training in addition to health and safety training stipulated under the Occupational Health and Safety Act. In 2019, special safety training was offered on working in confined spaces to prevent safety incidents involving underground oil cellar and tanks installed at the worksite. Work permit procedures prior to work in confined spaces, wearing portable oxygen meters, installing ventilation equipment and other critical safety precautions were shared. Special safety training is also offered when near miss incidents occur to analyze their causes and types for their prevention.

Improving Safety Awareness at Workplace

The Plate Fabrication Division developed Virtual Reality(VR) training materials for employees, new recruits and plant visitors to indirectly experience process-specific risk factors and safety measures. Rather than physically visiting the workshop under operation, such VR safety training helps better understand the entire process and safety factors.

Safety Management for Partners

The STS Division holds regular safety discussions with partners. In 2019, three such meetings were hosted to collect partners' feedback on safety issues, and their requirements were put into

action by installing rest areas and improving on skelp packaging. The TMC Division is operating a health and safety win-win cooperation program to collaboration with partners, and conducts process risk assessments on partners. Potential risk factors are analyzed through these assessments, and if necessary improvements are identified, partners are required to set and execute improvement plans on training, the work environment and new equipment. The division also studies the status of partner employees wearing protective gear and provides technical and financial assistance to close the safety gap with its partners.

Operation of Healthcare Programs

Healthcare Programs

We provide a range of programs to help employees stay in shape physically and psychologically. Annual health check-ups are supported for all employees and their families.

I Major Healthcare Programs

Referral to Hospital	Employees with medical conditions that cannot be addressed by the in-house healthcare clinic are arranged to visit external clinics and hospitals to conveniently access medical services
Metabolic Syndrome Management	Employees diagnosed with metabolic syndrome as a result of their health check-up results are educated on the need for health care management and supported with dietary control and exercise
Musculoskeletal disease Prevention	Employees receive stretching training and video materials on exercise instructions that are easy to follow at office to prevent turtle neck syndrome or cervical spinal/lumbar disc and to mitigate relevant symptoms

休 Smile Counseling Center

The increasing importance of preventing stress caused by social/cultural changes and diversifying work conditions has prompted us to operate the '休(Hyu: Relax) Smile Counseling Center' for the emotional healing and stability of employees. The center is available for employees and their family and provides individual/group counseling and psychological testing. The center is operated by Mind Forest, a third-party expert organization, to ensure the confidentiality of individual counseling and the independence of the center.

Individual counseling	Stress management, workplace adaptation, relationships, family issues, parenting, emotional issues(depression, anxiety), etc.
Psychological test	Multiphasic personality test, MBTI personality type test, stress test, emotional test, etc.
Organization-level program	MBTI Communication Festival Understand differences in personality type and promote communication among organization members through MBTI testing Healing Inside Diagnose emotional status and exercise meditation to recognize one's feelings and promote physical/mental healing

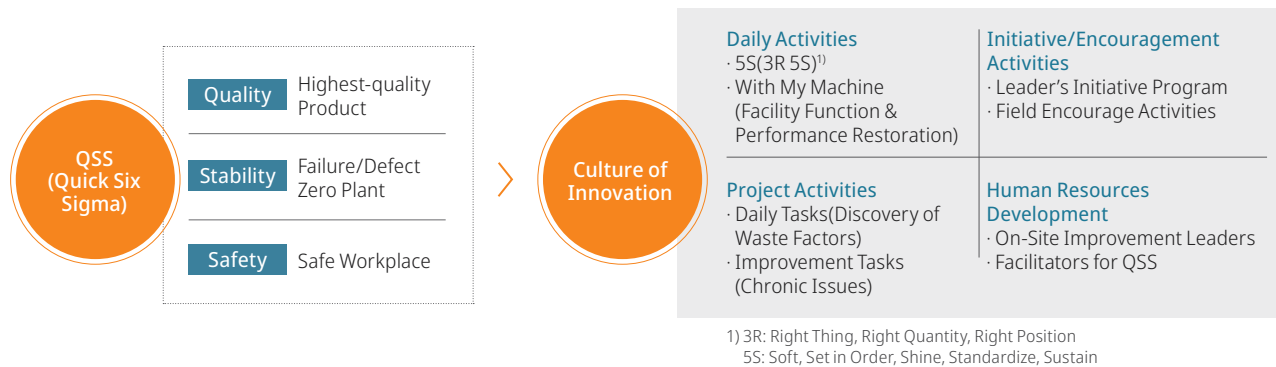
Quick Six Sigma(QSS) Initiative

There always exists the possibility of facility and safety incidents occurring on the shop floor, and this could undermine employees' satisfaction and business continuity. POSCO INTERNATIONAL launched the Quick Six Sigma(QSS) shop floor innovation initiative to prevent facility and safety risks and to improve productivity by identifying and improving on waste factors concerning facility, quality and space. This initiative was undertaken at the STS Division, the TMC Division, and the Plate Fabrication Division of POSCO SPS in Korea, and at the overseas worksites of the Myanmar Shwe Project, textile factories in Uzbekistan, and PT. BIA in Indonesia.

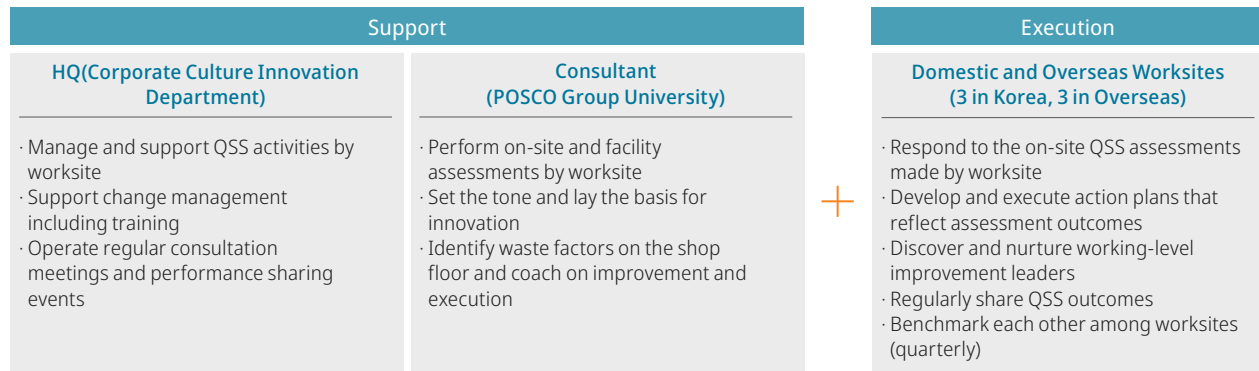
QSS Execution System

Quick Six Sigma(QSS), POSCO's unique and proven innovation methodology, was introduced to POSCO INTERNATIONAL's manufacturing sites in Korea and abroad. Our Corporate Culture Innovation Department is undertaking the QSS initiative in collaboration with shop floor innovation experts(QSS consultants) from POSCO Group University, and the initiative consists of daily improvement activities, task activities, leadership & encouragement activities, and talent development.

I QSS Execution Direction



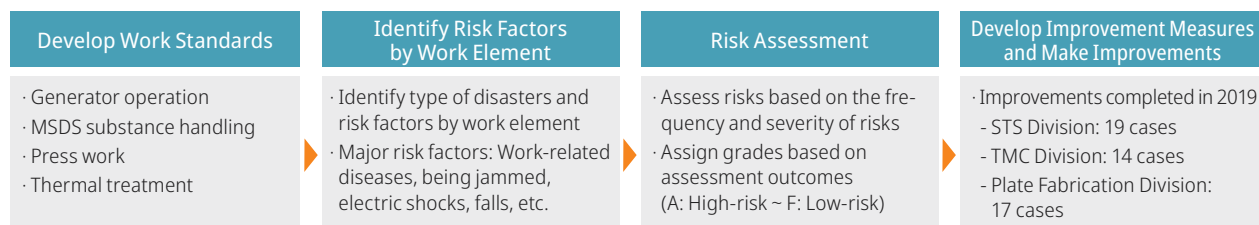
I QSS Execution System



QSS Diagnostic Assessment

QSS diagnostic assessments are made at respective worksites on their shop floor equipment and work environment. In addition to worksite-specific preliminary self-reviews, diagnostic assessments are performed by the HQ and assessment outcomes are used in developing and implementing QSS improvement plans. This is followed by regular monitoring to prevent issues from reoccurring.

I QSS Diagnostic Assessment Process



QSS Improvements Made

Case 01

Identifying and improving safety risks



STS Division
Sung-Wook Seo,
Section Leader

The STS Division launched varying safety management activities to create a safe and productive work environment. In particular, we conducted tailor-made shop floor safety inspections to identify safety risk factors and made improvements on 147 such factors. For instance, piling up products and goods-in-progress on the floor were banned, and anti-roll devices were installed in designated storage spaces to prevent slips from occurring. In addition, coverings were placed on equipment switches to prevent their malfunction and the resulting safety incidents.



• Anti-roll Devices Installed



• Malfunction Prevention Coverings Placed

To improve shop floor work conditions, the TMC Division selected 31 areas for intensive improvement and launched the 5S model initiative. Mold maintenance room at our Cheonan Plant faced difficulties in performing work as items either unused or in storage occupied a large portion of its space, and facility aging required comprehensive improvement in the entire work environment. We placed items and equipment from the user-centric perspective to secure additional spaces while flattening and painting the floor to improve the internal environment. Meanwhile, we identified that oil was leaking due to the aging oil pressure pipes of recoiler coil car pit at Slitter No. 4 of our Pohang Plant, and replaced oil pressure pipes with new ones and re-clamped recoiler-connecting pipes to prevent oil leaks.



• Before and After the Renovation of the Work Environment at Mold Maintenance Room (Cheonan Plant)



• Before and After the Improvement of Oil Leaks at Slitter No.4(Pohang Plant)

Case 02

Improving the work environment for employee safety and productivity gains



TMC Division
Il-Woo Jang,
Manager

Case 03

Developing a human-sensing access alert device for crane operation



Plate Fabrication Division
Gun-Woo Kim,
Manager

Crane work places high risks of occupational injuries caused by falling boards or collisions. The Plate Fabrication Division is currently developing a human-sensing access alert device to prevent safety incidents caused when workers approach cranes under operation. If a worker comes within the 2-meter safety zone during crane transport, this device automatically detects the worker's presence and informs the manager in real time through a dedicated smartphone application to reduce incident rates. If completed, a pilot run will initiate for a portion of the cranes used at the plant, and the device will be distributed across the entire worksites based on test results.

• Human-sensing Access Alert Device for Crane Operation



Making a Great Work Place

POSCO INTERNATIONAL endeavors to improve employee satisfaction and create a sound corporate culture through interactive labor-management communication. The Labor Management Council and P-GWP are just some of the diverse communication channels that we operate to gather feedback from employees and reflect such feedback in delivering a great work place.

Sound Labor Relations

Facilitation of the Labor Management Council

Our Labor Management Council serves as a representative body of employees in addition to playing a pivotal role in labor management communication. The decisions made at the Council and the collective agreements signed with the labor union apply to all our employees. In 2019, its mandate to gather employee feedback and grievances was further reinforced to improve on wage increases and compensation and welfare & benefits programs. Furthermore, council members representing the labor side visited overseas worksites to better collect feedback from our overseas employees.

I Composition of the Labor Management Council and Labor Unions

Worksite	Type of Organization	Membership(Ratio)
HQ	Labor Management Council	7 members from labor and management respectively
STS Division	Labor Management Council	4 members from labor and management respectively
	Labor Union(2 Units)	· 247 employees in Ansan(100%) · 32 employees in Pohang(100%)
TMC Division	Labor Management Council	4 members from labor and management respectively
	Labor Union(2 Units)	· 61 employees in Cheonan(58%) · 84 employees in Pohang(73%)
Plate Fabrication Division	Labor Management Council	3 members from labor and management respectively

Gathering Employee Feedback

To focus on employee feedback, we support the activities of labor members through the Labor Management Council. Such feedback is included in the agenda of council meetings so that they are substantially put into action. In 2019, meaningful institutional improvements were made on wage increases, career development support, work environment improvement, dissemination of equal corporate culture, and counseling program support. In addition, eight labor members of the Council visited PT. BIA in Indonesia to heed the voice of local employees. They conveyed their gratitude to local staff for their hard work under relatively substandard labor conditions, and gathered the difficulties and suggestions raised locally.

HR and Labor Support for Overseas Worksites

We published and distributed the Global Labor Management Communal Guideline with major conventions of the International Labor Organization(ILO). The guide consists of 80 items in total, and can be used for self-directed assessments at the worksite-level for HR and labor risk management. For overseas worksites that exceed

a certain threshold in size, country-specific precautions on labor management concerning employment, work hours, and wages were distributed to prevent regulatory violations. Reviews were also performed on major overseas worksites for their HR and labor operations. PT. BIA in Indonesia was reviewed for its compliance with local human rights and labor regulations to identify necessary improvements in the areas of HR and labor, occupational health and safety, and organizational culture. In addition, in our Indian trading subsidiary, we strengthened the HR-related internal standards such as execution of welfare and benefits, and conducted organizational culture assessment by collecting employee feedback.

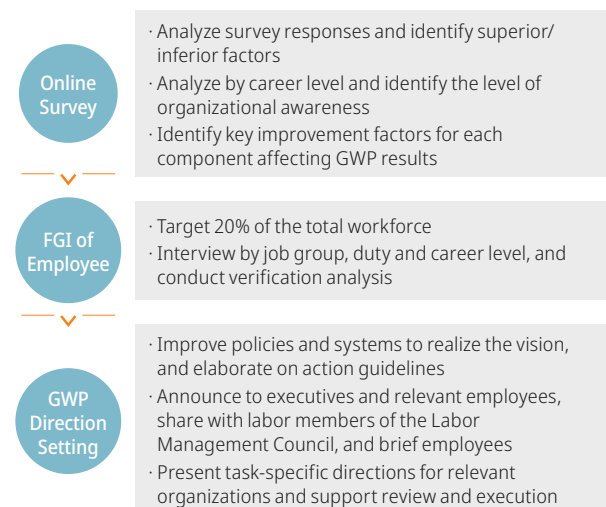
Making a Great Work Place

To improve employees' work satisfaction and engagement, POSCO -Great Work Place(P-GWP) surveys are conducted annually. Improvements identified as such are reflected in setting the direction each year to become a Great Work Place. In 2019, we promoted internally to facilitate the use of the Smart Work Center.

P-GWP Survey

As part of our annual organizational assessments, online P-GWP surveys and Focus Group Interviews(FGI) are conducted for all employees. In 2019, it was revealed that substantial institutional improvements led by millennials and expanded communication with senior management resulted in significant improvements in our institutional support system and leadership areas. This led to dramatic year-over-year increase in our ranking, leading into upper middle section among POSCO Group affiliates. We will translate analysis outcomes into tasks and integrate them in undertaking activities to become a great work place.

I Annual Process of Organizational Assessment



Improving Refresh Leave for Business Travelers

Refresh Leave is offered to employees who take frequent overseas business trips to promote their health and fitness. While employees wishing to take Refresh Leave had to gain approval on their leave application separately from the business travel application, this was improved by adding the Take Refresh Leave item on the application form to be automatically reflected within the system.

Improvement of Flextime Operation

After the introduction of company-wide Flextime, we gathered employee feedback through the Labor Management Council to increase its adoption. This led to additional work-hour options considering their children's school commute schedule. This system was also improved in such a way that employees wishing to apply for Flextime for reasons of work, childcare or self-development may do so at least one week before and one day before at the latest without submitting any documentary evidences.

Improvement of Leave Programs

Various leave programs were adopted while existing ones were improved for their more efficient use depending on employees' circumstances. We encouraged employees to take long-term leave(10 business days) to fully recharge themselves and increase their work immersion. By reflecting feedback from employees who wish to use their annual leave more flexibly, 0.25-day leave was created in addition to 0.5-day leave. While taking annual leave required the approval of organizational heads, this was changed to automatic notice given to them following self-approval. The TMC Division actively encourages employees to take leave on family anniversaries and offers a set amount of congratulatory grants.

Family Day

In consideration of the use of Flextime and traffic congestion during Friday evening rush hours, Family Day is operated in a way to leave office 40 minutes early while working 10 minutes longer each day from Monday to Thursday.

Facilitation of the Smart Work Center

Smart Work Center is up and running at POSCO Tower-Yeoksam in Seoul to reduce the time taken to move in working outside the office in Seoul, which takes three hours per day on average, and to create an efficient work environment. In 2019, internal publicity programs were launched to facilitate its use and establish smart work practices.



• Smart Work Center Promotion Campaign

Welfare and Benefits Programs

I Major Welfare and Benefits Programs

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Loan support

- Support employees in taking loans to purchase or rent a house or to ensure stable residential conditions



Childbirth and childcare support

- Operate daycare centers
- Support to pay for tuitions at kindergartens, primary/junior high/high schools and universities



Selective benefits

- Offer welfare points for employees to choose the welfare and benefits programs to customize their needs



Club activity support

- Support in-house clubs in paying for their activities to help club members enjoy quality time together and to create a sound workplace atmosphere



Resort use support

- Support employees to access membership benefits of condominium or resorts for their vacation



Healthcare and medical expense support

- Support annual health check-ups and help employees and their families pay for medical expenses

Retirement Pension Program

To help employees lead a stable life after retirement, we operate Defined Benefits(DB) and Defined Contribution(DC) plans for all employees.

I Retirement Pension Fund Operation

(Unit: KRW 100 million, No. of Persons)

Category		2017	2018	2019
Funds under Management	DB	1,110	1,177	1,330
	DC	1	1	1
No. of Employees	DB	1,353	1,355	1,411
	DC	5	14	14

Strengthened Support for Expatriates in Overseas Remote Areas

We upgraded support programs for expatriates assigned to overseas remote or undeveloped areas to expand our business presence in these regions. The Quality of Living Survey by Mercer¹⁾ and the bottom 30% threshold of official economic indicators were used to further grade remote areas and improve support programs accordingly. Our corporations and offices located in these areas are paid up to USD 9,000 in performance incentives, and their employees are assisted in paying for flight tickets for visiting family members while receiving allowances for staying away from their families for work and settlement grants. Employees working in alpine regions are eligible for a special healing program to pay for their transportation and accommodations when taking vacation in lower-lying areas.

1) Mercer evaluates local living conditions in 231 countries across the globe, and the data is used for the international operations of governments and major businesses.

Communicating with Stakeholders



Lively discussions are underway as demonstrated by the Business Roundtable Statement* and the 2020 Davos Forum that the purpose of corporations should be to 'pursue long-term values for all stakeholders' including customers, employees, suppliers and local communities, rather than to 'pursue short-term gains' solely for shareholders. Cooperative partnership between businesses and stakeholders is essential to the sustainable development of local communities as well as to the success of business operations. Companies can pursue mutual sustainable growth by responding to stakeholders based on clear identification of stakeholders that interact with companies in the course of business conduct.

* In August 2019, CEOs of 181 businesses in the US convened to announce this statement defining the purpose of a corporation.

Risks

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

Opportunities

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

Our Approach

To fulfill its social responsibility as a global company, POSCO INTERNATIONAL actively communicates with stakeholders as a way to contribute to the development of domestic and overseas local communities where it operates and to the improvement of the quality of life for local residents.

Business With POSCO INTERNATIONAL



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

Society With POSCO INTERNATIONAL



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

People With POSCO INTERNATIONAL





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

POSCO INTERNATIONAL's Topic

	Issue	GRI Topic	Relevance to Financial Performance	Relevance to Non-financial Performance
5	Facilitating proactive stakeholder communication	• 102 Stakeholder Engagement	• Improve corporate value through the provision of accurate information on business operations	• Build trust-based relationships with stakeholders
7	Strengthening social contribution for local communities	• 203 Indirect Economic Impact • 413 Local Communities	• Strengthen market dominance through improved reputation in local communities	• Build an ecosystem of sustainable growth through community development • Improve corporate reputation and brand value

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

Our Commitments

Focus Area	2019 Plan	2019 Achievement	Evaluation	2020 Plan	Mid/Long-term Target
 Communication with Stakeholders	<ul style="list-style-type: none"> Strengthen the operational system of the CSR Committee Expand IR programs to strengthen communication with shareholders and investors Expand in-house webzine contents to strengthen communication with internal stakeholders 	<ul style="list-style-type: none"> Expanded ad-hoc meetings through e-mail communication to ensure agility in responding to CSR issues Strengthened IR activities for shareholders and investors to improve their understanding of our major business Strengthened in-house webzine contents to create a sound culture of communication with employees Identified and planned in-house webzine contents on ESG to improve employees' awareness 		<ul style="list-style-type: none"> Continue to strengthen the operation of the CSR Committee Continue to expand IR programs to strengthen communication with shareholders and investors Focus on the discovery of global contents to strengthen overseas communication 	<ul style="list-style-type: none"> Strengthen proactive communication with internal/external stakeholders Establish a CSR management system along the supply chain
 Social Contribution	<ul style="list-style-type: none"> Undertake proactive Corporate Citizenship activities through employee volunteering Train local healthcare professionals in developing countries to undertake and improve sustainable social contribution activities 	<ul style="list-style-type: none"> Proactively practiced the Corporate Citizenship philosophy through employees' voluntary participation Identified talent donation activities in alignment with employee in-house clubs Trained local healthcare professionals in developing countries as a sustainable and self-reliant medical volunteering activity 		<ul style="list-style-type: none"> Launch pro bono activities leveraging employees' work experience to strengthen social contribution Launch healthcare activities for the health of local communities in developing countries 	<ul style="list-style-type: none"> Resolve social issues and create social value through pro bono volunteering that leverages work experiences Lay the basis for medical social contribution to promote the self-reliance of developing countries

Evaluation Criteria : ● Achieved ● Partially Achieved ○ Not Achieved

Stakeholder Communication

POSCO INTERNATIONAL defines its major stakeholders as shareholders & investors, customers(markets), suppliers, employees, local communities & civic organization, and governments & international organizations who directly and indirectly interact with our business operations. We operate a range of communication channels to identify major pending issues and concerns by stakeholder group, and reflect them into our business conduct to advance sustainability management in a way that lives up to stakeholder expectations.

Stakeholder Communication Channels

Stakeholder	Major Issue	Major Communication Channel and Activity	Related Link
Shareholders & Investors	<ul style="list-style-type: none"> Shareholder value improvement Stable economic performance Corporate accessibility improvement Transparent governance 	<ul style="list-style-type: none"> Make disclosures/announcements through the General Shareholder Meeting and IR events Conduct IR events including analyst meetings and conference calls Publish the IR Letter through the website 	IR materials
Customers (Markets)	<ul style="list-style-type: none"> Maintenance of stable transactions Strengthen price and quality competitiveness Development of socially / environmentally-friendly products 	<ul style="list-style-type: none"> Collect feedback from responsible staff through interviews Receive feedback through the website and e-mails 	Feedback collection channels Business inquiries
Suppliers	<ul style="list-style-type: none"> Work environment improvement Support suppliers strengthen competency Communication facilitation including the sharing of market Information 	<ul style="list-style-type: none"> Hold Fair Trade Compliance Council meetings and management meetings Support suppliers with quality and process improvement Collect feedback from responsible staff through interviews Receive feedback through the website and e-mails 	Feedback collection channels
Employees	<ul style="list-style-type: none"> Employee competency development Work-life balance Fair evaluation and compensation Facilitation of labor-management collaboration Workplace safety 	<ul style="list-style-type: none"> Hold Labor Management Council meetings and operate the grievance mechanism Collect feedback from employees and offer individual counseling Operate the in-house webzine and perform employee satisfaction surveys(P-GWP) 	Feedback collection channels
Local Communities/ Civic Organizations	<ul style="list-style-type: none"> Community development Human rights protection Resolution of social issues 	<ul style="list-style-type: none"> Hold discussion meetings with local residents Respond to stakeholder inquiries through CSR activities Receive feedback through the website and e-mails 	Feedback collection channels e-mail to receive feedback
Governments/ International Organizations	<ul style="list-style-type: none"> Fair trade Human rights protection Environmental protection 	<ul style="list-style-type: none"> Hold discussion meetings with local residents Respond to stakeholder inquiries through CSR activities Receive feedback through the website and e-mails 	Feedback collection channels e-mail to receive feedback



Sustainability Report 2019

POSCO INTERNATIONAL reports its achievements in fulfilling economic, social and environmental responsibility each year. Such reports assist the Company in transparently disclosing sustainability management activities and communicating its sustainability management in general with wide-ranging stakeholders.

<http://www.poscointl.com/eng/sustainManageReport.do>



Indonesia Safety Report 2019

This is PT. BIA's Environmental Management Plan(RKL) and Environmental Monitoring Plan(RPL) report to disclose its achievements in environmental management performance, concerning plantation water quality, air, soil erosion, biodiversity and local social contribution activities.



Environmental and Social Impact Assessment for Shwe Project Phase 3 Development

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

<http://www.poscointl.com/eng/environmentalReport.do>



Indonesia Environmental Report 2019

PT. BIA created its own safety management committee to provide regular safety management training on major facilities, equipment and vehicles, and publishes reports to disclose the outcomes of such activities.

Communication by Stakeholder Group

Communication with Shareholders & Investors

POSCO INTERNATIONAL, for the first time this year, reported on the financial aspects of sustainability in accordance with the Sustainable Accounting Standards Board(SASB) framework. This will provide financially significant ESG information to shareholders and investors to contribute to their informed investment decision-making. In addition, we host regular(4 times per year) and ad-hoc(roughly 10 times per month) IR events, and attend domestic/overseas conferences organized by securities firms more than 10 times per year to share information on our business that garners attention from shareholders and investors and help them better understand such business. In 2019, an IR event was held by inviting chief investment officers from asset management companies, and this served to improve market's understanding on our growth direction and financial performance and to maximize our corporate value.



• IR Events for Institutional Investors

Communication with Employees

We collect employee feedback with the help of labor representatives appointed at the Labor Management Council and labor unions, and make necessary improvements accordingly. In addition, we perform employee satisfaction survey(P-GWP) each year in order to identify their level of satisfaction and engagement with work life and reflect their feedback. Our in-house webzine(Dwitter) is used to share the Company's major activities and events and to host diverse events to create a culture of sound communication. In 2019, labor representatives at the Labor Management Council toured around overseas worksites to gather feedback from local staff who work under relatively substandard labor conditions and took necessary measures for improvement.

Communication with Local Communities

The Myanmar Shwe Project selects the representatives of villages in the vicinity of its worksite to hold public consultation meetings and regular stakeholder meetings that village heads and officials from the central and local governments attend. In so doing, the status of progress made on the project as well as its environmental and social impacts are transparently disclosed, and grievance boxes are installed and interviews with CSR staff are arranged to communicate with local residents. PT. BIA in Indonesia also gathers community feedback through the grievance boxes installed within its worksites and stakeholder interviews, and hosts public consultation meetings to share business information.

Stakeholder Interview by Sustainability Management Focus Area

POSCO INTERNATIONAL has interviewed stakeholders who represent the six focus areas of sustainability management on an annual basis since 2017 to proactively collect stakeholder feedback, and disclosed their outcomes through its sustainability reports. The interviews included in this report allowed us to understand where we are today from the viewpoint of stakeholders and to identify major issues. We will continuously strive to integrate invaluable feedback from stakeholders into our sustainability management over the long haul.

<p>Enhancing Business</p>	<p>Interviewee Craig Pasch, Country Manager(Korea) Woodside Energy Australia Asia Holdings</p> <p>Issue of Interest Partnership, Business Sustainability</p>	<p>Respecting Employees</p>	<p>Interviewee Jae-Wook Lim, Manager, Representative at the Labor Management Council</p> <p>Issue of Interest Human Rights, Labor Relations, Corporate Culture</p>
<p>Reinforcing Ethics Management</p>	<p>Interviewee Eun-Ju Sohn, Representative, Bioapp</p> <p>Issue of Interest Support for Partners, Shared Growth</p>	<p>Communicating with Stakeholders</p>	<p>Interviewee Eun-Kyung Lee, Chief & Senior Researcher, UN Global Compact Korea</p> <p>Issue of Interest Corporate Sustainability, Stakeholder Communication</p>
<p>Promoting Talent Development</p>	<p>Interviewee Preecha Asvavittayanont, D.G.Manager, POSCO INTERNATIONAL(Thailand) Co., Ltd.</p> <p>Issue of Interest Global Staff Development, Corporate Culture, Communication with the HQ and Overseas Organizations</p>	<p>Advancing Eco-friendly Management</p>	<p>Interviewee Djaka Riksanto, Assurance Manager, RSPO Indonesia</p> <p>Issue of Interest Mitigation of Environmental Impact, ESG Risk Management</p>

Interview

Enhancing Business



We would like to see POSCO INTERNATIONAL leverage its experience and expertise in the energy industry to contribute to improving access to safe and clean energy for all.



Craig Pasch
Country Manager, Woodside Energy

— **Please introduce your company and your business partnership with POSCO INTERNATIONAL.**

Woodside is one of the largest oil & gas companies in Australia, operating 6% of the global LNG supply with more than 60 years of experience. Woodside is also a joint venture partner with POSCO INTERNATIONAL in Block AD-7 in Myanmar, and Woodside Energy Trading has provided POSCO INTERNATIONAL with LNG spot cargo supply since 2019.

— **What do you think are the key elements of gas field exploration and development for a successful business?**

Gas field exploration and development has major impact on stakeholders within the host community. For this reason, it is important for gas field operators to demonstrate capability to meet stringent standards across the key areas of regulatory compliance, safety, and environmental impacts along with their ability to deliver positive impact to the community. This is indeed an essential factor in ensuring successful business operation, and gas field operators are granted a social license to operate in the community in so doing.

— **POSCO INTERNATIONAL is striving to balance its business with management sustainability. What are the sustainability management areas that E&P companies need to pay special attention to?**

For companies engaged in the upstream sector of gas field exploration and development, sustainability management is highly critical in every level of business conduct. For Woodside, this means listening and responding to concerns of the communities where we operate as well as doing the right thing by our employees and partners. To this end, we identify a wide range of stakeholders relevant to our business activities and regularly communicate with them to develop sustainable business implementation strategies. For any energy companies, their key sustainability areas would include meeting energy demand that is rising across the globe and ensuring access to cleaner, safer, and more reliable energy sources for all. POSCO INTERNATIONAL has diverse experience and expertise across the energy supply chain in exploration, development, gas purchasing and importing, and power markets, and is skilled at forging relationships across a broad range of countries to provide integrated energy solutions. We would like to see POSCO INTERNATIONAL leverage such strengths to contribute to improving accessibility to energy for all while conducting business sustainably.

— **What were your difficulties in growing your business, and what did you find most helpful in addressing them in assistance provided by POSCO INTERNATIONAL?**

Bioapp is a bio venture firm developing and producing vaccines for human and animal diseases including swine fever. Unlike other vaccine developers, we use plant cell-based 'green vaccine' technology. As SME ventures often start business with their original technology only without business know-how, they lack marketing and sales capabilities required in the post-development phase. As a company aiming to grow in the overseas market, we desperately needed to access the network of global companies. In addition, conducting clinical trials that are mandatory to develop African swine fever vaccines was difficult in Korea and we had to find overseas research facilities for clinical trials, which was extremely challenging for us as a SME venture business. POSCO INTERNATIONAL came forward to arrange a meeting with a state-run laboratory in Moscow through its Russian Office, and supported us every step of the way to the contract-signing phase. As the first partner chosen at the Company's Global Marketing Portal, we were able to focus on our expertise of developing vaccines through wide-ranging assistance provided by the Company in going global, and that was the very driving force behind the success that we reaped eventually.

— **What necessary improvements did you notice in collaborating with POSCO INTERNATIONAL, and what are your future plans?**

As our collaboration with POSCO INTERNATIONAL's HQ and local network proceeded on separate tracks, this resulted in dualized communication. An integrated communication platform will allow for more efficient communication in the years ahead. A communication channel for SME ventures collaborating with the Company to interact with one another will also help generate significant synergy. Our goal at Bioapp is to continue to grow on the basis of the Company's support and develop a win-win model to jointly pursue a range of global business opportunities. While we are on the receiving end of support for now, we would like to support other SME ventures in need of our assistance and contribute to a sound industrial ecosystem.

Interview

Reinforcing Ethics Management



We would like to grow as a global business partner for POSCO INTERNATIONAL and as a company that helps other SME ventures to create a win-win model within the ecosystem.



Eun-Ju Sohn
Representative, Bioapp

Interview

Promoting Talent Development



The Global Mobility Program was very useful in developing myself and knowing other staff working at the HQ and in other branches.



Preecha Asvavittayanont

Deputy General Manager,
POSCO INTERNATIONAL(Thailand) Co., Ltd.

— **What did you learn from your participation in the Global Mobility Program? How did this help you develop your career path and enhance global competitiveness?**

The Global Mobility Program(GMP) helped me a lot to see on-going business opportunities and experience the working style of the HQ. In addition, I was able to learn about how to develop new customers and give credit to customers to significantly improve our business competence. Developing myself by learning across diverse work areas and adopting the knowledge and information acquired as such for my current work, I earned a broader perspective in doing business.

As my main responsibility is the export of rice grown in Thailand to Korea and other countries, the Korean Class provided to global staff was very helpful. I learned the Korean alphabet and now I can use basic level Korean for my everyday work.

— **POSCO INTERNATIONAL operates a range of channels to communicate with global staff. How do these channels help you in any substantial manner and what are your suggestions for more active communication with global staff?**

The GMP and other diverse channels allowed me to communicate with the Company and learn more about the Company. I was able to know staff working at the HQ and in other branches, and build a broad network of my own with numerous branches to discuss more business opportunities. This network created through the GMP is surely a highly valuable resource in developing my individual competence, and if joint project opportunities are provided to reinforce such a network among global staff participating in the GMP, this will add to the strengths of this program. My suggestion is to expand communication channels such as Youtube that are easy to access for global staff from corporations and branches all across the world, in addition to the Global News Letter, to promote communication between the HQ and global staff.

— **What was the greatest achievement made at the Labor Management Council in 2019?**

Gathering feedback from employees helped us identify the need to improve on the low adoption of the existing Flextime program. To improve employee's work engagement and efficiency, a range of work hour options were introduced from coming to office at 1 p.m. and 0.25-day leave to scheduling work hours in consideration of children's school commute hours. In addition, the leave application process was simplified by eliminating the need to submit evidence documents while activities were undertaken to promote the use of the Smart Work Center that opened at POSCO Tower-Yeoksam in Seoul in 2018.

This was intended to reduce inefficient transport caused by our HQ located far away from Seoul and to expedite work process under the conditions that are identical to those of the HQ, allowing employees who work at the center to take a half day off without returning to the HQ. We plan to reflect employee feedback to constantly establish a smart and efficient work environment.

— **What are your expectations of the Company in creating a sound and sustainable labor-management culture?**

Since early 2020, COVID-19 is taking its toll on our employees and across the world. When face masks were barely available, the Company distributed them to employees every day, completely banned overseas business travel, and offered remote work options while creating supportive IT infrastructure, demonstrating its agility in ensuring the safety of employees.

The greatest strength of our labor-management culture lies in the value placed on employees as the first and foremost priority. It is only natural that employees who are loyal to the company generate exceptional performance. Such devotion and a sense of ownership on the part of employees are possible when there is mutual trust between the company and employees. It is my dear hope that the Company continue to communicate with employees and become a great work place beloved by its employees.

Interview

Respecting Employees



As we take this journey together to weather the current global challenge, we would like to pursue shared growth in the upcoming years based on mutual trust between the Company and employees.



Jae-Wook Lim

Representative,
Labor Management Council

Interview

Communicating with Stakeholders



By joining the UN Global Compact, businesses ensure their sustainability and further take on their responsibility under the Corporate Citizenship philosophy.



Eun-Kyung Lee
Chief & Senior Researcher,
UN Global Compact Korea

— **What is the significance of POSCO INTERNATIONAL, a Globally Integrated Corporation with extensive global presence, joining the UNGC and what are the topics and activities that the Company needs to focus on from the communication aspect to better endorse the UNGC's 10 principles?**

The UN Global Compact(UNGC) is the world's largest corporate citizenship initiative that recommends businesses to internalize the 10 principles in the areas of human rights, labor, environment and anti-corruption in their business operations and strategies to improve sustainability and join the corporate citizenship initiative, and presents practical plans to this end. Joining the UNGC implies that a business bears greater responsibility in conducting business. As global businesses have bigger impacts on countries and regions of the globe, it is deeply meaningful that the Company became a member of the UNGC.

In line with the increasingly tightening regulations and stakeholder requirements on businesses and human rights, the Company also needs to properly manage human rights and labor issues along the global supply chain. Appropriate guidelines and tailor-made training should be offered in consideration of country-specific conditions. Another important priority is to develop preventive procedures and well-functioning remediation mechanisms. The Company is also recommended to identify vulnerable groups facing high risk of human rights infringement in relation to its business management and operation, operate effective remediation mechanisms, and promote communication in a way that builds consensus among all stakeholders in the entire aforementioned process.

— **Please tell us your expectations of POSCO INTERNATIONAL in promoting more active communication in the years ahead.**

It is my impression that the Company sincerely reflects the stories told by stakeholders in its reports and fully heeds the voice of stakeholders. While numerous companies define their major stakeholder groups and disclose relevant communication channels, they rarely report on how their feedback is integrated or improvements are made. The key to stakeholder communication is that stakeholders themselves need to feel that their feedback is properly reflected.

I hope that the company present its commitment to improving corporate sustainability in a way that facilitates stakeholder understanding and communication, and continue to disclose the outcomes generated as a result of reflecting their feedback through reporting.

— **Please tell us about your organization.**

The Roundtable on Sustainable Palm Oil(RSPO) is a non-profit organization that unites stakeholders from the seven sectors of the palm oil industry(oil palm producers, processors or traders, customer goods manufacturers, retailers, banks/investors, and environmental and social non-governmental organizations) to develop and implement global standards for sustainable palm oil.

— **What was the most remarkable environmental achievement of POSCO INTERNATIONAL in the course of 2019, and what are the possible improvements to be made by the Company in the upcoming years?**

PT. BIO INTI AGRINDO(PT. BIA), as one of POSCO INTERNATIONAL's subsidiaries, is currently a member of the Roundtable on Sustainable Palm Oil(RSPO) and is working to achieve certification in accordance with the RSPO Principle and Criteria for Sustainable Palm Oil Production(RSPO P&C). This demonstrates PT. BIA's commitment to implementing sustainability practices in its business conduct to wide-ranging stakeholders. As an RSPO member, PT. BIA endeavors to identify the existence of High Conservation Value(HCV) areas within its concession and to monitor and manage these areas to maintain and enhance their environmental value. In addition, PT. BIA develops and implements plans to reduce GHG emissions generated from its day-to-day operation while adopting High Carbon Stock Approach(HCSA)¹⁾ and taking action accordingly. PT. BIA will take into account diverse impacts upon stakeholders generated from its business conduct and continue to make necessary improvements in the years to come.

— **What do you think is the most important issue for POSCO INTERNATIONAL to address in the years ahead? Please share your thoughts on the direction the Company needs to pursue in this regard.**

The most important issue for POSCO INTERNATIONAL as well as PT. BIA would be to reduce environmental load in business operation and seek shared growth with stakeholders. This could be addressed by communicating more actively with a range of stakeholders, including but not limited to local communities and NGOs working in the areas of environment and society. We hope that POSCO INTERNATIONAL will continue to lend an attentive ear to the voice of stakeholders and stay open-minded in reaching out to them.

¹⁾ HCSA is a methodology that distinguishes areas with low carbon and biodiversity values from degraded lands that may be developed in order to protect forests.

Interview

Advancing Eco-friendly Management



PT. BIA's ceaseless endeavors to embed sustainable practices into its business operation is truly impressive, and it is hoped that PT BIA will wisely handle the pending issue through more active communication with stakeholders.



Djaka Riksanto
Assurance Manager, RSPO Indonesia

Social Contribution

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

Social Contribution System



Social Contribution Volunteers

POSCO INT'L Supporters	<ul style="list-style-type: none"> • Establishment 2011 • Member All employees • Activity Supporting English class and experience-based programs for less privileged children through employees' talent donations
Friends Together Volunteers	<ul style="list-style-type: none"> • Establishment 2011 • Member Employees' female family members (wife, mother, mother in law) • Activity Volunteering for the 'Be the Parents' program, a one-day parenting program for children waiting to be adopted
HAHA ¹⁾ Volunteers	<ul style="list-style-type: none"> • Establishment 2012 • Member Employees' elementary school children • Activity Volunteering joined by employee families to perform local community volunteer programs for the less privileged

1) HAHA: Helping Around, Happy All

Social Contribution Funds

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POSCO INTERNATIONAL draws on various financial resources to implement social contribution programs in Korea and abroad. We donate for the less privileged to the Community Chest of Korea at the end of every year and operate our designated social contribution programs by using half of the donation funds raised as such. Furthermore, 'Employees 1% Sharing Funds' and the matching amount of grants offered by Company are donated to the POSCO 1% Foundation, out of which 50% are used to fund our internal social contribution programs. In addition, volunteer programs and company-wide campaigns are operated through the donations made by the Company.

I Social Contribution Expenses

(Unit: KRW 100 million)



9.1 10.2 10.7
2017 2018 2019

Social Contribution Program Aligned with Core Business

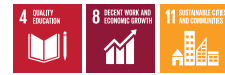
– Completing a PV Power Generation System on Manaung Island

We completed the construction of a photovoltaic(PV) power generation system on Manaung Island, located near the Myanmar Shwe Project site. While this island is populated by nearly 60,000 people, it has only three small generators to produce electricity and its power utility prices are higher than those in the mainland Myanmar, which allows only a minimal number of islanders to use electricity. The PV power system we provide combines 500 kW PV generation capacity with a 2,000 kWh energy storage system(ESS) to supply 24/7 electricity to more than 1,000 households on the island. This will allow the local community to operate the public healthcare center and other hygiene facilities and increase the productivity of its agricultural and fishing industries.



• PV Power Generation System on Manaung Island

Nurture Future Leaders



POSCO INTERNATIONAL considers talent as its top priority, and endeavors to expand educational opportunities for children and adolescents in Korea and abroad to nurture future leaders. In particular, we provide educational support programs to the less privileged who are relatively disadvantaged in access to quality education to protect their right to education.

Educational Support for Multicultural Families and Immigrant Youth

Increase in international marriages and the number of children who come to Korea with their mother married to a Korean man highlights the need for wide-ranging support to help immigrant youth adapt to their new life in Korea. We have been operating programs since 2015 to help immigrant youth living in Incheon gain emotional stability and adapt well to Korean society. We assist them to prepare for the Test of Proficiency in Korean (TOPIK) and the nationality acquisition test while offering education on the Korean language and other topics required for their adaptation to Korea. Furthermore, we provide arts and music therapy to help them better cope with the identity crisis and linguistic and cultural conflicts that may occur while adapting to a new environment. Since 2017, we have hosted the exhibitions of art works created by these youth during art psychotherapy sessions at the office building lobby. Not only does this encourage immigrant youth to develop confidence, but also allows visitors as well as employees to improve their understanding of and interest in them. The TMC Division operates level-specific Korean learning classes to help immigrant women from multicultural families settle in Korean society and understand Korean culture. Summer camps are also provided to multicultural families to experience Korean history and culture to help resolve parent-child conflicts that may affect these families and form stable relationships as a result.



• Exhibition of Art Works Created by Immigrant Youth

Scholarship Support to Nurture Science and Engineering Talent in Uzbekistan

POSCO INTERNATIONAL has provided scholarships to local undergraduates with science and engineering majors since 2018 to contribute to the Uzbekistan government's policy to nurture science and engineering talent. Through the recommendations made by the Uzbekistan Ministry of Higher Education and local universities, 20 top-performing students from less privileged families were chosen at the Tashkent State Technology University and the Tashkent Chemical-Technological Institute to be provided with supportive learning environment as they had to work and study, and hence could not focus on their education. POSCO INTERNATIONAL Textile is also awarding scholarships to undergraduates in Fergana where its factory is located. With a goal of establishing a mutually-beneficial virtuous cycle that promotes the growth of local talent into the leaders of community development, POSCO INTERNATIONAL aims to continue with the scholarship program in the years ahead.



• Scholarships Offered to Science and Engineering Majors in Uzbekistan

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

Every student should be able to exercise the right to education and learning by meeting their educational needs in various educational environments. Visually-impaired students, however, often fail to meet such essential needs due to the shortage of special education equipment that enables them to use their residual vision, tactile sensation or hearing. This prompted POSCO INTERNATIONAL to produce and donate 3D tactile teaching aids for these students who face difficulties in continuing their education. In 2019, tactile braille teaching aids were developed through 3D printers to improve students' understanding of music lessons that are difficult to be delivered through the use of braille alone. Following their completion, 70 pieces of these tactile teaching aids were donated to 61 special schools for visually-impaired students and relevant organizations (braille libraries and special education support centers) to assist students with visual impairments in improving their access to education.



• 3D Tactile Teaching Aids under Production

Provide Medicare Support



POSCO INTERNATIONAL is implementing diverse social contribution programs to improve access to healthcare in medically-underserved areas. This will surely enable us to resolve inequalities in medical service and strengthen the safety net in the areas with unmet medical needs.

Promoting Eye Health of the Less Privileged in Uzbekistan

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POSCO INTERNATIONAL is implementing medical social contribution programs to prevent the loss of vision and promote eye health for less privileged people who face the risk of losing their sight due to changing climate conditions and poor healthcare infrastructure. Our Eye Camp program was initiated back in 2014 in conjunction with an international relief organization dedicated to the prevention of blindness, in Fergana and Bukhara where our textile factories are located, and this provided free-of-charge ophthalmic treatment and surgical procedures as well as glasses to a total of 12,210 people on a cumulative basis as of 2019. The ultimate goal of our eye health promotion project is to nurture local healthcare professionals to lay the basis for self-reliant medical infrastructure. In 2019, we provided the masterclass program to train nearly 60 local eye care professionals at a children's hospital in Fergana and supported a total of 24 children in receiving free-of-charge cataract operations. In Bukhara, Eye Camp was launched for less privileged local residents to provide them with prescription and magnifying glasses based on eye test results.



• Support for Eye Health Promotion in Uzbekistan

Improving the Healthcare Environment for Local Residents in the Vicinity of Indonesian Palm Plantations

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POSCO INTERNATIONAL has been undertaking medical social contribution programs since 2016 to improve the healthcare environment of Papua, Indonesia, where its palm plantations are based. In partnership with Korea University Ansan Hospital, the Women's Health Foundation, the Seegene Medical Foundation, EONE Laboratories and local medical professionals, we provided basic health check-ups, counseling and treatment, and medicine prescription to local people in 2019. In addition, training was offered to local medical professionals on the proper use of medical equipment while basic healthcare training was provided to locals concerning precautions to be taken by expectant mothers and hygiene awareness. We will undertake medical social contribution programs with respect for human rights to ensure equitable access to healthcare services for those living in underdeveloped regions, and will continue to explore ways to contribute to local communities to create a virtuous cycle of mutual benefits that promotes shared growth with local residents.



• Improving the Healthcare Environment of Indonesia

Medical Volunteering for Children with Facial Deformities in Myanmar

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Facial deformity operations require highly advanced medical skills and impose a heavy financial burden on patients, and this underscores the urgent need for international medical cooperation in developing countries that lack medical technology and social security systems. POSCO INTERNATIONAL has been operating the 'Smile for Children' program to help children with facial deformities receive free-of-charge surgery in Myanmar. In cooperation with Seoul National University Bundang Hospital, the Myanmar healthcare authorities and Yangon General Hospital, this program assisted 47 children suffering from cleft lips and palates in undergoing free-of-charge surgeries in 2019. This was followed by the donation of medical equipment and supplies and medications for these children to receive continued post-surgery follow-up management. Medical seminars were also hosted in partnership with Seoul National University Bundang Hospital to transfer surgical skills and know-how to local healthcare professionals who were also invited to Korea for the direct transfer of medical skills. POSCO INTERNATIONAL is growing hand-in-hand with its Myanmar communities, and will continue with its medical social contribution to improve the quality of life for the less privileged in the country.



• Medical Volunteering for Children with Facial Deformities in Myanmar



Caring for the Less Privileged

POSCO INTERNATIONAL aims to protect the rights of the less privileged in society and improve their quality of life. To this end, we listen to the voice of local residents to give back to society in a way that offers practical help.

Making Holiday Gift Boxes for Less Privileged Children in Incheon

While Korean New Year and Korean Thanksgiving represent the nation's most significant holidays when people share the warmth of their heart with neighbors, they could be a time of even greater difficulties and loneliness for less privileged children who live with a single parent or with grandparents only and thus face financial constraints. Since 2013, POSCO INTERNATIONAL has made and delivered holiday gift boxes to help these children feel the warm spirit of these holidays. Our employees personally create gift boxes that contain daily necessities and school supplies, and write postcards with encouraging messages to attach to gift boxes. In 2019, these gift boxes were donated to nearly 400 children registered at the local childcare center association in Yeonsu-gu, Incheon. We will never spare any efforts in assisting these children to become a healthy and responsible member of society who can lend a helping hand to those in need.



• Making Holiday Gift Boxes

Collective Blood Donations to Save Lives

POSCO INTERNATIONAL is keenly aware of the nationwide shortage of blood supply caused by a decline in the number of blood donors attributable to low birth rates and aging society. Our bimonthly collective blood donation campaign was launched in 2016 with the Incheon Blood Bank of the Korean National Red Cross to help save the life of patients who find it difficult to receive blood transfusion. In 2019, this campaign was joined by 190 employees, and 100 blood donation certificates donated by our employees were delivered to the Korea Pediatric Cancer Foundation to assist pediatric cancer patients in receiving surgery. In recognition of such endeavors, we were awarded with the Incheon City Mayor's Citation for Encouraging Blood Donation on World Blood Donor Day on June 14, 2019.



• Employees Making Collective Blood Donations

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

We have been supporting infants waiting for adoption since 2015 to improve social perceptions on adoption and share parental love with infants on the adoption waiting list. In 2019, our 'Making Baby Angel Handkerchiefs for Infants Waiting for Adoption' campaign helped make 600 handkerchiefs and donate basic childcare supplies for the healthy growth of these infants. Our Friends Together Volunteers lent their helping hand in taking care of infants waiting for adoption and having excursions with them. Going forward, POSCO INTERNATIONAL will continue to share its warmth of love with less privileged children in need of care and love.



• Gifts of Love for Infants on the Adoption Waiting List

Special Charity Pot Campaign for the Less Privileged

To share the warmth of loving heart with the less privileged in society, POSCO INTERNATIONAL has launched the 'Special Charity Pot Campaign' with the Salvation Army Charity Pot Headquarters since 2014. In 2019, HAHA child volunteers who are the children of our employees joined the street fundraising campaign of the Salvation Army, and made 60 kits of 'Get Well Soon' for children with cancer and donated them to pediatric cancer patients in Korea.



• HAHA Volunteers Joining the Special Charity Pot Campaign

Talent Donations Made by Employees

Talent donations made by in-house club members were added to our social contribution programs. Our flower arrangement club volunteered to make a pot of green shrubs with children from local children centers and immigrant youth as a way of making talent donations. In particular, those pots made by immigrant adolescents were delivered to nearby neighbors to create a virtuous cycle of donation. Our classical music club offered an opportunity to immigrant youth to enjoy classical music to support their cultural life and emotional stability. In 2019, a total of 22 employees joined this talent donation initiative, and this will further expand in the upcoming years.



• In-house Club Members Making Talent Donations

Donating Kimchi in Summer for the Elderly at the Senior Welfare Center

The STS Division has been making kimchi in summer each year for the elderly in the local senior welfare center in Danwon-gu, Ansan City where its worksite is located since 2014. When kimchi made in winter for the following one year starts to run out in summer, employees from the Division volunteer to make kimchi and deliver them to less privileged seniors. As STS Division's unique social contribution program, this helped donate cabbage kimchi and cucumber kimchi along with side dishes to more than 100 seniors in 2019.



• Donation Kimchi in Summer for Seniors at the Local Senior Welfare Center

Support for the Less Privileged in Local Communities Near Worksites

The TMC Division operates a soup kitchen for the less privileged in Cheonan where its worksite is based. Employees are directly engaged in preparing meals and washing the dishes, and this soup kitchen is open every Friday to serve lunch for the homeless and seniors living alone. In 2019, warm meals were provided to more than 2,700 people on 30 occasions. In addition, a hands-on learning program is provided to less privileged children in local communities in the vicinity of our Pohang worksite. Every month, a variety of hands-on learning programs are offered to support less privileged children in receiving emotional therapy and developing their talent. In 2019, 20 children from local children centers were given a chance to join diverse experience-based learning, including furniture making, on five occasions. In addition, idle land within our worksites is used as vegetable gardens to grow farm products and donate them as organic food to nearby welfare centers for children and the homeless.



• Supporting Children at Local Children Center with Hands-on Learning

Advancing Eco-friendly Management



The Special Report on Global Warming of 1.5°C published by the Intergovernmental Panel on Climate Change (IPCC) was unanimously adopted by 195 governments across the globe, which underlined the severity of environmental and social issues to be caused by climate change and the need to proactively respond to these challenges.

The global community is setting common goals to address environmental issues and tightening pertinent regulations, and global businesses concur to bear their environmental responsibility and take the initiative to protect the environment.

Risks

- Increasing compliance issues in line with tightening environmental regulations
- Growing physical risks at worksites due to abnormal weather conditions including typhoons, floods and droughts

Opportunities

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

Our Approach

POSCO INTERNATIONAL is implementing eco-friendly management to proactively respond to global warming and the resulting climate change and to minimize any negative environmental impact. To this end, we have established a company-wide environmental management system and keep our eyes wide open for new business opportunities in the climate change sector.

Business With POSCO INTERNATIONAL



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

Society With POSCO INTERNATIONAL



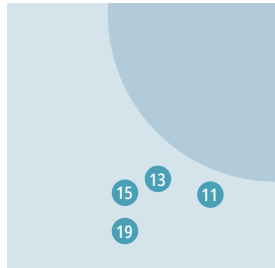
We will practice eco-friendly management to mitigate negative environmental impact on society and constantly live up to stakeholder expectations.

People With POSCO INTERNATIONAL



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



POSCO INTERNATIONAL's Topic



Issue	GRI Aspect	Relevance to Financial Performance	Relevance to Non-financial Performance
11 Responding to climate change	· 201 Economic Performance · 302 Energy · 305 Emissions	· Increase new business opportunities · Reduce costs from efficient energy consumption	· Respond to stakeholder requests on environmental issues · Minimize environmental impact
13 Endorsing environmental initiatives	· 307 Environmental Compliance	· Suffer impact on business operations(e.g. suspension of operation) when the issue concerned is highly critical	· Respond to stakeholder requests on environmental issues · Suffer degradation in corporate reputation and brand value when conducting business in an unethical way
15 Reducing environmental impact at workplace	· 303 Water · 306 Effluents and Waste	· Achieve monetary gains by considering environmental impact	· Minimize environmental impact
19 Promoting biodiversity and environmental protection	· 304 Biodiversity	· Incur monetary losses – sanctions (business suspension and penalty) and boycotts – in the event of failure to manage environmental risks	· Preserve the ecosystem by reducing negative environmental impact

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

Our Commitments

Focus Area	2019 Plan	2019 Achievement	Evaluation	2020 Plan	Mid/Long-term Target
 Mitigation of Environmental Impact from the Workplace	<ul style="list-style-type: none"> Remain certified under ISO 14001(2015) Turn waste from the workplace into recyclable sources 	<ul style="list-style-type: none"> Maintained ISO 14001(2015) Expanded the recycling of waste from the workplace (effluent treatment: landfill → recycling) Reduced scrap generation by 1.24% from the previous year Exceeded the set target in recycling inner rings for STRIP packaging (141 units/m on average) 	●	<ul style="list-style-type: none"> Renew and maintain ISO 14001(2015) Reduce the emission concentration of NOx Respond to the total emission regulations under the Atmosphere Control Zone Act Respond to the implementation review of risk management plans under the Chemicals Control Act Respond to environmental information exchanges and assessments at POSCO Group 	<ul style="list-style-type: none"> Maintain the eco-friendly management system Strengthen the generation of environmental performance based on ISO 14001
 Response to Climate Change	<ul style="list-style-type: none"> Continue to identify and execute GHG emission mitigation items at independent business divisions Reach 380,000 units in the sales of EV traction motor cores 	<ul style="list-style-type: none"> Posted 400,000 units in the sales of EV traction motor cores Signed an MOU to create a 'Plant in the Forest' with Gyeonggi Province and reached the set target(plant 100 trees) to help reduce PM levels Reduced city gas(fuel) consumption and GHG emissions by improving the air-fuel ratio through thermal treatment(oxygen concentration fell from 9.8% to 5.0% and under) Set the proper flow for cooling water main pumps through assessment and switched to high-efficiency pumps(power consumption fell from 150 KW to 100 KW) 	●	<ul style="list-style-type: none"> Reach 700,000 units in the sales of EV traction motor cores Set reduction plans through energy assessments Identify new items to reduce GHG emissions and reach the set target Successfully operate the cook stove project in Myanmar 	<ul style="list-style-type: none"> Preemptively respond to the GHG Target Management System Produce and sell green products Shift the business structure to focus on EV traction motor cores Introduce an energy management system to monitor power consumption in real time(steam, city gas)

Evaluation Criteria : ● Achieved ● Partially Achieved ○ Not Achieved

Mitigation of Environmental Impact from the Workplace

We take a multi-faceted approach to minimizing the environmental impact generated by our business operations. We identify and manage environmental risks on the basis of our environmental management system, discover and execute tasks to mitigate our environmental impact.

Eco-friendly Management

We advance eco-friendly management and manage our environmental risks to fulfill our responsibility as a corporate citizen. Specifically, we stipulated the Practice Guidelines for Protection of Environment and Preservation of Eco-system and ensure that these guidelines serve as the basis of our entire business operations.

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

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

1 Establishment of an Environmental Management System

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

2 Compliance with Environmental Laws and Improvement on Environmental Impacts

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

3 Response to Climate Change

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

4 Protection of the Environment and the Eco-system

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

Eco-friendly Worksite Operation(HQ)

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

Environmental Management System Certification

The STS Division and the TMC Division as well as the Headquarters practice systemic environmental management in accordance with the requirements set by the international environmental management standard ISO 14001. Each year, necessary environ-

mental improvements are identified through self-directed internal audits and the surveillance audits performed by professional auditors, and proper actions are taken to manage environmental performance. Any issue that requires remedies is immediately addressed in the field.



Ratio of ISO 14001-certified worksites

50% (Ansan, Cheonan, and Pohang)

Environmental Investment Plan

We continue to make environmental investments to mitigate environmental impact from our business operations. Each year, investment plans are set and implemented to reduce environmental impact while increasing environmental benefits through equipment replacement and green product development. In 2019, KRW 545 million was invested by the Headquarters and POSCO SPS to improve the work environment and to reduce the consumption of resources and environment-related expenses.

Environmental Investments Made in 2019

Worksite	Investment Plan	Execution Rate
HQ	·Landscape maintenance near the HQ	100% (KRW 80 million)
STS Division	·Measurement of hydrocarbon discharge concentrations at HAPs fugitive emission facilities ·Sludge cleaning at the final outlet of 2 ZRM oil mist duct collectors ·Improvement of air emission control equipment at narrow precision BAL(Bright Annealing Line)	100% (KRW 160 million)
TMC Division	Improvement of heat-retaining and insulation performance	100% (KRW 45 million)
Plate Fabrication Division	Pre-processing R.T.O equipment construction to improve on hydrocarbon discharge concentrations	100% (KRW 260 million)

Environmental Investment Expenses

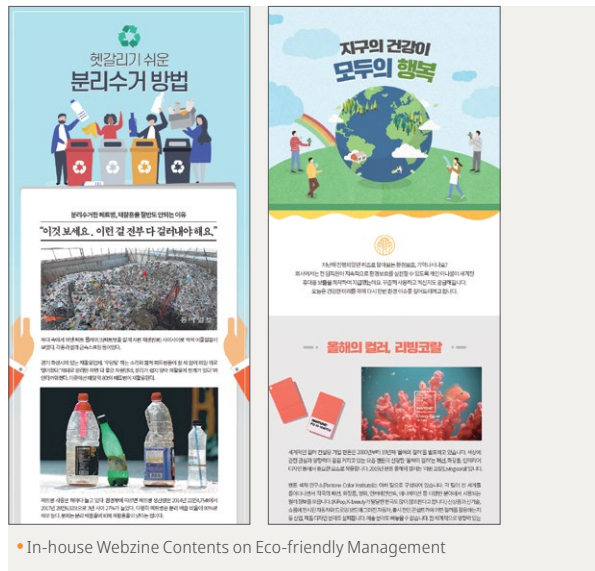
(Unit: KRW million)



42 370 545
2017 2018 2019

Improving Employees' Environmental Awareness

Campaigns are launched to improve employees' awareness on environmental management. Information on environmental protection activities that are easy to practice in their work/personal life is posted through our in-house webzine 'Dwitter'. In 2019, noteworthy environmental issues were featured, and tips were shared on how to properly sort out waste, which often causes confusion. In addition, an event was held to encourage employees to post and share environmental protection activities they are aware of.



Recycling of Raw/Subsidiary Materials

The STS Division is committed to recycling the raw and subsidiary materials consumed in the manufacturing process. Scraps generated from stainless processing are fully recovered to be fed back into the manufacturing process. In addition, steel interleaving paper used as a subsidiary material at cold mills was replaced with SPM recycled paper to reduce the consumption of raw and subsidiary materials in addition to saving costs. The use of SPM recycled paper rose by 21.2%p from 64.6% in 2018 to 85.5% in 2019.

I Recycling of Stainless Steel at the STS Division

(Unit: Ton)

Category	2017	2018	2019
Return to the Maker(POSCO)	5,587	4,892	5,078
Provision to Recycling Companies	4,851	5,527	5,063
Total	10,438	10,419	10,141

Water and Sewage/Effluent Management

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We monitor water consumption on a monthly basis at worksites and major facilities to ensure its efficient management. As to those facilities whose water consumption increased, causes are identified and necessary improvements are made. We apply internal criteria that are even more stringent than legally-permissible standards to the management of all effluents generated from our worksites.

I Water Consumption and Sewage/Effluent Discharge (Unit: Ton)

Category	2017	2018	2019
Water Consumption	471,966	547,779	520,269
Sewage/Effluent Discharge	316,038	405,877	406,429

* Based on the HQ and POSCO SPS

** Water is not withdrawn nor consumed in areas with 'High' or 'Extremely High' Water Stress levels in accordance with the World Resource Institute(WRI) classifications

*** Data on water consumption and sewage/effluent generation in 2017 was corrected due to calculation errors.

Waste and Air Pollutant Management

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We manage the discharge of waste and air pollutants generated from our business operations. We implement stricter internal management criteria than legally-permissible standards in setting and managing waste and air pollutant discharge targets, and endeavor in multiple ways to reduce discharges while increasing the recycling of waste.

I Waste Generation and Recycling

(Unit: Ton)

Category	2017	2018	2019
Generation of General Waste	3,095	2,913	2,523
Generation of Hazardous Waste	0	0	0
Recycling	171	203	1,430
Rate of Recycling	5.5	7.0	56.7

* Based on the HQ and POSCO SPS

I Air Pollutant Emissions

(Unit: Ton)

Category	2017	2018	2019
SOx	0	0.15	0.05
NOx	36	36	25
Dust	5	4	2

* Based on the HQ and POSCO SPS

Environmental Management at Overseas Worksites

Establishing an Environmental Management System at the Myanmar Shwe Project

To promote systemic environmental management at the Myanmar Shwe Project site, we established an environmental management system in accordance with the international environmental management standard ISO 14001 and acquired certification. Relevant procedural revisions and system development started in July 2018, and ISO 14001:2015 certification was granted in July 2019 following internal/external audits. Henceforward, we will identify and take care of necessary environmental management improvements via annual internal audits along with follow-up audits performed by experts in order to continue to manage our environmental management system at the level of global standards.

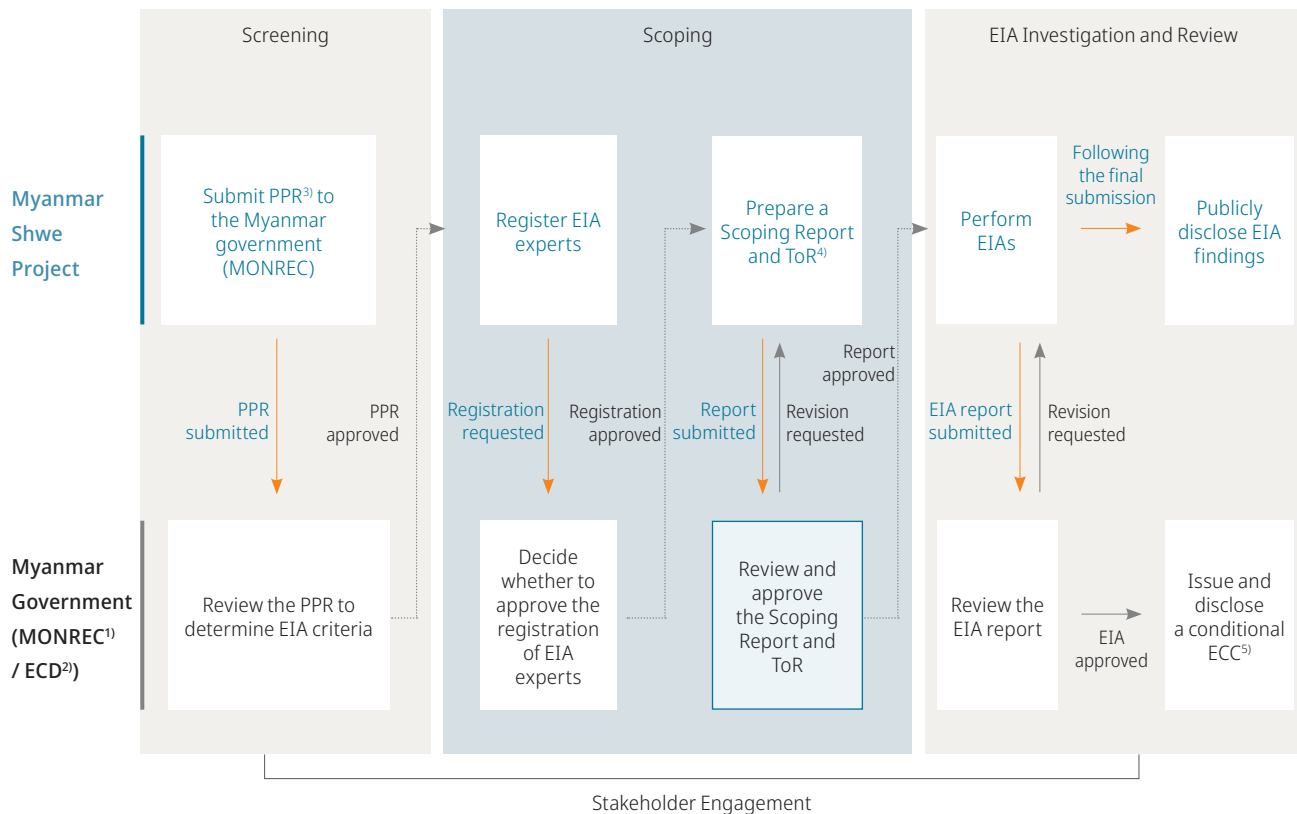
Environmental Impact Assessment

Each year, environmental impact assessments(EIA) are performed on the entire process of our gas field development business from exploration and development to operation. EIAs serve as a tool to consider environmental aspects in the planning level of the business development, and are used to predict environmental impacts that may occur during the execution of the development projects in order to develop measures to mitigate such impacts beforehand. EIAs are generally proceeded in the order of Screening, Scoping and Investigation & Review, and the results are released to shareholders via the report on the Company website.

Environmental Management Planning

Environmental impact assessments are conducted to evaluate the impacts and risks generated from our business operations. Based on the results, we develop Environmental Management Plans(EMP) to implement mitigation measures and minimize environmental impacts. Furthermore, third-party audits are performed to ensure the objectivity and credibility of our environmental management.

I Environmental Impact Assessment(EIA) Process



1) MONREC: Ministry of Natural Resource Environmental Conservation

2) ECD: Environmental Conservation Department

3) PPR: Project Proposal Report

4) ToR: Terms of Reference

5) ECC: Environmental Compliance Certificate

Environmental Conservation Program

While looking for measures to mitigate the damage that Myanmar often suffers from frequent natural disasters, we took note of mangrove trees for their potential to prevent adverse impacts from cyclones or floods. Our partnership with the local NGO Mangrove Service Network(MSN) began in 2011 to create mangrove forests in the region of Kyauk Phyu in Myanmar. With support from the Myanmar Shwe Project, we are restoring the damaged mangrove habitats and protecting existing ones while launching campaigns to prevent the destruction of the mangrove ecosystem.

In order to restore mangrove habitats, saplings are cultivated for six months, and then relocated to a sanctuary in Ngalapwe. Furthermore, these saplings are distributed to local residents free-of-charge, and financial assistance is offered to those who wish to grow them to revive mangrove forests.

Outcomes of Mangrove Forestation

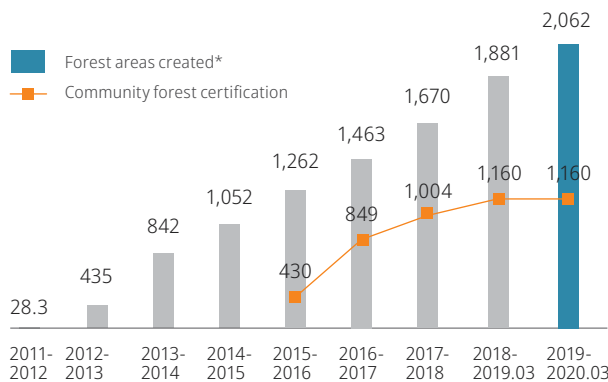
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During the period from 2011 when we first began mangrove forestation to March 2020, a total of 2,062 acres of forests were created through sapling cultivation and plantation. In addition, 2,141,316 saplings were distributed free-of-charge to local residents. As a result of such endeavors, we acquired community forest certification and official verification of the sustainability of forestation by a third-party organization. Going forward, we will contribute to preserving the local community environment and adapting to climate change through sustainable sapling plantation and distribution.



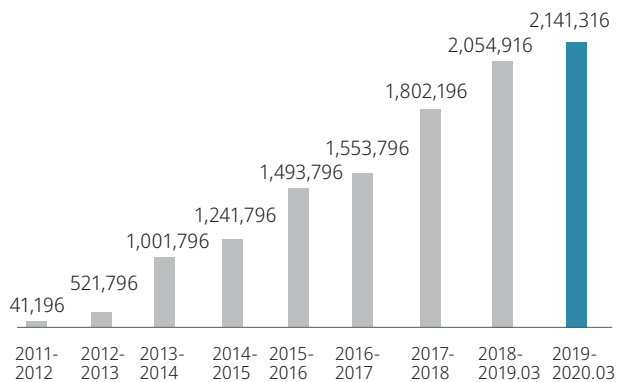
• Restoration and Protection of Mangrove Forest

I Mangrove Forests Created(cumulative)
(Unit: Acre)



* Sum of intensive conservation areas and community forests created

I Saplings Distributed(cumulative)
(Unit: No. of Saplings)



— What Is a Mangrove Forest?



A mangrove forest is a group of plants that grow near mud flats or creeks. Mangroves are often compared to forests on the land; they act as a natural barrier against typhoons to protect nearby villages and provide a habitat for diverse animal species. Particularly, they become a valuable source of hydrocarbon to feed aquatic organisms, which in turn helps local fisherman make their living. The coastal mud flats located behind mangroves also allow locals to grow shrimps and crabs in the puddles created at low tide and to earn secondary income in so doing. Furthermore, the roots of mangrove trees are known to be an efficient carbon dioxide absorbent, which significantly contributes to purifying the air as well as protecting the environment.

Environmental Impact Management at PT. BIA in Indonesia

PT. BIA manages and minimizes negative environmental impact from its plantation operations. PT. BIA gained approval from the Indonesian government of its environmental impact assessments(AMDAL) in 2009, and achieved Indonesian Sustainable Palm Oil(ISPO) certification in August 2019. Introduced by the Indonesian government to help reduce GHG emissions and address environmental concerns in order to render Indonesian palm oil more competitive in the global market, ISPO certification is a mandatory requirement to be satisfied by all palm oil producers operating in Indonesia. After acquiring ISPO certification, PT. BIA was graded first in plantation assessments performed by plantation office of Papua province in November 2019 in recognition of its sustained eco-friendly plantation operation.

As environmental issues caused by palm oil business emerge as global concerns, relevant industries and international environmental organizations have established Roundtable on Sustainable Palm Oil(RSPO) as the global standard for sustainable palm oil, and businesses are certified in accordance with this standard for their compliance with the eight RSPO principles including transparency, sustainability and management accountability. PT. BIA became an RSPO member in July 2018, and has since consistently been working on the assessments for RSPO certification in conformity with the RSPO Principles & Criteria(P&C) revised in November 2018. A High Conservation Value(HCV) assessment report and a Land Use Change Analysis(LUCA) report were submitted to RSPO, and RSPO panel review of the LUCA is currently underway. Furthermore, PT. BIA is preparing to submit a concept note that illustrates its compensation program plans on the basis of these two assessment reports. In March 2020, POSCO INTERNATIONAL became the first Korean company to announce No Deforestation, No Peat, No Exploitation(NDPE) commitments to fulfill its responsibility and obligation to communities and pursue a sustainable palm oil business. In so doing, we preemptively respond to the voice of the international community to launch the NDPE initiative, and demonstrate our corporate policy to promote the sustainability of palm oil business through closer communication with stakeholders. To strengthen employees' competency in implementing the NDPE policy, PT. BIA's employees took several online training sessions provided by an international environmental and social consulting firm on Free, Prior and Informed Consent(FPIC), grievance mechanisms, and conflict handling.

Eco-friendly Energy Production

PT. BIA generates electricity by using byproducts from the CPO production process as fuel, and created an eco-friendly power cycle system through which electricity produced is re-utilized for CPO production. In 2019, a total of 5,760 MWh electricity was generated power to CPO mills, and surplus power was provided to nearby local communities.



• Power Plant at the CPO Mill



• Electricity Supplied to nearby Areas

Response to Climate Change

Climate change has emerged not only as a global challenge but also as a highly significant issue for businesses to always bear in mind in conducting sustainable business. POSCO INTERNATIONAL proactively responds to the Korean governments' Emissions Trading Scheme and constantly endeavors to reduce GHG emissions generated from business operations. Furthermore, we create new business opportunities in recognition of the customer needs raised in relation to climate change.

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

Since the Company was designated as a participant in the Korean government's GHG Emissions Trading Scheme(K-ETS) in November 2017, POSCO INTERNATIONAL has been undertaking climate change response initiatives on a company level. We attend quarterly working group council meetings held at the POSCO Group level to respond to the K-ETS, and attended two times in 2019. The council meetings served to share the current status and issues among POSCO Group affiliates on the K-ETS including major changes in the third phase of the scheme and to discuss ways to secure allowances through Clean Development Mechanism(CDM)¹⁾ projects.

1) CDM(Clean Development Mechanism): The CDM recognizes GHG emissions reductions, made through the projects undertaken in developing countries by advanced nations as investors, as credits attributable to advanced nations.

Implementing Ideas to Reduce GHG Emissions

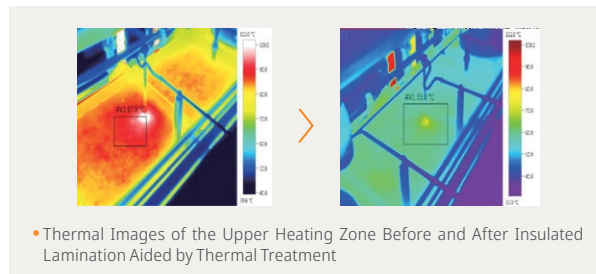
With POSCO SPS playing a central role, POSCO INTERNATIONAL identifies and implements ideas to mitigate its GHG emissions. In 2019, the TMC Division undertook a task to reduce GHG emissions in the logistics phase: the target was set to lower GHG emissions by 50,000 kgCO₂e per annum by streamlining the warehousing process for materials used for processing and improving the shipment flow of non-processed coils. The Division successfully exceeded the target with 58,459 kgCO₂e in reduced GHG emissions.

The STS Division endeavored to reduce energy losses generated from its daily operations. At its new cold mill, metal lights were replaced with LED lights to post 95 MWh in power savings per year. Another task was implemented to improve on indoor temperatures at the pneumatic chamber of the old plant building, and this resulted in 202 KWh in power consumption, which is even lower than the initial target of 218 KWh.

Reducing Energy Losses through Process Improvement

In March 2019, the STS Division assessed the energy losses generated from its annealing¹⁾ equipment. The assessment outcomes were used in setting the target and taking proper actions to reduce energy losses. Such actions span the four areas of CAPL, compressed air, lighting and power, and resulted in KRW 317 million in energy expense reduction in total. The TMC Division also lowered its energy losses by minimizing losses generated from atmospheric heat dissipation that occurs as a result of thermal treatment during the annealing process. Insulated lamination aided by thermal treatment posted KRW 32 million in annual energy expense savings.

1) Annealing involves heating steel to an appropriate temperature and then cooling at a very slow and controlled rate to soften iron or steel, adjust crystalline structures or remove internal stress.



Energy and GHG Management

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We take a variety of activities to reduce and manage our energy consumption and GHG emissions.

I Energy Consumption¹⁾

(Unit: TJ)

Category	2017	2018	2019
Direct Energy(Fuel)	356	329	236
Indirect Energy (Electricity, Steam)	1,044	1,067	1,013
Total ²⁾	1,396	1,391	1,243

* Based on the HQ and POSCO SPS

** Data for 2019 is the result of the first verification performed by the Ministry of Environment, and this may differ from the final verification results.

1) Out of the total energy consumption in 2019, power grids accounted for 70.5% of the total supply, and natural gas accounted for 83.3% of the total fuel consumption.

2) Total energy consumption might be different from the sum of direct and indirect consumptions by applying the rule that consumptions should be summed after truncating decimal places at the business site level.

I GHG Emissions³⁾

(Unit: tCO₂e)

Category	2017	2018	2019
Scope 1	18,736	17,294	13,631
Scope 2	50,809	51,810	48,979
Total ⁴⁾	69,536	69,098	62,604

* Based on the HQ and POSCO SPS

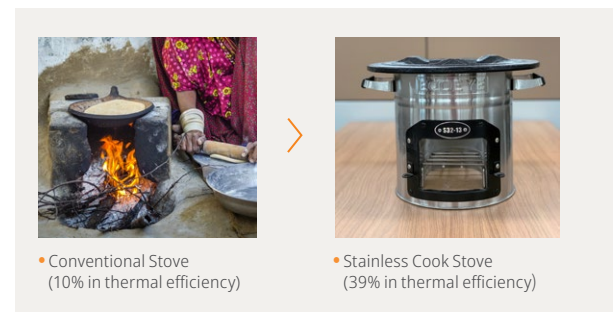
** Data for 2019 is the result of the first verification performed by the Ministry of Environment, and this may differ from the final verification results.

3) The entire emissions are subject to emissions reduction regulations. The scope of POSCO INTERNATIONAL's direct GHG emissions includes Korea. In conformity with governmental regulations, our GHG allowances are allocated each year, and our GHG emissions are verified by third-party organizations.

4) Total emissions might be different from the sum of direct and indirect emissions by applying the rule that emissions should be summed after truncating decimal places at the business site level.

Distributing Cook Stoves in Myanmar

We are launching a cook stove project on Manaung Island in the Rakhine state. Conducted in accordance with the Clean Development Mechanism(CDM) protocols, this project allows us to obtain domestic allowances through the verification of carbon emissions reduced by distributing cook stoves with high thermal efficiency to developing countries. As Manaung islanders still depend on the traditional way of using firewood for cooking, stainless cook stoves that we provide will surely reduce the consumption of firewood, the generation of smoke and other hazardous substances, and the time taken for cooking, improving the quality of life for local residents. These stainless cook stoves are highly effective in mitigating environmental impact as they are 10% higher in thermal efficiency and can reduce GHG emissions by more than four-fold compared to clay cook stoves. Profits from selling carbon allowances secured through the distribution of these cook stoves go to fund CSR programs implemented by the Myanmar Shwe Project as a way to create a sustainable virtual cycle in conducting business and pursue win-win partnerships with local communities.



I Energy Consumption Intensity

(Unit: TJ/KRW billion)



I GHG Emissions Intensity

(Unit: tCO₂e/KRW billion)

Creation of Business Opportunities through Response to Climate Change

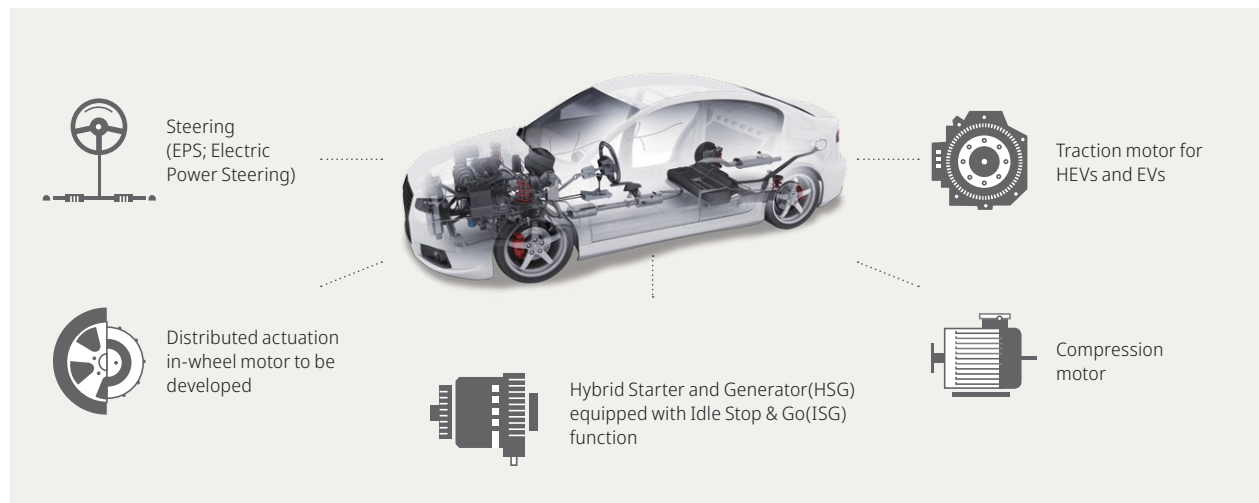
Production and Trading of Eco-friendly Products

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As demand for products that help mitigate environmental impact increases, POSCO INTERNATIONAL is responding to this emerging trend by producing, selling and trading eco-friendly automotive components. The Mobility Business Division is engaged in the production and trading of suspension, motor cores, Pulse Width Modulation(PWM), Electric Power Train(EPT) and digital dashboards that serve as the key components of such eco-friendly vehicles as Hybrid Electric Vehicle(HEV), Plug-in Hybrid Electric Vehicle(PHEV), Electric Vehicle(EV), and Fuel Cell Electric Vehicle(FCEV).

In particular, the TMC Division of POSCO SPS produces traction motor cores that deploy EMFree lamination technology. This technology delivers improved average efficiency against existing cores of POSCO SPS and contributes to increasing the fuel efficiency of green vehicles. In 2019, POSCO SPS posted nearly 400,000 units in the sales of traction motor cores, and forecasts this to rise to more than 700,000 units in 2020. In line with increasing demand for green vehicles, both orders and sales are set to rise continuously. POSCO SPS not only serves the domestic market but also landed orders for traction motor cores by way of global eco-friendly component makers to eventually supply to Volkswagen and Daimler among others. POSCO SPS is also reinforcing technology collaboration with new customers across the Americas, Europe, China and Japan to constantly expand order-winning opportunities.

I Major Eco-friendly Automotive Components Produced by the TMC Division



Promotion of Sustainable Consumption

As a trading company, POSCO INTERNATIONAL serves as a bridge linking producers of eco-friendly products and customers who use such products, and ultimately aims to contribute to improving the sustainability of the market. Major eco-friendly products included in our trading portfolio are POSCO's World Top Premium (WTP) products and traction motor cores manufactured by the TMC Division. WTP products help reduce the cumulative CO₂ emissions of vehicles by nearly 10% from conventional products¹⁾. Traction motor cores also deliver a 0.5% improvement in efficiency and a 0.3% ~ 0.4% improvement in automotive fuel efficiency on average against existing cores²⁾, delivering environmental benefits as a result. POSCO INTERNATIONAL will continue to meet increasing expectations of consumers for eco-friendly products and promote sustainable consumption.

1) Corporate Citizenship Report 2019, POSCO

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

I WTP Sales

(Unit: 10,000 tons)



Year	2017	2018	2019
Sales (10,000 tons)	320	347	629

I Traction Motor Core Sales

(Unit: 10,000 units)



Year	2018	2019
Sales (10,000 units)	29	40

Environmental Protection

Energy Improvement at the Office Building

A broad array of activities are undertaken to reduce cooling/heating loads and improve energy efficiency at our office building POSCO Tower-Songdo. This building is covered with curtainwall glass on all four sides and this resulted in fluctuations in solar radiation that enters each section of the building depending on season or time. This caused imbalances in indoor temperature and inconvenience on the part of employees, and also required more cooling/heating energy to remove such imbalances and maintain uniform indoor temperatures. Our solution was to laminate the four sides of the building with insulation films to block solar radiation from penetrating into the building, which effectively reduced indoor temperatures by up to 5.3°C ~ 8.3°C and by 2°C ~ 6°C on average¹⁾. In addition, existing blinds were replaced with heat-shielding black-out blinds that can be controlled by section to reduce indoor temperatures by up to 2°C.

1) Study on indoor temperature comparisons through the use of insulation films at high rises, Kil-Jong Lee, 2019

Expanding Green Areas

POSCO Tower-Songdo created green areas that were more than 2.3-fold larger than required under the applicable legal standards to better the local environment. In 2019, 'Commemorative Planting in Celebration of the Founding of POSCO INTERNATIONAL' was hosted on Arbor Day: more than 100 employees including the CEO planted 50 trees – pine trees, red magnolia trees, and Cornus Kousa trees – to practice eco-friendly management.



• Commemorative Planting to Celebrate the Founding of POSCO INTERNATIONAL

Environmental Clean-ups near Worksites

The Plate Fabrication Division performs environmental clean-ups for local communities in the vicinity of its worksites. In 2019, 162 employees volunteered for environmental clean-ups in the Myeongdang Industrial Complex and parks located near its Gwangyang worksite while more than 80 employees were engaged in such activities along the New Port Beach in the vicinity of the Pohang worksite. We will lend a helping hand in protecting the environment in the local communities located near our worksites, and pursue shared growth with them in so doing.

Facilitating the Use of Commuter Bikes

We distributed commuter bikes and safety helmets to nearly 600 employees who live in Songdo, Incheon. Using commuter bikes will surely enable us to protect the atmospheric environment and reduce GHG emissions in local communities while improving employee's health management and leisure life. In 2019, bike racks were installed additionally to facilitate their use. For employees who need to take a shower and change their clothes after riding bikes, we allowed them to use the fitness gym within the office building. In addition, employees were required to tag their employee ID card when using a bike to manage the status of bike use and offer incentives accordingly in consideration of carbon emissions reduced as a result.

Paperless Campaign

Our paperless campaign aims to create a smart work environment and reduce paper consumption. Section leaders who have relatively higher needs for paper printing for tasks such as reporting and approval were provided with tablets in order to reduce paper consumption. In addition, paper printing outputs of individual employees are monitored and they are recommended to reduce their printing if their outputs exceed those of the past month.



• Paperless Campaign

Reduce Single-use Disposables Campaign

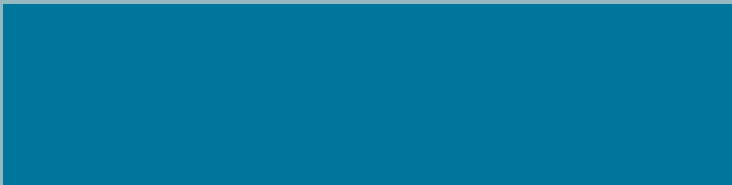
We launch 'The Reduce Single-use Disposable Campaign' to establish eco-friendly work practices that generate less waste. All employees are given personal reusable bottles, and are able to enjoy discounts when using their bottles at the stores operating within our office building. These bottles were also given to new hires and global staff attending the Global Mobility Program. To facilitate their use, a separate space was arranged within the in-house cafeteria to wash bottles in addition to discount benefits offered for beverage purchases made at the in-house cafe. Furthermore, we monitor the sorting of waste within the building to constantly reduce the consumption and discharge of single-use items.

Lights Out Campaign at the Office Building

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

GLOBAL CSR ACTIVITIES

As we have global presence at POSCO INTERNATIONAL, the management of overseas worksites lies at the core of our sustainability management. As a corporate citizen, we take economic, social and environmental responsibility and obligation in the country where we operate and will proactively communicate with governments, local communities, employees, and all the other stakeholders. Furthermore, we will join the international community in resolving a range of challenges to further elevate the sustainability of our overseas worksites.

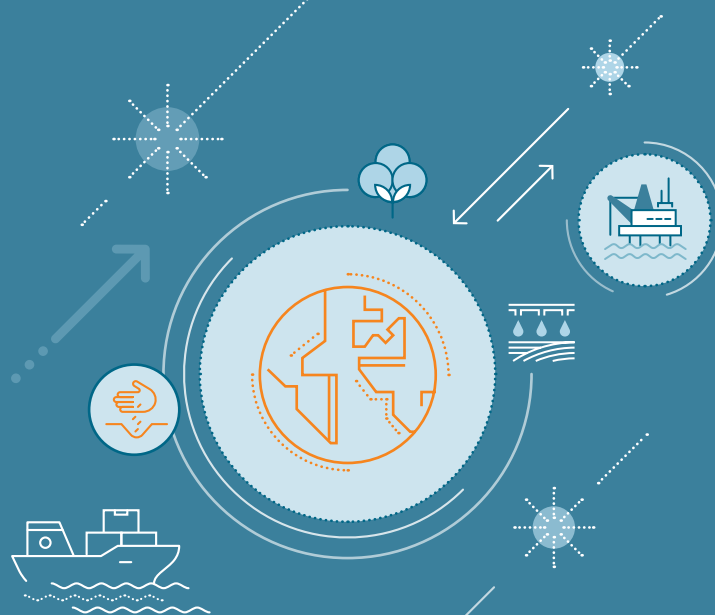


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GLOBAL CSR ACTIVITIES



As global businesses exert greater environmental and social impact on local communities across the globe, this highlights the importance of their fulfillment of obligations and responsibilities as a corporate citizen in the countries where they operate. Wide-ranging stakeholders in the international society value and underscore the creation of a win-win business ecosystem along the global supply chain, and call for businesses' full commitment to interactive communication and cooperation. As such, companies need to pursue win-win partnerships with local residents and fulfill their responsibility to protect the environment of local communities in conducting global business.

Risks

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

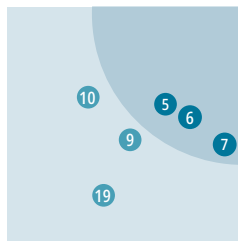
Opportunities

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

Our Approach

In accordance with the Practice Guidelines developed to protect and respect human rights and to preserve the environment and the ecosystem, POSCO INTERNATIONAL will faithfully comply with the laws and regulations of countries where the Company is based as well as with international standards. Leveraging the trust-based relationships we formed with region-specific stakeholders through continued communication, we will join hands with them to generate social values from the economic, social and environmental aspects.

POSCO INTERNATIONAL's Topic



Issue	GRI Topic	Relevance to Financial Performance	Relevance to Non-financial Performance
5 Facilitating proactive stakeholder communication	· GRI 102: Stakeholder Engagement	· Improve corporate value by offering accurate information on business operations	· Build trustworthy relationships with stakeholders
6 Respecting human rights and prohibiting discrimination	· GRI 406: Non-discrimination · GRI 412: Human Rights Assessments	· Maintain employment through human rights protection	· Achieve human dignity through respect for human rights
7 Strengthening social contribution for local communities	· GRI 203: Indirect Economic Impact · GRI 413: Local Communities	· Reinforce market dominance through improved reputation in local communities	· Build an ecosystem for sustainable growth through community development · Improve corporate reputation and brand value
9 Complying with international norms and country-specific regulations	· GRI 205 : Anti-corruption	· Pay penalties for regulatory violations · Disrupt business operations(e.g. suspension of operation) when the issue concerned is highly critical	· Suffer degradation in corporate reputation and brand value when conducting business in an unethical way
10 Creating a great work place	· GRI 401: Employment	· Increase work productivity by improving the work environment	· Motivate employees and improve their work satisfaction
19 Protecting biodiversity and the environment	· GRI 304: Biodiversity	· Incur monetary losses – sanctions(business suspension and penalty) and boycotts – in the event of failure to manage environmental risks	· Preserve the ecosystem by reducing negative environmental impact

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

Our Commitments

Focus Area	2019 Plan	2019 Achievement	Evaluation	2020 Plan	Mid/Long-term Target
Myanmar	[Myanmar Shwe Project]				
	<ul style="list-style-type: none"> Ensure its stable operation and the timely execution of Phase 2 Complete a PV power plant on Manaung Island Continue with CSR programs 	<ul style="list-style-type: none"> Set a new record with 216 bcf in gas sales Exceeded the target progress rate for Phase 2 EPCIC Stabilized power supply following the completion of the PV plant on Manaung Island Implemented CSR programs in 6 main areas including emergency support for COVID-19 	●	<ul style="list-style-type: none"> Stabilize project operation - Phase 2: Complete the first on-site installation - Phase 3: Complete FEED Strengthen CSR programs through community communication 	<ul style="list-style-type: none"> Continue to generate profits through stable facility operation Establish a stable gas production system through the timely execution of Phase 2 & 3 Create a safe workplace through QSS activities Strengthen CSR programs in 6 main areas Improve trust by protecting the rights of locals and promoting mutual respect
Indonesia	[RPC in Myanmar]				
	<ul style="list-style-type: none"> Reach the set revenue target Reach the set sales target 	<ul style="list-style-type: none"> Posted USD 23 million in revenue Posted 81,000 MT in sales 	●	<ul style="list-style-type: none"> Secure stable rice export volume by achieving the approved exporter status in China 	<ul style="list-style-type: none"> Generate stable profits by securing customers and continuing with sales in China, SEA, Africa, and Europe Differentiate products by developing and launching an independent brand for the Myanmar market
Uzbekistan					
	<ul style="list-style-type: none"> Complete the second CPO mill Achieve ISPO certification Continue with CSR programs for locals Operate a dedicated training team(plantation and general safety) 	<ul style="list-style-type: none"> Completed the construction of the second CPO mill Achieved ISPO certification(Aug.) Continued with CSR programs(e.g. opening additional elementary school) Strengthened employee training through the training team (85 sessions) 	●	<ul style="list-style-type: none"> Reach 100,000 tons in annual CPO production Declare the NDPE policy Maintain ISPO certification and achieve RSPO certification Strengthen CSR programs through community communication Offer job training to indigenous people 	<ul style="list-style-type: none"> Expand the palm oil business and enter the downstream sector Create a sustainable palm oil value chain Strengthen stakeholder communication in line with NDPE policy execution Develop and implement a CSR masterplan
Uzbekistan					
	<ul style="list-style-type: none"> Attain the set production and profitability targets Perform business and tax assessments for optimal operation 	<ul style="list-style-type: none"> Posted a 0.5% y-o-y drop in production and 0.22% y-o-y increase in per capita production Performed business assessments to optimize operation 	○	<ul style="list-style-type: none"> Expand business areas by developing trading business and new items Review participation in cotton clusters in line with the Uzbekistan government's privatization of raw cotton cultivation Implement the third task of replacing aging facilities Strengthen CSR programs for communities 	<ul style="list-style-type: none"> Modernize facilities and improve productivity to strengthen independent competitiveness Emerge as an integrated corporation in Uzbekistan Support promising non-textile business Participate in business aligned with POSCO Group investment Create and spread a culture of respecting employees Strengthen CSR programs for communities

Evaluation Criteria : ● Achieved ○ Partially Achieved ○ Not Achieved

Myanmar

POSCO INTERNATIONAL commenced its offshore gas field business in Myanmar back in 2000, initiated gas production in 2013, and is evolving into a Globally Integrated Corporation in the resource development sector on the basis of its three gas fields located in Shwe, Shwe Phyu, and Mya. FEED¹⁾ for Phase 2 development of the Myanmar Shwe Project was completed in 2017, followed by the initiation of EPCIC²⁾ work in 2018 while a decision was made to perform exploratory drilling in Block A-3 located at 20~50 km south to the Shwe platform. As part of our future growth strategy, we also advanced into the Rice Processing Complex(RPC) market in Myanmar: Factory 1 started its operation in 2017 and Factory 2 was completed and initiated in 2019 to fully launch distribution-focused gas business.

Myanmar Shwe Project at a Glance



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

Vision/Mission

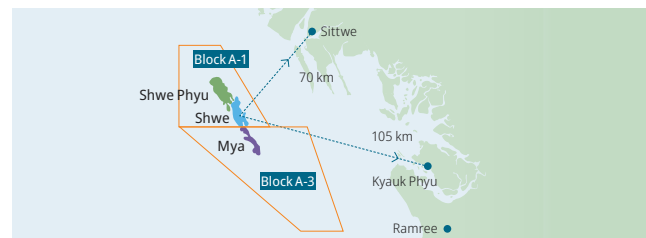


Key Milestone

Sep. 2019	- Initiated FEED for Phase 3 development
Jul. 2018	- Initiated EPCIC work for Phase 2 development
Dec. 2017	- Completed FEED for Phase 2 development
2015 ~	- Continued to achieve the set production target
Dec. 2014	- Achieved daily production of 500 million ft ³
Jul. 2013	- Initiated gas sales
Oct. 2009	- Launched the Shwe Project
Dec. 2008	- Signed an export gas sales & purchase agreement with China National United Oil Company
Feb. 2007	- Signed a PSC ³⁾ for Block AD-7
Jan. 2006	- Discovered the Mya gas field in Block A-3
Mar. 2005	- Discovered the Shwe Phyu gas field in Block A-1
Feb. 2004	- Signed a PSC for Block A-3
Jan. 2004	- Discovered the Shwe gas field in Block A-1
Dec. 2001	- Completed share transfer and signed a joint operation agreement with partners (OVL, GAIL, KOGAS)
Aug. 2000	- Signed a PSC for Block A-1

Gas Production and Supply Process

Gas produced from Shwe and Shwe Phyu in Block A-1 and Mya in Block A-3 is transported through the offshore pipeline from the offshore platform to Ramree Island located at the southwest of Kyauk Phyu. Then, gas travels through the onshore pipeline to arrive at the Onshore Gas Terminal(OGT) for sales volume measurement and composition analysis. Once these procedures are completed, gas is supplied to Myanmar and China through the onshore pipeline installed in Myanmar.

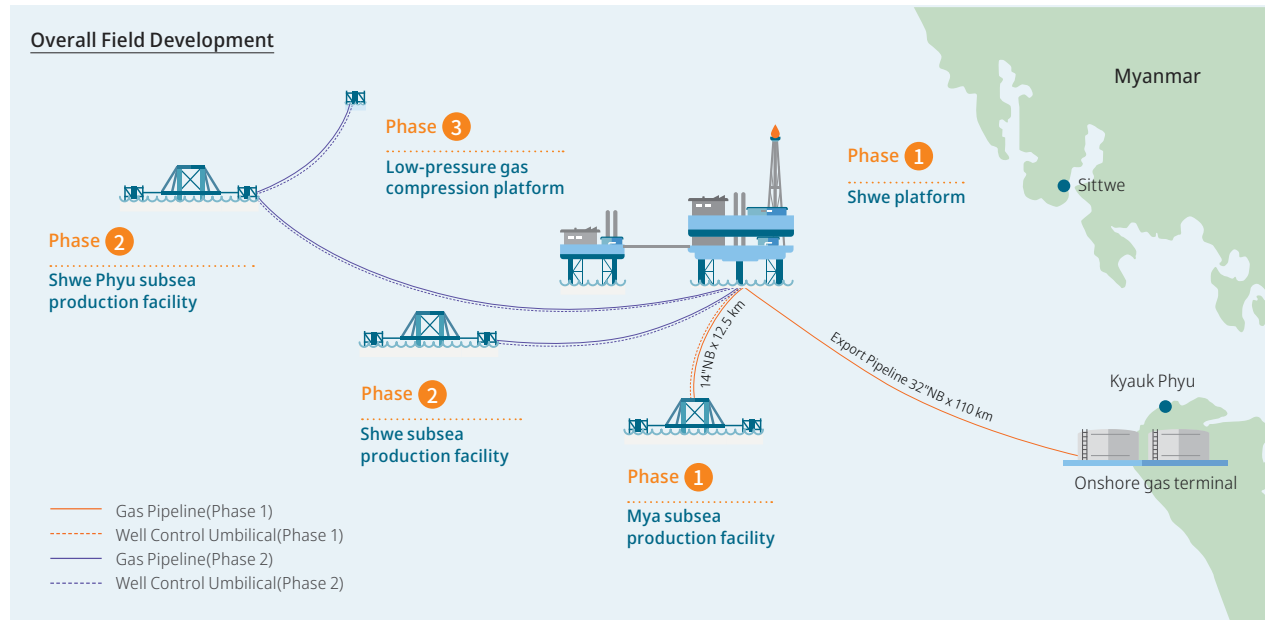


1) FEED: Front End Engineering Design

2) EPCIC: Engineering, Procurement, Construction, Installation & Commissioning

3) PSC: Production Sharing Contract

Enhancing Business



Business Performance and Strategic Direction

Following the completion of Phase 1 development in December 2015 and FEED for Phase 2 development in 2017, the Phase 2 FDP(Field Development Plan) was approved by the Myanmar government and consortium partners, and EPCIC work has been underway since July 2018. We plan to perform and complete production well drilling and finish offshore installation in a timely manner to initiate gas production in Q2 of 2021 and 2022 respectively. In addition, we initiated drilling at three new exploratory wells in Block A-3 in waters northwest of the gas field currently under production at the end of 2019. POSCO INTERNATIONAL will continue to generate sustained profit by ensuring stable facility operation and successful project execution.

2019
Performance

- Reached maximum sales through stable facility operation
- Proceeded with EPCIC work for Phase 2 development
- Initiated FEED for Phase 3 development

Mid/
long-term
Direction

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

Respecting Employees

Prevention of Safety Incidents

External Safety Audit and Executive On-site Inspection

Annual safety audits are performed to prevent safety incidents, and the operational status of the safety system is monitored from multiple aspects. In April 2019, safety audits were conducted by an external auditor to check the status of on-site facility operation and the proper implementation of measures to prevent safety incidents. Executives from Gas Production Operation Division paid on-site visits to heed grievances raised by employees in the field, and rewards were granted to employees in recognition of their efforts to prevent safety incidents in order to improve employees' safety awareness.



• Executive On-site Visit and Inspection(OGT)



• Executive On-site Visit and Inspection(SHP)

UCUA Process

The Myanmar Shwe Project operates the U-See U-Act(UCUA) Process as a precautionary approach to maintaining a safe and healthy workplace. The UCUA Process was designed to observe, document and rectify any unsafe behaviors or conditions at the workplace to improve workplace safety. The UCUA Observation Card is made available both in Myanmar and English languages to encourage all employees to use them. Once filled out, these cards are uploaded at the CAR¹⁾ and included in weekly HSE reports.

1) CAR: Corrective Action Register

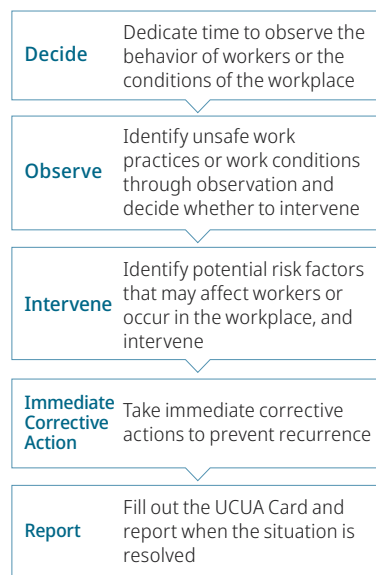
Prevention of and Response to Emergency

Preventive Measures for COVID-19

The Myanmar Shwe Project initiated a range of preventive activities to respond to any possible emergency in line with the global spread of COVID-19. As the project site is situated in a remote and isolated location, separate isolation procedures were taken for on-site visitors and shift workers respectively, and patient transportation drills were conducted in preparation for the occurrence of confirmed COVID-19 cases. To mitigate infection risks within the workplace, the size of on-site staff was reduced to the essential minimum and periodic temperature checks and infection prevention training sessions were performed.

On-site Visitor	Shift Worker	On-site Worker
<ul style="list-style-type: none"> Check temperature prior to boarding the flight and make it mandatory for all passengers to wear face masks Disinfect the aircraft 	<ul style="list-style-type: none"> Isolate for seven days prior to work shift Test for symptoms through professional healthcare service providers and verify infection through rapid testing kits 	<ul style="list-style-type: none"> Mandate all workers to regularly check temperature Notify virus infection prevention rules and offer training Provide hand sanitizers and face masks all across the workplace

I UCUA Process



• COVID-19 Prevention Training



• Testing for Symptoms prior to Work Shift



• Patient transportation Drills in Preparation for Confirmed Cases Occurring

Emergency Response Process

The Emergency Response process is stipulated and documented to manage emergency situations in consideration of the geographical features and work conditions of offshore platforms and onshore gas terminals. This document elaborates not only on the proper responses to be made under respective scenarios but also on the roles and responsibilities of pertinent staff, as well as types of damage, mitigation plans, potential environmental impacts and response strategies for each possible incident. To ensure swift response in the event of an emergency, weekly emergency exercises and monthly scenario-based emergency drills are conducted in the field while a network of emergency contacts was defined and drills are performed to support immediate response to any emergency at the office level.



• Exercise under Fire/ Explosion Scenarios in Progress areas



• Exercise under Helicopter Crash on Platform Scenarios

I List of Emergency Scenarios

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

1) Living Quarter: Spaces that accommodate offices and bedrooms within the offshore platform

2) Vent Knock Out Drum: Eliminate liquid drops in the event of gas leaks occurring at onshore gas terminals, and store them temporarily

3) Confined Space: Tanks, pressurized containers, and other spaces that prohibit people from staying permanently and are under access restrictions

4) Pipeline Right of Way: Roads with pipelines buried underneath(5 km section from the landfall valve to the onshore transport terminal)



Communicating with Stakeholders

Communication with Local Residents

Public Consultation Meeting

POSCO INTERNATIONAL engages in regular communication to closely interact with people in the community where it operates. We host public consultation meetings attended by the heads of villages located in the vicinity of the Myanmar Shwe Project and central/local government officials to share information on the project and its progress and to gather information and feedback on those areas affected by our business. In 2019, 14 meetings were held to gather opinions from 241 local residents in total, and this allowed us to confirm that the operation of our project did not have any direct impact on the local fishing industry. In addition, we utilize bulletin boards in these affected villages to regularly post the goal of the project and its status of progress in order to transparently communicate with locals. Furthermore, we share information about various support activities for local communities, such as status of CSR programs and notice of scholarship program.



• Public Consultation Meeting

Grievance Mechanism

We endeavor to develop effective communication channels that meet local conditions in Myanmar to establish a sound relationship based on trust with community members. In order to understand and actively resolve the grievances of residents living near the Shwe Project site, we operate various communication channels such as grievance boxes and counseling. For instance, village boards and grievance boxes were set up at two Shwe Clinics for local residents to easily access and use. When a grievance is submitted, it is handled within three days in principle to expedite its resolution. In 2019, no such grievance was submitted just as in 2018.

Social Contribution Program

In undertaking the Myanmar Shwe Project, POSCO INTERNATIONAL defined the six areas of social contribution – education, SOC development, healthcare, environmental preservation and protection, social welfare, and disaster relief – and has operated CSR programs for local communities since 2006.

Completion of a PV Power Generation System on Manaung Island

Manaung Island in the state of Rakhine, located in the vicinity of our Myanmar Shwe Project, is one of the nation's highly-underserved regions: the number of generators is low while its power utility prices are higher than those in the mainland Myanmar, which allows only a minimal number of islanders to use electricity. The entire population on the island is dependent on three generators whose capacity is 500 KW or less, and power supply is available only until 6 pm to 10 pm. Such intermittent supply of electricity extremely deteriorates hygiene conditions on the island as the operated healthcare center can't afford to use any pharmacy refrigerator. Therefore, POSCO INTERNATIONAL initiated the construction of a photovoltaic (PV) power generation system in December 2018 to help address this challenge by delivering a combination of eco-friendly PV power generation and an Energy Storage System (ESS). Since its successful completion in December 2019, this PV power system has generated 57,716 KW of power in total to supply electricity to 1,215 households. The stable operation of this PV power generation system will enable us to provide free-of-charge electricity to local residents suffering insufficient energy access and to take the lead in resolving local community issues.



• Before/After the Completion of a PV Power Generation System on Manaung Island

Rural Community Support Project

The Rural Community Support Project has been undertaken by the Korea International Cooperation Agency(KOICA) since December 2014 to facilitate agriculture and rural development, promote balanced regional development by narrowing urban-rural income gap, and strengthen development cooperation between Myanmar and Korea. This project, in its essence, aims to empower rural people in Myanmar to take the initiative and make their village a better place. POSCO INTERNATIONAL alerted KOICA to the inadequate conditions of local SOC infrastructure and the strong employment needs of locals living in major villages in the vicinity of its Shwe Project site, and provided financial support for the five villages of Malakyun, LayderPyin, AhtetPyin, SaypoteKay, and Ahshayphet to join this project and execute programs accordingly.

In 2019, the project continued in these five villages to enable villagers to take the lead in executing this support project and develop a sense of ownership in so doing, and to make their own decisions on the resources required for community development. This was accompanied by project-related education and training for public officials and village leaders. Rather than merely providing support, we conducted annual assessments and adjusted the amount of monetary assistance offered based on their performance to stimulate healthy competition among villages and motivate villagers to commit themselves to community development. Going forward, the Myanmar Shwe Project will consistently collaborate with local communities and major international development organizations to help resolve community issues.

Shwe Scholarship Program

The Myanmar Shwe Project selects academically-exceptional students in local communities and provide them with scholarships each year. Students are selected regardless of their major, and granted monthly scholarships to continue with their education and successfully graduate. This scholarship program motivates students who are challenged in their pursuit of education due to financial constraints to move on and focus on their education. In 2019, computer education was provided to a youth center in Kyauk Phyu, along with necessary laptops and training expenses. In addition, vocational training on how to repair motor cycles and use sewing machines was offered to help local villagers improve their job skills.

Support to Respond to COVID-19

To support local communities in Myanmar suffering from the COVID-19 pandemic, POSCO INTERNATIONAL donated diagnostic kits capable of performing a total of 10,000 tests. The expenses for purchasing these kits were shouldered by POSCO INTERNATIONAL and other Shwe Project consortium partners - Myanmar Oil and Gas Enterprise, ONGC Videsh Limited, Gas Authority of India Limited and Korea Gas Corporation. This adds to the significance of win-win partnerships as it marks the beginning of our collaboration with the Korean SME venture firm, who manufactured these diagnostic kits, to help explore overseas markets. Donated kits are expected to resolve the shortage of test reagents to reduce the number of potential COVID-19 patients who have yet to be tested and prevent the dissemination of COVID-19 in Myanmar local communities.



• Before/After the Renovation of a Community Hall in Saybotekay



• Before/After the Renovation of Roads and a Community Hall in Ahhtetpyin



• Donation of Supplies to Cope with COVID-19

Golden Lace POSCO INTERNATIONAL(GLPI) at a Glance



• Year of Participation	2017(obtained investment approval and initiated operation)
• Equity Ownership	60%
• Area	Factory 1 : 13,710 m ² (3.4 acre) Factory 2 : 55,846 m ² (13.8 acre)
• Facility Size	Production capacity: 100,000 tons/year (based on raw materials) (Factory 1: 15,000 tons, Factory 2: 86,000 tons)
• Consortium Member	POSCO INTERNATIONAL: 60% Golden Lace Co., Ltd.: 40%

Vision

Emergence as Myanmar's Top-notch Rice Exporter through the Development of a Sustainable Agricultural Raw Material Procurement Cluster and Hygiene Management

Mutual Growth with Local Farmers

- Supply environmentally-considerate agriculture technology and farm inputs
- Execute programs that promote co-prosperity with local communities

Maximized Logistics Efficiency

- Maximize logistics efficiency by leveraging waterway infrastructure through barges

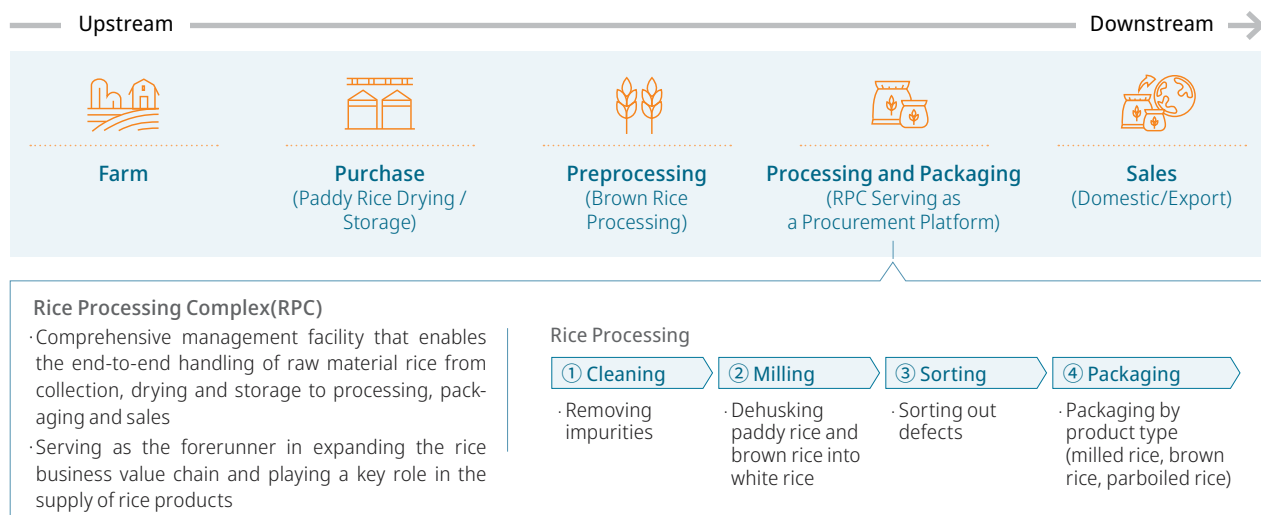
Practice Consumer-Oriented Quality Management

- Establish a hygienic processing system
- Build traceability from farm to table (customers)

Key Milestone



Rice Business Value Chain





Enhancing Business

Business Performance and Strategic Direction

POSCO INTERNATIONAL established GOLDEN LACE POSCO INTERNATIONAL (GLPI) as a joint venture to launch rice business in Myanmar, an established powerful rice exporter, since the early days of its market opening. We secured a construction site appropriate for raw material supply/demand and export logistics, and gained investment approval from the Myanmar government in 2017. GLPI initiated the operation of Factory 1 with annual capacity of 15,000 tons in the Shwe Lin Ban Complex in Yangon in October 2017 with an aim to process and sell Myanmar-grown milled rice and parboiled rice through the construction and operation of the Rice Processing Complex (RPC) that lies at the core of the rice industry value chain.

In addition, Factory 2 was completed in May 2019 and is currently under operation. The completion of Factory 2 added 86,000 tons to GLPI's annual processing capacity in the key logistics location near the Twante Canal that connects the grain belt in the state of Ayeyarwady with Yangon's export port. This will spur our growth from a trading business into a producer of long grain rice in Myanmar and further extend our grain trading markets into EU, MENA, Africa, China, and Russia.

2019
Performance

- Set new records since the inception of GLPI
- USD 23 million in sales
- 81,000 MT in sales volume

Mid/
long-term
Direction

- Improve the product reliability of GLPI over the mid/long-term through high-quality raw material grains and stringent quality management
- Secure stable profits through customer development and continued sales in China, SEA, Africa, and Europe



Respecting Employees

Workplace Improvement for Employees

As Factory 2 is located far away from urban areas, GLPI is operating an employee dormitory to provide a stable living environment for employees who face difficulties with commuting and thus have to stay away from their family to work at the plant. The dormitory is located within the factory site and is equipped with laundry rooms, shower rooms, kitchens, and other amenities and is capable of accommodating all locally-hired staff. GLPI will continue to provide wide-ranging welfare benefits to create a safe workplace and improve employee satisfaction.

— What did you find helpful in the support provided by the Company to create a convenient work environment? Please tell us if there is anything you expect from the Company.

The Company endeavors to listen to the voice of employees and reflect such feedback in improving working conditions. Most of all, the dormitory is extremely helpful. My home is located in Kyaiklat in the state of Ayeyarwady, which is 80 km away from the Company, and this means that it took me up to three hours to commute. Living at the dormitory within the factory site not only makes my commute easier but also eliminates my concerns about security. As the time spent on commuting was saved, I don't have to wake up early in the morning and I can focus on my work more efficiently. Furthermore, I can take enough rest after work and this is great for me. I hope that the Company continues with interactive communication with employees to create a healthier work environment.

INTERVIEW



Ma Moe Thuzar Myint
Global staff at GLPI



Communicating with Stakeholders

ODA¹⁾ Project to Build Capacity in the Rice Industry

The Korean Ministry of Agriculture, Food and Rural Affairs and the Myanmar Ministry of Agriculture, Livestock and Irrigation are undertaking an ODA project to improve the premium quality of Myanmar-grown rice. This project is under operation in Pyapon in the state of Ayeyarwady, where GLPI sources its raw materials, for four years from 2020 to 2023, and aims to launch a wide array of competency development activities, including establishing agricultural service centers and sorting/drying facilities, providing equipment for soil analysis and seed testing for the advancement of the nation's agricultural industry, sending experts and hosting workshops. In supporting this ODA project, GLPI will contribute to paving the way for Korean agriculture and agrofood business to tap into the wider global market while promoting bilateral agricultural cooperation between Korea and Myanmar.

1) ODA: Official Development Assistance

Indonesia

Palm oil is gaining attention for its versatile application for food and industrial purposes in the global agro and bio market. This drove POSCO INTERNATIONAL's decision to launch palm oil business and to invest in palm plantation facility in Papua, Indonesia, in 2011. The fresh fruit bunches(FFB) harvested at the plantation are processed into crude palm oil which is then sold in the market. We will continue to extend our palm oil business value chain to include oil refining and other sectors.

PT. BIA at a Glance



• Year of Establishment	2011
• Equity Ownership	POSCO INTERNATIONAL: 85% Individual investor: 15%
• Area	34,195 ha(planbtable area: 25,700 ha)
• Facility Size	2 CPO ¹⁾ mills, 9 religious facilities, 3 schools, 2 hospitals, and 1 clinic
1) CPO: crude palm oil	

Vision/Mission

Build a Sustainable Palm Business that Contributes to Society



Value People as Our Top Priority



Achieve Sustainable Growth



Develop through Collaboration

Key Milestone

Dec. 2019	- Completed the second CPO mill
Nov. 2019	- Graded Most Excellent in plantation assessment
Aug. 2019	- Achieved ISPO certification
Dec. 2018	- Delivered the first overseas CPO shipment
Jul. 2018	- Became an RSPO member
Mar. 2017	- Published the first PT. BIA Environmental and Social Report
Jan. 2017	- Developed PT. BIA's environmental and social policy - Initiated CPO production
Dec. 2016	- Completed the first CPO mill
May 2015	- Initiated the harvest of fresh fruit bunches
Sep. 2012	- Initiated the plantation of palm trees
Sep. 2011	- Initiated business through the equity acquisition of PT. BIA

Business Performance and Strategic Direction

2019 Performance

- Achieved ISPO certification
- Made NDPE commitments(2020)
- Graded Most Excellent in plantation assessment
- Completed the second CPO mill

Mid/long-term Direction

- Construct a third CPO mill
- Develop a CSR masterplan and pursue win-win partnerships to strengthen global competitiveness
- Establish a sustainable management system by implementing the NDPE policy and achieving RSPO certification
- Create a local stakeholder-partnership committee to support community development
- Competency development of indigenous people by providing training programs

Palm Plantation Operational Process

PT. BIA's plantation operation consists of nursery/planting, upkeep, harvest, and crude palm oil(CPO) production. The entire process is based the advice offered by external consulting firms and experts.



Nursery /Planting



Upkeep



Harvest



CPO Production



Respecting Employees

Respect for Employees' Human Rights

PT. BIA endorses the Universal Declaration of Human Rights and the human rights-related international norms set forth by the UN, and strictly prohibits child labor and forced labor across the entire worksites in accordance with global human rights and ethics standards. PT. BIA defined the Environmental and Social Commitment and its associated Code of Conduct to publicly announce the principles of respect for human rights and non-discrimination while developing its own human rights guidance to fully respect the human rights of employees and other stakeholders. Furthermore, PT. BIA provides human rights training to employees of business partners as well as its own staff to disseminate a culture of respecting human rights. In 2019, intensive training was provided on the mandatory use of safety harnesses to ensure the safety of plantation workers.

Reinforcement of Internal Communication

PT. BIA operates the labor union system in conformity with relevant Indonesian regulations and collective agreements. As of the end of 2019, 99.9% of its employees were unionized. The Labor Management Council is operated to share pending management issues and facilitate bilateral communication. The council consists of 10 labor union representatives and 10 company representatives, and meets once a year. In 2019, discussions were held for the presentation and understanding of the revised labor-management agreement, and this was followed by 14 department-level presentations on this new agreement. In addition, wide-ranging committees are under operation to promote interactive communication between PT. BIA and its employees. One prime example is the Women's Committee created to protect the human rights of female employees: human rights grievances raised by female employees are gathered and addressed through internal deliberations, and depending on the severity of the issue concerned, proper measures are taken in accordance with the regulations of the local government and PT. BIA's HR Committee. In 2019, no human rights infringement of female employees occurred.

Regular Meetings Supervised by the President of PT. BIA

Regular manager meetings are held under the supervision of the President of PT. BIA to facilitate organizational communication. These meetings serve to share PT. BIA's major policies on environmental and social issues and discuss response measures while gathering requirements made by employees or issues that demand concerted efforts for PT. BIA's development.

Living Support Facilities for Employees

PT. BIA provides a variety of welfare benefits to support employees in leading a stable life and improve their work satisfaction. In particular, dormitory housing is made available for employees who moved from other regions, and hospitals, indoor gyms, and religious facilities are operated to promote employees' physical and psychological health. Kindergartens and elementary schools also opened to provide education to employees' children. In 2019, one cathedral, one hospital, and one school opened additionally. With the addition of one more school, each estate has come to have schools of their own and this made it easier for employees' children who suffered from long travels to and from school to access educational opportunity.



• Regular Manager Meeting



• School Opening Ceremony



• Cathedral Opening Ceremony

Employee Health and Safety Management

Safety Management Committee

PT. BIA operates the Safety Management Committee to ensure workplace safety for employees in accordance with Indonesia's work safety regulations. The committee is chaired by the general manager of the plantation and joined by a total of 29 occupational safety managers from respective estates. Regular business meetings are held once a month to review the progress made on health and safety management in the field. For issues identified to require health and safety measures, suggestions are made to senior management for their resolution. Key management topics for 2019 were fire prevention and safe vehicle operation: department-level fire prevention teams were created to conduct fire prevention simulation drills while patrol cars were operated for driving safety and the anti-speeding system was reinforced along plantation roads.

Health and Safety Management of At-risk Workers

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

Employee Safety Training

Regular safety training is provided to improve employees' safety awareness. Department-level self-directed safety training is conducted daily during the morning assembly, and on-site briefing on safety issues is provided by the Safe Management Team under the Safety Management Committee. Such on-site briefing invites employees' family members as well as employees to strengthen safety awareness on the community level. In 2019, a total of 68 regular safety training sessions were held, and inspector training was newly created to provide pre-operational vehicle equipment maintenance training and to perform type-specific accident analysis in order to reinforce driving safety capabilities.

Fire Safety Management

In operating palm plantations, fire incidents pose the biggest risk and thus should be strictly managed. PT. BIA is operating the Monitoring Team and the Patrol Team to prevent fires: the Monitoring Team regularly monitors major safety hazards within the plantation while the Patrol Team patrols along the routes with high fire risks during the dry season to monitor fires. In preparation for fires, PT. BIA has arranged firefighting manuals, the Fire Suppression Team with roles assigned to respective team members, Standard Operation Procedures(SOP), a fire incident reporting system, and fire engines and fire extinguishing equipment. In addition, department-level mock fire drills are performed to build company-wide fire preparedness. In 2019, training was provided to local residents on fire emergency instructions in addition to employee fire drills to help raise safety awareness across the entire local community.

Driver Safety Management

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



• Fire Prevention Drill

Drivers' Safety Rules

- ① Maintain your vehicle periodically
- ② Maintain your speed at 60 km/h or under within the entire worksite (the pledge is signed and actions are taken in the event of violations)
- ③ Create a team of two(operator and helper) in operating heavy equipment
- ④ Check road conditions when it rains and then decide whether to operate vehicles



Communicating with Stakeholders

Grievance Mechanism

PT. BIA operates grievance mechanisms to identify and resolve the grievances raised by local residents and indigenous people as well as employees. The Labor Department and the Community Assistance Team investigate submitted grievances in accordance with relevant regulations and precedents, and fully collect opinions through interviews with whistleblowers and stakeholders. This is followed by internal consultations to arrive at settlements, and handling outcomes are notified to whistleblowers, who remain completely anonymous throughout the entire grievance procedure. In 2019, a total of 70 grievances were received and fully resolved.

Proactive Communication with Local Residents

PT. BIA hosts public hearings to discuss major local issues, including Plasma¹⁾ activity, land compensation, and road construction, and operates the conflict resolution process to help solve these issues. In 2019, a total of eight public hearings were held to discuss the health and safety of indigenous groups and other issues.

1) Plasma refers to the economic support system designed for small-scale farmers, and provides a specific portion of the farm land operated by the holding company to small farmers to support their farm development based on the Indonesian Farm Law

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

PT. BIA strictly prohibits the development of business that was not agreed upon by local communities and indigenous people. With this principle in mind, PT. BIA has been sincerely interacting with indigenous groups over the years and provided them with sufficient prior information, compensation and vocational training. A total of 10 public hearings were hosted to communicate with indigenous people between 2007, when the first hearing was held, and 2011, when site development began. The public hearings were participated by wide-ranging stakeholders including local NGOs and media to share details and possible impacts of its business and ask for understanding from community members. In building a second CPO mill whose construction started in June 2018, its construction plans were shared with local residents even before its initiation to verify their prior awareness on the project implementation plan. In relation to this construction project, requirements of local residents were integrated and the confirmation of local leaders and letters supporting the project execution were obtained to fully comply with Free, Prior, and Informed Consent (FPIC) procedures on the construction of the second CPO mill.



• Regular Plasma Farm Operation Meeting



• Plasma Farm Training

Social Contribution Program

Plasma Project

PT. BIA's Plasma project aims to protect the economic activities of indigenous groups and contribute to creating jobs in the local communities where it is based. The Plasma project is differentiated in that it grants indigenous people the right to operate plantations themselves, instead of merely distributing the production outcomes that they generated on behalf of them. PT. BIA allocated 1,500 ha of plantation land to local natives, and harvested on a 500 ha area in 2019 to assist small-scale farmers in gaining their economic independence.

Economic Support

For indigenous people living in Kindiki and Selil and within the worksite, PT. BIA provides for wide-ranging economic activities, from the collection and sales of sand and the production of land boundary stones to the selection of plantation suppliers and the construction of mini-sized bridges along the harvest routes, in addition to direct support including supplementary living allowances(basic living expenses, rice, and gas) and housing construction. Furthermore, nearby communities were given an opportunity to receive vocational training, and a job placement program is operated to help locals who completed such training land a job in plantations. Neighborhood markets also regularly open PT. BIA site for local residents to sell agricultural and marine products that they harvested themselves to contribute to improving their economic self-reliance.

Healthcare and Educational Support

PT. BIA operates two hospitals and one clinic to improve the health of local residents living in the vicinity of its worksites. In 2019, nearly 26,000 people(based on the No. of in-patients) benefited from its healthcare services, and more than 400 indigenous people living within its worksites received healthcare through medical expense support. In addition to such healthcare support, PT. BIA opened two elementary schools in Estate A and Estate B to help provide education to the children of employees and indigenous people living near its plantations. Children of indigenous groups are also eligible for scholarship support, and a total of 97 children benefited accordingly in 2019.

Health Insurance Support for Locals

PT. BIA assisted local residents who live near its worksites and could not benefit from the local health insurance system(Badan Penyelenggara Jaminan Sosial, BPJS) in paying for their healthcare insurance. This contributed to improving the quality of life for those who are medically underserved without access to essential healthcare services.



• Plasma Project



• Healthcare Support



• Healthcare Insurance(BPJS) Support for Locals

Promoting Talent Development

Farm Training

PT. BIA operates the farm training system through a farm training team that collectively manages the existing farm training and safety training. The team designs the training program through preliminary meetings with farm managers and develops annual training schedules and contents. In 2019, PT. BIA focused on providing differentiated job position-specific training to promote employees' efficient competency improvement, and offered KPI development training to farm managers to help them better understand their core job.

Farm Training Curriculum

Farm training consists of 15 major fields (fertilization, harvest, etc.), and is provided to all employees on the entire farming process from planting to FFB harvest. Training programs vary by job position, and combine both theory and practice to ensure their practical application. In 2019, specialized training courses were provided to indigenous groups nearby communities to contribute to their competency development.

Training Assessment

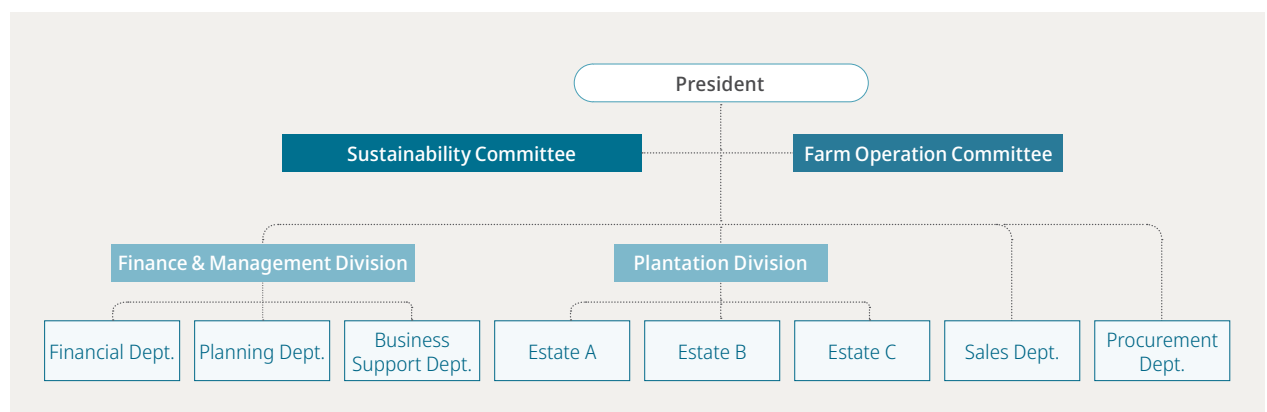
Training assessments are made to identify employees' level of understanding of training contents. Presentations, practical skill tests, written tests and other diverse assessment tools are used. Retraining is provided to those who lack sufficient understanding in their training contents based on the assessment results. We will continue to operate the training courses that reflect employees' feedback in expectations of improved quality of harvest and reduction in safety incidents.

Advancing Eco-friendly Management

Environmental and Social Management Governance

PT. BIA established the Sustainable Management Committee under the direct leadership of the President in 2016 to make critical decisions in the environmental social areas and promote relevant activities. In 2019, the committee met 22 times to perform regular internal audits, analyze major issues on the achievement of ISPO certification, and practice consistent environmental and social management in conformity with applicable regulations. The committee also made preparations to achieve RSPO certification in the upcoming years.

I Organizational Chart of the Sustainable Management Committee



Management of Workplace Environmental Impact

PT. BIA's Environment Team is committed to minimizing environmental and social impact from business operations. Environmental and social management reports(RKL-RPL; Rencana Pengelolaan Lingkungan dan Rencana Pemantauan Lingkungan) are prepared twice a year through the continued analysis and monitoring of environmental impact from farm operations. Water quality, air quality and noise levels are monitored in areas in the vicinity of plantations while High Conservation Value(HCV) areas are constantly managed. Furthermore, presentations for local residents are held as a way to communicate with stakeholders and to advance environmental management in so doing.

Presentations for Local Residents

PT. BIA holds regular presentations for local residents to share the current status of the Company and government laws and ordinances. In 2019, such presentations were held on PT. BIA's major policies and safety issues to promote local residents' understanding.

Preservation of HVC Areas

PT. BIA classifies High Conservation Value(HCV) areas into six types and protects them in accordance with High Conservation Value Resource Network(HCVRN) standards. Signs are installed in all HCV zones and employees and local residents are briefed on the preservation of HCV zones to ensure their continued protection. In 2019, regular monitoring was performed on HCV zones to analyze major risk factors and take a more stringent management approach to these factors, and marks were placed and manuals were managed in these zones.

Hazardous Substance Management

To manage hazardous waste, reviews are made every three months on the status of hazardous waste discharge and management. In particular, used oil, batteries, generator fuel filters, and agricultural chemicals are classified as hazardous substances, and their generation and discharge is documented and managed on the integrated governmental online system. Designated waste is taken out of the worksite through external professional companies to raise the bar on the management of hazardous substances.

Air Pollution Management

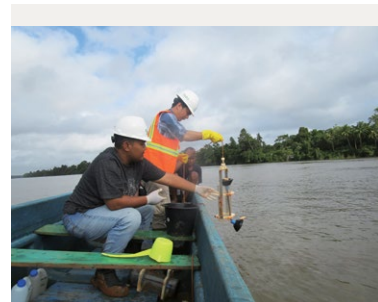
PT. BIA manages pollutants from CPO mills and generators that are probable of air pollution. PT. BIA requests accredited analysis agencies to measure the emission of air pollutants every six months, and submits outcome reports to the Environmental Department in Merauke.

Water Pollution Management

To manage the water quality of streams near its worksites, PT. BIA requests accredited analysis agencies to monitor the water quality twice a year, and regularly reports analysis outcomes to the Environmental Department in Merauke. To use the effluents discharged from CPO Mills for organic fertilizers within our farmland(land application), their Biological Oxygen Demand(BOD) threshold applicable to plantations is reduced to 5,000 mg/L and below in accordance with relevant standards. To this end, seven artificial ponds were created near the mills as a natural purification system enabled by microorganisms, and the dedicated environment team collects water samples every three months to manage the water quality with the help of accredited analysis agencies.



• On-site Workplace Inspection



• Water Quality Sampling

GLOBAL CSR ISSUE PAPER

Announcing the No Deforestation, No Peat, No Exploitation(NDPE) Policy

As a global corporate citizen, POSCO INTERNATIONAL needs to fulfill its responsibility and obligation in the countries where it operates and strive to create a sustainable ecosystem. As such, we made a preemptive move to declare the NDPE policy to join hands in resolving global environmental and social challenges and build a globally-recognized win-win business model through our palm oil operations. We plan to transparently disclose our progress made in implementing the policy and proactively reach out to stakeholders.



• **Implementation Principles** We will undertake implementation, monitoring, and reporting procedures for the purpose of ensuring compliance with this Policy, and collaborate with relevant stakeholders to engage third-party suppliers in implementing this Policy and associated commitments. POSCO INTERNATIONAL and its subsidiary PT. BIA reserve the right to suspend purchases and other agreements with suppliers found to be in serious violation of this Policy.

01 Environmental Conservation and Management

- We abide by laws and regulations in the country where we operate as well as international standards related to environmental protection.
- We only utilize land that has been zoned for oil palm development by the Indonesian government.
- We prohibit any and all types of plantation development and management that leverages burning techniques.
- We ban the new plantation development of peatlands regardless of their depth classification, and implement Best Management practices for any existing plantation located on peatlands.
- We prohibit the new plantation development of areas of High Conservation Value(HCV) and High Carbon Stock(HCS) that have been identified through the HCV/HCS assessments made by certified organizations.
- We proactively conserve HCV areas and HCS storage areas through integrated management planning.
- We develop and implement restoration and/or conservation plans for deforestation or peatland development which is non-compliant with this Policy.
- We reduce the generation of greenhouse gas(GHG) emissions, significant pollutants and waste associated with palm oil operations.

02 Protection of, and Respect for, Human Rights

- We respect the rights of workers and communities associated with palm oil operations in accordance with international standards.
- We provide fair and equal employment for all employees regardless of their race, nationality, region or gender.
- We ensure ethical recruitment procedures, including the ban on the imposition of any fees in relation to temporary or permanent recruitment, and prohibit the unlawful withholding of identity documents.
- We prevent forced and bonded labor we commit to create law-abiding working conditions, including the payment of wages that meet or exceed legal requirements and the setting of reasonable production targets and work hours while recognizing the freedom of association and the right to collective bargaining.

- We protect and respect the rights of migrant workers.
- We take measures to protect children from exploitation, including those that prevent the 'Worst Form of Child Labor' as defined by ILO Convention 182 and the employment of minors under the age of 18, except for providing formal structured apprenticeship, educational or vocational training programs.
- We provide a safe work environment focused on accident prevention and risk minimization.
- We respect and protect the rights of indigenous groups and local communities to give or withhold their Free, Prior and Informed Consent(FPIC) to operations on lands to which they hold proven legal, communal and customary rights.
- We conduct participatory community mapping prior to any new development to establish the boundary of indigenous communities and make land use decisions.
- We identify social remediation measures where the Company has caused or contributed to adverse human rights impacts.
- We promote sustainable livelihoods and contribute to the economic growth of local communities through the implementation of plasma oil palm plantations among others.

03 Stakeholder Engagement and Communication

- We establish traceability and transparency along the supply chain, and closely cooperate with suppliers and relevant stakeholders to promote compliance with the Policy.
- We work with stakeholders including independent verification organizations to implement this Policy and best practices.
- We establish a credible and transparent grievance mechanism.
- We create a sustainability dashboard on the website to disclose and communicate information on PT. BIA as well as its status on regulatory compliance, grievance handling, and supplier engagement and verification.
- We publish progress reports on the implementation of our sustainability policy through the sustainability dashboard.
- We follow open and transparent procedures to resolve grievances raised by employees, communities, and other relevant stakeholders regarding plantation development.

Uzbekistan

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

POSCO INTERNATIONAL Textile LLC at a Glance



• Year of Establishment	1996
• Equity	USD 43 million(100% wholly owned)
• Production Facility	· Fergana: Spinning and weaving factory · Tashlak: Spinning factory · Kumtepa: Spinning and weaving factory · Bukhara: Spinning factory
• Production Capacity	· Cotton yarn: 53,000 tons/year · Fabric: 33,000 km/year

Vision/Mission

An Exemplary Company Respected by Employees, Society and the Country



To Establish a No. 1 Company
at Which Everyone Wants to Work

+



To Be a Leader in the World
Textile Market

+



To Be the Most Succeeding Foreign-
Invested Company in Uzbekistan

Key Milestone

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

Business Performance and Strategic Direction

POSCO INTERNATIONAL Textile is the largest textile manufacturer in Uzbekistan that endeavors to emerge as a leader in the global textile market. The Company has continued with POSCO's Quick Six Sigma(QSS) initiative since 2018 to create a great work place with a lively and productive corporate culture. In 2019, the Company was honored with the Grand Prize in the Best on Labor Protection Inspector and Safety Protection sectors at the nationwide labor union competition in the country, and is undertaking varied activities to evolve into a global No.1 textile business.

2019
Performance

- Received the Grand Prize in the Best on Labor Protection sector at the nationwide labor union competition in Uzbekistan
- Performed business assessments for operational optimization

Mid/
long-term
Direction

- Strengthen independent competitiveness through facility modernization and productivity improvement
- Evolve into a Global Integrated Corporation in Uzbekistan
- Support promising non-textile business
- Participate in business aligned with POSCO Group's investment
- Implement a corporate culture policy to respect employees
- Continue to strengthen local CSR programs

Promoting Talent Development

Talent Recruitment and Retention

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

Talent Recruitment

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

Recruitment of Outstanding Talent

To hire outstanding talent, the Company launches recruitment campaigns across nearby villages, high schools and universities and receives recommendations. Since 2018, the Fergana factory has operated the interview room program to answer questions that job applicants may have about the Company. Every Tuesday, the interview room is used to introduce the Company through PR videos and to assist job seekers in making application decisions with better understanding of the Company. The Bukhara factory runs an internship program to help undergraduates with technical majors learn how to work on the shop floor and gives them precedence in recruitment if they wish to join the Company.



• Interview Room at the Fergana Factory

Commitment to Talent Retention

Since POSCO INTERNATIONAL Textile operates production lines, high turnover rates may affect its production capacity. Therefore, the Company conducts interviews with those who wish to leave to comprehend reasons for resignation and manage turnover rates. Training is provided to managers on the necessary improvements identified through such interviews, and possible improvements are made at the company level.

Employee Competency Development

POSCO INTERNATIONAL Textile firmly believes that its competitiveness improvement is in full sync with employees' competency development. As such, the Company identifies and reflects the training needs of respective departments to improve employees' work competence, and opens new programs when deemed necessary. The Company also offers employees an opportunity to receive external training and attend skills competitions to help them voluntarily build their individual competence. In 2019, skilled worker training was provided for three to six weeks to new recruits for their job competence improvement.

2019
Performance

- Completed skilled worker training for new hires by five employees
- Continued to perform firefighting and safety drills (completed by 17,077 employees)

Mid/
long-term
Direction

- Continue to offer training to new hires
- Continue to offer OJT training to manager candidates
- Continue to perform firefighting and safety drills
- Strengthen disease control and offer COVID-19 prevention training

Safety Management

Fire Safety Training

As fire prevention should be the top safety priority for any textile factory, POSCO INTERNATIONAL Textile performs fire safety training on a regular basis. Fire safety training and evaluation of factory safety managers and employees who access high-risk areas were slated for 2019, but were postponed due to circumstances of training partners, and were provided in February 2020 and attended by a total of 205 employees. Meanwhile, process-specific fire evacuation drills were conducted for all employees, and regular firefighting training and exercises were performed to build immediate response capabilities in the event of a fire. The Company also has its own fire engines to respond to fire emergencies anytime, and if requested by the state, the Company is willing to cooperate with fire suppression depending on the severity of the situation for the benefit of community safety.



I Completion of Safety Training

(Unit: No. of Persons)

Factory	Safety Training and Evaluation	Completion
Fergana	Safety	7,936
	High-risk area	846
Tashlak	Safety	3,388
	High-risk area	310
Kumtepa	Safety	1,744
	High-risk area	167
Bukhara	Safety	2,200
	High-risk area	486
Total		17,077



• Firefighting Drill for Fire Prevention

Quick Six Sigma(QSS) Initiative

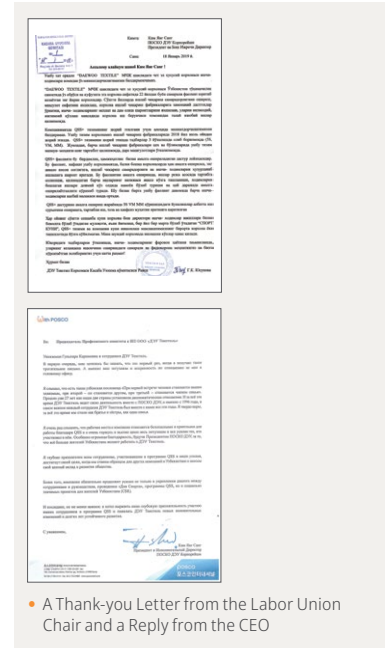
Quick Six Sigma(QSS) refers to POSCO's unique innovation initiative that aims to reduce the waste of facilities and operations while maximizing efficiency on the shop floor from the three perspectives of Quality, Stability, and Safety. POSCO INTERNATIONAL Textile developed its own QSS strategy and fully launched the initiative in 2018, and continued with QSS activities to render its factories safer and healthier in accordance with the set QSS strategies and plans in 2019.



QSS Performance and Plan

The QSS initiative has been fully undertaken starting with the Fergana factory in 2018. As this resulted in improving employees' safety performance and respecting employees from multiple aspects in a way differentiated from other local companies, the Chair of the Labor Union at POSCO INTERNATIONAL Textile sent a thank-you letter to the Headquarters. In 2019, efforts were made to reduce fly waste at the Fergana factory as its top priority and the generation of fly waste plummeted by nearly 76% from 9.8 g in 2018. To strengthen the QSS initiative, those QSS activities undertaken by other POSCO Group affiliates were benchmarked. In April, a factory-wide event was held to share interim QSS outcomes at the Fergana factory: presentations were made on the ideas proposed by employees themselves and reflected in actual improvement activities to strengthen its organizational capability and improve safety awareness.

Building on the success reaped through the QSS initiative at the Fergana factory, the QSS kick-off event was hosted at the Tashlak and Kumtepa factories in July 2019 to fully expand the QSS initiative. This extended to include the Bukhara factory in December to launch the QSS initiative across the entire Company. POSCO INTERNATIONAL Textile will encourage all employees to join this initiative for shop floor safety through training and exercises while constantly pursuing innovation to improve employees' expertise. The Company vows to create an injury-free workplace through the continued identification and improvement of risk factors and the enhancement of employees' safety awareness and to share its know-how and technology to expand this innovation initiative at the company-wide level.



I QSS Key Performance Indicator*



* As of 2019 against 2018

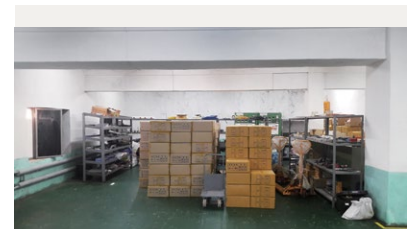
I QSS Activities Undertaken



- Moved parts placed along the passages to a separate storage space to prevent safety incidents that may occur near the passages



- Repaired upper structure water leaks caused by wall cracks to prevent slips from occurring



- Installed sorters in the supply warehouse for organization to improve the efficiency of supply management

Advancement of Labor-Management Relations

Status of Labor Union Composition

Members of the labor union representative board are elected every five years. In 2019, the representative board consisted of 21 members (9 male and 12 female members) and 5 members (3 male and 2 female members) at the Fergana and Bukhara factory respectively. At the Bukhara factory where the ratio of female employees is specifically high, the Women's Committee is operated to reflect such local conditions. The committee is made up of five members and is responsible for identifying and helping with personal difficulties that female employees may have including family life issues in addition to work-related concerns.

Labor-Management Communication Channel

POSCO INTERNATIONAL Textile operates labor-management communication channels to reach out to its employees. These channels serve to gather a range of opinions, from employee grievances to shop floor suggestions for productivity gains. In 2019, facility improvement continued in reflection of suggestions submitted through labor-management meetings to renovate the cafeteria and restrooms, and employee needs for better enjoying culture were reflected in launching a local historic site tour program.

I Communication Channel

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



• Labor-management Meeting



• Executive Meeting

Receiving the Grand Prize by the Local Federation of Trade Unions

POSCO INTERNATIONAL Textile was honored with the Grand Prize by the Federation of Trade Unions of Uzbekistan in the Best on Labor Protection Inspector and Safety Protection sectors for its achievements in undertaking the QSS initiative and creating a safe workplace for employees. Serving as the country's Ministry of Employment and Labor, the federation recognizes top-performing companies through biennial assessments. POSCO INTERNATIONAL Textile will continue to deliver workplace health and safety and practice the philosophy of 'Corporate Citizenship: Building a Better Future Together'.



• Grand Prize awarded by the Federation of Trade Unions in the Best on Labor Protection Inspector sector



• Grand Prize awarded by the Federation of Trade Unions in the Best on Safety Protection sector

I Improvement of Employee Amenities



• Renovation of the Cafeteria

Improvement of Work Satisfaction

Sports Day

Every year, sports day events are hosted in Fergana and Bukhara respectively to build solidarity among employees and relieve their work-related stress. These events are big enough in scale to be reported by the Uzbekistan public TV station. More than 4,000 employees participate in team sports such as football, volleyball, rolling ball and skipping to showcase their teamwork. Employees are directly engaged in the entire process from preparation to hosting and their opinions are fully reflected so that each and every employee can truly enjoy the event.

Rewards and Leave

In celebrating the founding anniversary of POSCO INTERNATIONAL Textile, long-term employees and high-performers are awarded with financial rewards and incentives including domestic training offered in the country. In 2019, rewards were granted to 'Innovative Employees who Proposed Outstanding QSS Suggestions' and 'Employees who Made QSS Improvement in Reducing Costs' in accordance with QSS performance at respective factories to offer incentives to employees for their contribution to company-wide QSS activities.



• Sports day



• Rewards for Long-term Employees and Top Performers



Communicating with Stakeholders

Social Contribution

Preventing Blindness and Promotion of Eye Health

POSCO INTERNATIONAL Textile is hosting the Eye Camp program to prevent blindness and promote eye health for local residents in Fergana and Bukhara where it is based. In 2019, eye disorder checkups were provided to 80 local children in conjunction with the Heart to Heart Foundation and Korean healthcare professionals, and support for cataract surgery was offered to 24 children found to be in need of such medical treatment as a result of checkups. In addition, training and seminars on surgery practices were offered to local healthcare providers to help build local medical infrastructure and improve healthcare expertise.



• Support for Children in Receiving Ophthalmic Treatment and Surgery

Scholarship Support

Scholarships are provided to students who are financially challenged to carry on with their education in Fergana and Bukhara. University department chairs recommend candidates in need of scholarship support out of exemplary high achievers, and beneficiaries are chosen through interviews. In 2019, more than USD 5,900 scholarships were provided to five students in total at three universities in Fergana, and more than USD 3,300 scholarships were offered to three students at two universities in Bukhara.

Tailor-made Support for Local Communities

POSCO INTERNATIONAL Textile continues to make tailor-made social contributions while communicating with local communities, ranging from operational support for local child education centers to support for seniors living alone and orphanages. In 2019, daily necessities were donated to families with disabilities living in the vicinity of the Company during Qurban Hayit, one of the nation's most celebrated holidays. On the occasion of Remembrance Day, essential daily supplies were donated to seniors living alone, and financial donations were made to the ethnic Korean senior association during such Korean holidays as Lunar New Year's Day and Dano.

Receiving the Grand Prize for Outstanding CSR Performance as a Korean Business Operating in Uzbekistan

POSCO INTERNATIONAL Textile was honored with the Grand Prize among Korean businesses operating in Uzbekistan at the 'Korea-Uzbekistan CSR Forum and Awards 2019' jointly hosted by the Chamber of Commerce and Industry of Uzbekistan and the Korean Embassy in the country. This recognizes the Company's achievements in undertaking CSR programs in local communities over the years and is attributable to its contributions to offering scholarships to undergraduates in Tashkent and Fergana, promoting the eye health of local residents in Fergana and Bukhara, and nurturing local healthcare professionals to help resolve local social issues. The Company aims to continue with sustainable CSR programs to improve local community's self-reliance.



• Scholarship Support for Undergraduates



• Daily Necessities Donated to Seniors Living Alone



• Daily Necessities Donated to Families with Disabilities

GLOBAL CSR ISSUE PAPER

Commitment to Addressing Local Human Rights Issues

POSCO INTERNATIONAL Textile is operating factories to process raw cotton procured from the Uzbek government, and is not engaged in the operation of cotton farms in the country. Cotton business is one of the key national industries in Uzbekistan, and the entire process from seeding and cultivation to harvest and distribution is managed by the central government. While human rights issues are normally addressed at the nation level, the Company takes a multi-faceted approach to responding to human rights issues that occur in the countries where it operates.



As the world's seventh largest cotton producer, Uzbekistan cultivates, harvests and exports cotton in large quantities. While Uzbekistan raised concerns over human rights infringement due to forced labor affecting local children and people in cotton cultivation and harvest, the country has been consistently 'Improving Awareness and Monitoring of the Prohibition of Child Labor and Forced Labor' in partnership with the International Labor Organization(ILO) since 2013 as part of its efforts to resolve such human rights issues. As a result, the ILO announced in its report¹⁾ published in February 2020 that no child labor or forced labor took place in Uzbekistan's cotton business. Still yet, it was pointed out that compulsory labor exists partially at the regional level due to centrally-assigned cotton production quotas. This prompted the Uzbekistan government to pass a bill banning forced labor in 2020 and to announce regulations to downsize the role of the government in the agricultural sector with the adoption of the '2020-2030 Agricultural Development Strategy of the Republic of Uzbekistan'. This came in tandem with the regulation signed by the President in March 2020 to abolish the centrally-controlled cotton production quota system. The Cotton Campaign²⁾ and other international human rights NGOs and media welcomed such endeavors and called for concerted efforts made by the international community for the complete resolution of human rights issues in the years ahead.

While human rights issues in Uzbekistan would be best resolved by the national government itself, POSCO INTERNATIONAL took note of these issues that affected the country where it operates. POSCO INTERNATIONAL Textile doubly ensures that no human rights issues occur at the worksites under its management through human rights training and due diligence. Internal regulations are set forth on human rights management and are shared with employees through training, and human rights training is also provided by external professional organizations. Furthermore, annual surveys are conducted on global staff working at POSCO INTERNATIONAL Textile, which allows the Company to review principles to be observed by employees in respecting human rights and the status of substantial and potential human rights infringements so that such violations are verified and addressed properly. As a result of the survey conducted in 2019, no human rights violations were identified concerning child labor and forced labor in Fergana and Bukhara. POSCO INTERNATIONAL Textile preemptively responds to local human rights issues through continued internal training and due diligence conducted by external professionals while attending meetings organized by the Uzbekistan government to share its ideas on the efforts made by the government to improve on human rights concerns to constantly keep an eye on relevant issues. In 2020, the Company will update the survey questionnaire in accordance with the UN Global Compact's due diligence guidelines on businesses and human rights to tighten its human rights due diligence process.



1) ILO, Third-party monitoring of child labor and forced labor during the 2019 cotton harvest in Uzbekistan, 2020.02.05

2) Cotton Campaign, Brands Need Assurances on Forced Labor and Civil Society in Uzbekistan, 2020.04.16

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Financial Statements

Consolidated Statement of Financial Position

FY 2019: as of Dec. 31, 2019

FY 2018: as of Dec. 31, 2018

FY 2017: as of Dec. 31, 2017

(Unit: KRW 1,000)

Category	FY 2019	FY 2018	FY 2017
Assets			
Current assets	5,032,320,679	5,980,170,931	5,047,538,493
Cash and cash equivalents	236,088,955	201,467,875	178,489,883
Trade and other receivables	3,437,125,452	4,229,168,305	3,533,602,397
Other current financial assets	22,892,162	14,837,507	6,637,683
Current derivative assets	42,073,964	53,268,235	51,066,829
Other current assets	182,281,463	150,764,588	168,908,569
Inventories	1,111,858,683	1,330,664,421	1,108,833,132
Non-current assets	3,927,094,409	3,900,849,402	4,122,447,491
Long-term trade receivables and other non-current receivables	441,664,877	368,001,611	357,315,078
Other non-current financial assets	33,505,850	37,542,836	94,316,116
Investments accounted for using equity method	367,793,878	347,695,881	372,978,723
Property, plant and equipment	1,380,434,600	1,294,344,955	1,324,845,720
Right-of-use assets	75,273,352		
Intangible assets	1,249,794,886	1,445,593,033	1,625,226,269
Investment properties	152,168,301	154,735,824	157,630,624
Net defined benefit assets	9,100	969,811	8,224,146
Other non-current assets	183,462	3,696,715	3,529,515
Deferred tax assets	221,083,487	243,086,120	178,381,300
Current tax assets	5,182,616	5,182,616	
Total assets	8,959,415,088	9,881,020,333	9,169,985,984
Liabilities			
Current liabilities	3,561,239,530	5,421,081,019	4,937,907,785
Trade and other payables	2,091,526,195	2,057,123,487	1,870,529,782
Short-term borrowings	1,024,700,968	2,427,424,586	2,333,423,613
Current portion of bonds	130,042,420	538,509,110	463,736,392
Current derivative liabilities	33,202,602	44,240,137	43,454,281
Current provisions	19,704,862		
Other current liabilities	253,449,639	284,635,562	178,843,526
Current tax liabilities	8,612,844	69,148,137	47,920,191
Non-current liabilities	2,350,114,722	1,570,400,776	1,379,602,118
Long-term trade payables and other non-current liabilities	223,349,138	13,407,511	22,032,310
Long-term borrowings	734,572,710	652,936,218	501,433,623
Bonds	1,243,688,371	770,515,080	734,200,282
Other non-current liabilities	32,555,975	44,358,927	45,049,205
Net defined benefit liabilities	9,342,466	3,396,635	3,290,331
Non-current provisions	84,462,885	71,879,981	63,961,914
Deferred tax liabilities	22,143,177	13,906,424	9,634,453
Total liabilities	5,911,354,252	6,991,481,795	6,317,509,903
Equity			
Equity attributable to owners of the parent	3,047,729,156	2,887,254,170	2,809,757,886
Issued capital	616,875,745	616,875,745	616,875,745
Capital surplus	557,760,234	553,976,070	553,438,881
Other components of equity	(7,762)	(7,762)	(6,115)
Accumulated other comprehensive income	15,595,147	(15,867,119)	(4,936,011)
Retained earnings	1,857,505,792	1,732,277,236	1,644,385,386
Non-controlling interests	331,680	2,284,368	42,718,195
Total equity	3,048,060,836	2,889,538,538	2,852,476,081
Total liabilities and equity	8,959,415,088	9,881,020,333	9,169,985,984

Consolidated Statement of Comprehensive Income

FY 2019: as of Dec. 31, 2019

FY 2018: as of Dec. 31, 2018

FY 2017: as of Dec. 31, 2017

(Unit: KRW 1,000)

Category	FY 2019	FY 2018	FY 2017
Sales	24,422,574,846	25,173,939,721	22,571,653,747
Cost of sales	23,297,980,546	24,199,883,770	21,263,108,998
Gross profit	1,124,594,300	974,055,951	1,308,544,749
Selling and administrative expenses	519,276,554	501,432,847	907,230,886
Operating profit(loss)	605,317,746	472,623,104	401,313,863
Share of profit in associates	84,132,543	44,703,184	60,384,368
Share of loss in associates	29,030,351	28,609,829	28,925,342
Financial income	797,316,170	759,797,926	892,930,447
Financial costs	922,521,959	919,294,064	1,003,417,545
Other non-operating income	48,094,422	24,546,572	50,321,262
Other non-operating expenses	253,330,465	177,681,741	124,645,899
Profit(loss) for the year before tax	329,978,106	176,085,152	247,961,154
Income tax expenses	127,580,055	60,344,033	81,142,415
Profit(loss)	202,398,051	115,741,119	166,818,739
Other comprehensive income	21,804,823	(5,951,074)	(93,312,775)
Other comprehensive income to be reclassified to profit or loss in subsequent periods	26,776,075	1,606,812	(93,925,244)
Net loss on valuation of available-for-sale financial assets			(7,746,136)
Capital variation of equity method	9,370,793	12,596,379	10,426,629
Negative capital variation of equity method	(947,176)	(14,467,791)	(65,238,720)
Exchange differences on translation of foreign operations	18,352,458	3,478,224	(31,367,017)
Other comprehensive income, net of tax, to be not reclassified to profit or loss in subsequent periods	(4,971,252)	(7,557,886)	612,469
Gain(loss) on disposal of FVOCI financial assets	(398,478)	(7,870,791)	
Capital variation of equity method	2,202,166	5,851,637	
Re-measurement gain(loss) on defined benefit liabilities (other comprehensive income, net of tax)	(7,267,686)	(5,538,732)	612,469
Exchange differences on translation of foreign operations	492,746		
Total Comprehensive Income	224,202,874	109,790,045	73,505,964
Profit(loss) for the year attributable to			
Owners of the parent	209,403,680	155,174,308	175,880,360
Non-controlling interests	(7,005,629)	(39,433,189)	(9,061,621)
Total comprehensive income(loss) attributable to			
Owners of the parent	230,715,757	147,098,408	83,093,664
Non-controlling interests	(6,512,883)	(37,308,363)	(9,587,700)
Earnings per share			
Basic earnings(loss) per share(unit: KRW)	1,697	1,258	1,444
Basic earnings(loss) per share for income from continuing operation(unit: KRW)	1,697	1,258	1,444
Diluted earnings(loss) per share(unit: KRW)	1,697	1,258	1,444
Diluted earnings(loss) per share for income from continuing operation(unit: KRW)	1,697	1,258	1,444

Statement of Financial Position

FY 2019: as of Dec. 31, 2019

FY 2018: as of Dec. 31, 2018

FY 2017: as of Dec. 31, 2017

(Unit: KRW 1,000)

Category	FY 2019	FY 2018	FY 2017
Assets			
Current assets	4,354,171,096	5,267,780,694	4,460,809,908
Cash and cash equivalents	85,092,442	53,760,025	44,350,471
Trade and other receivables	3,473,836,072	4,258,658,693	3,518,262,277
Other current financial assets	310,679	66,208	84,310
Derivative financial assets	42,073,964	53,260,650	51,066,217
Other current assets	153,497,495	118,576,395	114,434,786
Inventories	599,360,444	783,458,723	732,611,847
Non-current assets	3,366,940,287	3,505,463,121	3,720,832,329
Long-term trade receivables and other receivables	489,008,764	413,764,644	412,817,037
Other non-current financial assets	28,725,489	29,943,568	89,594,936
Investments in subsidiaries, joint ventures and associates	633,804,332	631,887,401	746,128,207
Property, plant and equipment	629,892,062	645,852,967	637,034,812
Right-of-use assets	20,823,986		
Intangible assets	1,146,773,717	1,358,280,266	1,468,727,262
Investment properties	152,168,301	154,735,824	157,630,624
Net defined benefit assets	9,100	969,810	8,224,146
Deferred tax assets	260,551,920	264,846,025	200,675,305
Current income tax assets	5,182,616	5,182,616	
Total assets	7,721,111,383	8,773,243,815	8,181,642,237
Liabilities			
Current liabilities	3,024,828,514	4,738,886,421	4,177,985,050
Trade and other payables	1,938,246,378	1,940,101,042	1,753,403,701
Short-term borrowings	697,346,429	1,936,789,726	1,745,977,524
Current portion of bonds	130,042,420	538,509,110	463,736,392
Current derivative liabilities	33,117,042	44,240,137	43,454,281
Current provisions	18,309,305		
Other current liabilities	207,766,940	224,564,761	126,645,986
Current tax liabilities		54,681,645	44,767,166
Non-current liabilities	1,787,163,682	1,235,211,400	1,228,031,430
Long-term trade payables and other payables	187,944,158	15,802,942	23,861,957
Long-term borrowings	232,882,813	336,309,640	372,552,912
Bonds	1,243,688,371	770,515,080	734,200,282
Other non-current liabilities	32,555,975	37,963,152	37,693,930
Net defined benefit liabilities	4,619,008		436,624
Non-current provisions	85,473,357	74,620,586	59,285,725
Total liabilities	4,811,992,196	5,974,097,821	5,406,016,480
Equity			
Issued capital	616,875,745	616,875,745	616,875,745
Other capital surplus	544,002,741	544,002,741	544,002,741
Other components of equity	(6,115)	(6,115)	(6,115)
Accumulated other comprehensive income	(1,896,460)	(1,945,021)	13,383,027
Retained earnings	1,750,143,276	1,640,218,644	1,601,370,359
Total equity	2,909,119,187	2,799,145,994	2,775,625,757
Total liabilities and equity	7,721,111,383	8,773,243,815	8,773,243,815

Statement of Comprehensive Income

FY 2019: as of Dec. 31, 2019

FY 2018: as of Dec. 31, 2018

FY 2017: as of Dec. 31, 2017

(Unit: KRW 1,000)

Category	FY 2019	FY 2018	FY 2017
Sales	22,743,722,129	23,308,796,353	20,891,525,634
Cost of sales	21,771,949,516	22,523,175,326	19,738,189,786
Gross profit	971,772,613	785,621,027	1,153,335,848
Selling and administrative expenses	403,606,458	400,335,966	800,521,568
Operating profit(loss)	568,166,155	385,285,061	352,814,280
Financial income	804,991,753	769,100,765	913,158,380
Financial costs	843,204,969	824,200,360	939,938,314
Other non-operating income	45,026,513	23,374,224	45,941,306
Other non-operating expenses	282,605,878	219,551,214	162,277,601
Profit(loss) for the year before tax	292,373,574	134,008,476	209,698,051
Income tax expenses	100,669,425	36,236,774	59,317,111
Profit(loss)	191,704,149	97,771,702	150,380,940
Other comprehensive income	(7,706,021)	(11,303,087)	(7,083,970)
Other comprehensive income, net of tax, to be not reclassified to profit or loss in subsequent periods	(7,706,021)	(11,303,087)	662,166
Gain(loss) on disposal of FVOCI financial assets	(529,069)	(5,620,845)	
Re-measurement gain(loss) on defined benefit liabilities (other comprehensive income, net of tax)	(7,176,952)	(5,682,242)	662,166
Other comprehensive income, net of tax, to be reclassified into profit or loss			(7,746,136)
Net loss on valuation of available-for-sale financial assets			(7,746,136)
Total Comprehensive Income	183,998,128	86,468,615	143,296,970
Earnings per share			
Basic earnings(loss) per share(unit: KRW)	1,554	792	1,234
Basic earnings(loss) per share for income from continuing operation(unit: KRW)	1,554	792	1,234
Diluted earnings(loss) per share(unit: KRW)	1,554	792	1,234
Diluted earnings(loss) per share for income from continuing operation(unit: KRW)	1,554	792	1,234

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	405-2	Ratio of basic salary and remuneration of women to men	6.4.3-6.4.4	66
Non-discrimination				
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	6.3.6-6.3.7, 6.3.10, 6.4.3	60, 66, 71 (No incidents of discrimination)
Freedom of association and collective bargaining				
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.3.3-6.3.5, 6.3.8, 6.3.10, 6.4.5, 6.6.6	No such operations or suppliers
Child labor				
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	6.3.3-6.3.5, 6.3.7, 6.3.10, 6.6.6, 6.8.4	127, No such operations or suppliers
Forced or compulsory labor				
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.3.3-6.3.5, 6.3.10, 6.6.6	127, No such operations or suppliers
Rights of indigenous peoples				
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	6.3.4, 6.3.6-6.3.8, 6.6.7, 6.8.3	No such violations
Human rights assessment				
GRI 103: Management Approach	103-1	Explanation of the material topic and its Boundary		32-33
	103-2	The management approach and its components		64, 70, 102, 119, 127
	103-3	Evaluation of the management approach		65, 103
GRI 412 : Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	6.3.3-6.3.6	70
	412-2	Employee training on human rights policies or procedures		71, 127

GRI Standards		Disclosure	ISO 26000	Page/URL
Local communities				
GRI 103:	103-1	Explanation of the material topic and its Boundary		32-33
Management	103-2	The management approach and its components		78, 85, 102
Approach	103-3	Evaluation of the management approach		79, 103
GRI 413:	413-1	Operations with local community engagement, impact assessments, and development programs	6.3.9, 6.5.3, 6.8	108-109, 116, 125-126
Local Communities				
Supplier social assessment				
GRI 103:	103-1	Explanation of the material topic and its Boundary		32-33
Management	103-2	The management approach and its components		56
Approach	103-3	Evaluation of the management approach		61
GRI 414: Supplier	414-1	New suppliers that were screened using social criteria	6.3.5, 6.6.1-6.6.2, 6.6.6, 6.8.1-6.8.2, 7.3.1	60, To be calculated
Social Assessment				
Customer health and safety				
GRI 416: Customer	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	4.6, 6.7.1-6.7.2, 6.7.4-6.7.5, 6.8.8	No such non-compliance
Health and Safety				
Customer privacy				
GRI 418: Customer	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		61, No relevant violations
Privacy				
Socioeconomic compliance				
GRI 419: Socioeco-	419-1	Non-compliance with laws and regulations in the social and economic area	4.6, 6.7.1-6.7.2, 6.7.6	No such non-compliance
nomic Compliance				

Other Data

Government Grants

Governments grants are recognized only when POSCO INTERNATIONAL complies with the attached conditions and is reasonably assured of receiving the grants. When such grants relate to profit, they are deducted from the relevant expenses over the periods that correspond to the expenses related to the purposes of offering these grants. In 2019, the remaining balance of government grants out of POSCO INTERNATIONAL's tangible assets (on a consolidated basis) was KRW 29 million. For further details on government grants, please refer to '10. Tangible Assets' on page 108 of the 2019 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 manufacturing/production companies who meet its buyers' needs. In addition, shipment and transportation companies can be included in our supply chain as they are the ones who deliver products to customers. With the merger of POSCO P&S in 2017, suppliers of scraps, nickel, chrome, and steel sheets used for manufacturing have become part of our supply chain. For the year of 2019, the cost of goods purchased from the supply chain amounted to KRW 22,157,555 million.

Employee Data

As of December 31, 2019, POSCO INTERNATIONAL hired a total of 10,260 employees, including 1,973 at the HQ in Korea and 8,287 at overseas worksites. This includes 714 employees of POSCO SPS (STS Division, TMC Division, and Plate Fabrication Division).

SASB Index

POSCO INTERNATIONAL reports against the framework developed by the Sustainability Accounting Standards Board(SASB) as a voluntary industry-specific disclosure standard to address sustainability issues. In so doing, we aim to provide wide-ranging stakeholders as well as investors with useful information to support their decision-making. Our SASB Index is based on the Iron & Steel Producers Standards in the Extractives & Minerals Processing(EM-IS) sector in accordance with the Sustainable Industry Classification System(SICS). Meanwhile, we do not belong to one specific industry as our business portfolio spans a wide array of areas, including but not limited to trading sales as well as trading, resources development, production & processing, and infrastructure development and operation. This is why we also report on the Industrial Machinery & Goods standards in the Resource Transformation(RT-IG) sector.

Topic	Accounting Metric	Category	Unit of Measure	Code	Page
Greenhouse Gas Emissions	(1) Gross global Scope 1 emissions (2) Percentage covered under emissions-limiting regulations	Quantitative	tCO ₂ e	EM-IS-110a.1	97
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	N/A	EM-IS-110a.2	96
Air Emissions	Air emissions of the following pollutants: - NOx emissions, SOx emissions, and Particulate matter(PM10) emissions)	Quantitative	t	EM-IS-120a.1	93
Energy Management	(1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable	Quantitative	GJ, %	EM-IS-130a.1 RT-IG-130a.1	97
	(1) Total fuel consumed, (2) Percentage coal, (3) Percentage natural gas, (4) Percentage renewable	Quantitative	GJ, %	EM-IS-130a.2	97
Water Management	(1) Total fresh water withdrawn, (2) Percentage recycled, (3) Percentage in regions with High or Extremely High Baseline Water Stress	Quantitative	m ³ , %	EM-IS-140a.1	93
Waste Management	(1) Amount of waste generated, (2) Percentage hazardous, (3) Percentage recycled	Quantitative	t, %	EM-IS-140a.1	93
Workforce Health & Safety	(1) Total recordable incident rate(TRIR), (2) Fatality rate, (3) Near miss frequency rate(NMFR) for (a) full-time employees and (b) contract employees	Quantitative	Rate	EM-IS-320a.1 RT-IG-320a.1	72
Supply Chain Management	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	Discussion and Analysis	N/A	EM-IS-430a.1	61
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	N/A	RT-IG-440a.1	61

UN Global Compact Communication on Progress(CoP)

In November 2019, POSCO INTERNATIONAL joined the UN Global Compact(UNGC), a voluntary initiative launched on the fulfillment of corporate social responsibility. As a member of the UNGC, we fully endorse the UNGC Ten 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 this report.

Area	Principle	Reporting Topic	Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Respecting Employees	70, 71, 113, 119, 127
	Principle 2: Make sure that they are not complicit in human rights abuses.		
Labor	Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Respecting Employees	70, 71, 76, 113, 119, 127
	Principle 4: The elimination of all forms of forced and compulsory labor.		
	Principle 5: The effective abolition of child labor.		
	Principle 6: The elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7: Business should support a precautionary approach to environmental challenges.	Advancing Eco-friendly Management	90-99, 117-119
	Principle 8: Undertake initiatives to promote greater environmental responsibility.		
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies.		
Anti-Corruption	Principle 10: Business should work against corruption in all its forms, including extortion and bribery.	Reinforcing Ethics Management	56-59

Independent Assurance Statement

Introduction

POSCO INTERNATIONAL CORPORATION ("POSCO INTERNATIONAL") commissioned DNV GL Business Assurance Korea Ltd. ("DNV GL"), part of DNV GL Group, to undertake independent assurance of POSCO INTERNATIONAL CORPORATION Sustainability Report 2019 (the "Report"). The directors of POSCO INTERNATIONAL have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of POSCO INTERNATIONAL in accordance with the terms of reference. DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

Scope and Basis of assurance

Based on non-financial data and sustainability activities and performance data of 2019 generated from POSCO INTERNATIONAL, we have evaluated the adherence to AA1000 Accountability Principles 2018¹⁾ and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the process for defining report content;

No.	Material topic	GRI Topic Specific Disclosure
1	Expanding and changing the business structure	201-1
2	Developing global talent (including global staff)	404-2
3	Developing an integrated risk management system	N/A
4	Securing and managing sustainable suppliers	414-1
5	Facilitating active stakeholder communication	N/A
6	Respecting human rights and prohibiting discrimination	412-1
7	Strengthening social contribution for local communities	413-1

We performed our work using AA1000AS 2008 with 2018 addendum²⁾ and DNV GL's assurance methodology VeriSustainTM 3)(Ver. 5.0) which is based on our professional experience, international assurance best practices. DNV GL provides Type 1 and the moderate level of assurance. But some environmental performances have been verified by Type 2. The assurance was carried out from June and till July 2020. The site visits were made to POSCO INTERNATIONAL's POSCO Tower in Songdo, Korea. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- reviewed the materiality analysis report.

Limitations

The engagement excludes the sustainability management, performance and reporting practices of POSCO INTERNATIONAL's other subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service(<http://dart.fss.or.kr>) as well as data on the website of POSCO INTERNATIONAL(www.poscointl.com). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the reported data and information disclosed in the Report do not give a fair representation of POSCO INTERNATIONAL's related sustainability performance. Further opinions with regards to the adherence to the Principles are made below;

The Principle of Inclusivity

POSCO INTERNATIONAL has identified shareholders/investors, customers, suppliers, employees, local communities/civil organizations, governments/international organizations as a group of internal and external stakeholders. POSCO INTERNATIONAL conducts stakeholder engagement activities at the enterprise level or at individual departments through various channels. POSCO INTERNATIONAL is collecting opinions with stakeholders through various channels, and each opinion is reflected in activities for the six focus areas of sustainability management. The definition of stakeholders, material topic, major communication channels and activities, and POSCO INTERNATIONAL's response efforts were introduced in the Report. POSCO INTERNATIONAL communicates with stakeholders to fulfill its social responsibility as a global company, and promotes various social contribution activities in local communities at domestic and overseas business sites. In addition, POSCO INTERNATIONAL is pursuing six focus areas of sustainability management in accordance with the UN Sustainable Development Goals(UN SDGs), identifying the impact of each stakeholder and promoting activities to create sustainable management performance in 2019.

1) AA1000 AccountAbility Principles 2018: Internationally accepted, four principles-based framework and guidance that organisations can use to identify, prioritise and respond to sustainability performance and responsibility.

2) AA1000 Assurance Standard 2008: Internationally accepted, freely available standard that provides the requirements for conducting sustainability assurance.

3) The VeriSustain protocol is available upon request at DNV GL Website(www.dnvgl.com)

The Principle of Materiality

POSCO INTERNATIONAL has conducted the materiality analysis to prepare the Report. Based on the existing issue pool in 2018, POSCO INTERNATIONAL has derived a total of 19 sustainability management issues by reflecting the sustainability management trend, the focus required by the international guidelines, and the management environment of POSCO INTERNATIONAL. In addition, 7 material issues were selected as material topics through analysis of internal and external environments and priorities. POSCO INTERNATIONAL reports its achievements by linking material issues identified through the materiality analysis with POSCO INTERNATIONAL's six sustainability management areas. We have reviewed the materiality analysis process and noted relevant material topics prioritized from the process are addressed in the Report.

The Principle of Responsiveness

POSCO INTERNATIONAL selects material topics in consideration of the six focus areas for sustainability management and the impact of stakeholders, and reports risks, opportunities, approaches, goals and performances for each of the six focus areas. By explaining the meaning and direction of POSCO INTERNATIONAL's sustainability management through the Report, the Report helps to understand POSCO INTERNATIONAL's sustainability management. In particular, POSCO INTERNATIONAL operates the CSR Committee to more actively respond to the needs of stakeholders and fulfill its social responsibilities, and responds to major issues related to overall sustainability management, such as the results of sustainability management evaluation and stakeholder concerns.

The Principle of Impact

The impact on stakeholders related to material topics should be identified, monitored and evaluated. POSCO INTERNATIONAL grasped the direct and indirect effects of material topics identified through materiality analysis and put them in the Report. In particular, POSCO INTERNATIONAL is aware of the positive or negative social and environmental impacts of the company, and has endeavored to consider them in the decision-making process and management activities. As a result of these efforts, POSCO INTERNATIONAL is evaluating the impact on economic, tax, social and environmental aspects of the financial and non-financial performances that resulted in society during 2019 and reports the measurement results.

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

DNV GL tested and verified the data and information in the report on a sampling basis. No significant errors in terms of accuracy were found in the data and information verified through assurance engagement. POSCO INTERNATIONAL operates reliable procedures for collecting, recording, processing, analyzing and reporting information. POSCO INTERNATIONAL suggests that the performance of sustainable management can be compared in three years. POSCO INTERNATIONAL will be able to compare performances related to material topics through appropriate benchmarks and use them in goal setting and adjustment, and in a balanced perspective. Errors or ambiguous expressions found during the assurance process were corrected before the final report was published. The Report is prepared yearly, and the reporting period is specified in the report.

Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct⁴⁾ during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL has provided POSCO INTERNATIONAL's 2019 greenhouse gas emission verification. In our opinion, this does not affect the independence or impartiality of our work.

July 2020 Seoul, Korea
Country Representative **Jang Sup Lee**
DNV GL Business Assurance Korea Ltd.




AA1000
Licensed Assurance Provider
000-10



4) DNV GL Code of Conduct is available from DNV GL website(www.dnvgl.com)

Certificates and Trademarks / Memberships

POSCO INTERNATIONAL has been certified under wide-ranging international certification programs by fulfilling their stringent audit requirements on regulatory compliance and safety management. As an Authorized Economic Operator, we reassure our customers of the quality and service that we deliver.

Certificates

HQ	Myanmar Shwe Project	
- Authorized Economic Operator(AEO)	- ISO 14001	
- Compliance Program Certified on Export Control	PT. BIA	
- ISO 9001	- ISPO certification	
- ISO 14001	POSCO INTERNATIONAL	
- ISO 45001	Textile LLC	
- IATF 16949	- OEKO-TEX STANDARD 100 (cotton yarn/cotton fabric)	
STS Division	TMC Division	
- ISO 9001	- JIS	- ISO 9001
- ISO 14001	- BIS	- ISO 14001
- IATF 16949	- KS	- IATF 16949
- KOSHA 18001		- KOSHA 18001
Plate Fabrication Division		
- ISO 9001		
- RS(Russian Maritime Register of Shipping)		
- RINA(Registro Italiano Navale)		
- KR(Korean Register of Shipping)		
- ACRS(Australian Certification Authority for Reinforcing Steel)		
- Japanese steel structure plant certification		

Trademarks

Since 1974 when the trademark was first registered in Korea, nearly 3,500 DAEWOO trademark applications have been made and granted in 160 countries across the globe. The trademark is used by the Company and its overseas corporations in Korea and abroad across such diverse industries as electronics, automotive components, machinery, construction and transportation, and its distinctive value is highly recognized in Asia, Central & 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.



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

Examples of Trademark Use



DAEWOO



DAEWOO

For inquiries on trademark business,
please contact us via brand@poscointl.com.

Memberships

No.	Organization	Year of Membership
1	Korea International Trade Association(KITA)	1967
2	Korea Importers Association(KOIMA)	1971
3	Korea Defense Industry Association(KDIA)	1978
4	Korea Chamber of Commerce & Industry (KCCI Seoul, KCCI Incheon)	1994
5	Korea Auto Industries Cooperation Association (KAICA)	2003
6	Korea Automobile Manufacturers Association (KAMA)	2007
7	Energy & Mineral Resources Development Association of Korea(EMRD)	2008
8	The Korea Gas Union(KGU)	2012
9	International Contractors Association of Korea	2014
10	Korea Enterprises Federation(KEF)	2016
11	International Gas Union(IGU)	2018
12	Korea Iron & Steel Association(KOSA)	2018
13	UN Global Compact	2019
14	Sustainability Management Research Society, Korean Standard Association	2019
15	Korean Energy Society	2019

