Global HR Standards

2019

HR Department
POSCO International Corporation

1. Global HR Structure

Establishment of Global HR Structure to develop creative global staff who will lead global business in the future

Vision Slogan	**Beyond Trade, Pursuing Future Business**
	POSCO International, We Make Business!

Core Values

Excellent People	Creative Challenge	Reliability & Cooperation
•Priority in Talents •Top Professionalism •Morality & Passion	•Valuable Challenges •Creative Profit Model •Enterprising Thinking	•Internal Synergy •Family Collaboration •Community & Reliability

Talents Required

Creative Business Leader
who will lead the future business
- Business Talent / Professional Talent / Global Talent -

HR Principle

Performance-based	Open HR
Competency-oriented	Select Few HR

HR Work Scope

Organization structure, job grade, recruiting & staffing, evaluation/promotion, salary, reward/punishment, etc.

Talents Required

Business Talent
• With pride and responsibility to work, a person fulfilling the tasks with strong ethical awareness

Professional Talent
• A person with professional know-how about business and product, and produce results with creative insight

Global Talent
• A person with global competencies who can actively participate in the world market and empathize with others

1. Global HR Structure - HR Principle

HR department will provide all employees of POSCO International equal growth opportunities and build high standard of HR policies and processes in order to become a Global One Company.

Global HR Principle	

Adoption of POSCO Group HR principle

Performance-based	Objective evaluation & differentiated compensation
Competency-oriented	Systematized talent growth through competency development
Open HR	Fair opportunities regardless of gender, nationality and origin
Select Few HR	Increased workforce efficiency by timely & appropriate staffing

2. Global HR Standard - ① Organization

Principle **To Establish Sales/Field Centered Organizational Structure and Streamline Hierarchy**

Standard

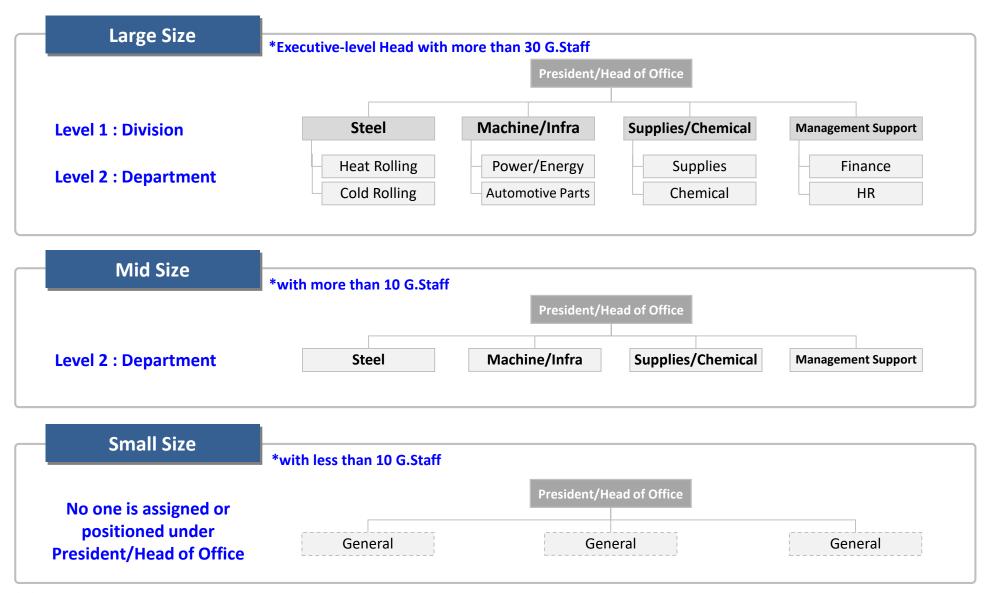|	
Restructuring Global Organization	● **Regional HQ – overseas corporation/branch office** - **[Regional HQ]** When a control tower within the region is necessary (eg. POSCO International China) - **[Overseas corporation]** When expanding business or operating independently - **[Branch]** When a base for business expansion is needed ※ It is possible to establish independent corporation/branch without regional HQ. ● **Operation of cluster of branches in charge of overseeing several other branches when it is closely related in terms of geography and nature of business (if needed)** - The head of cluster will be granted an authority for HR management and evaluation.
Organizational Structure	● **Less than 3 hierarchy levels** under Regional President and Head of Office - Organizational Hierarchy : Division - Department – General (may vary depending on the size of incorporation/branch office)
Operation of Organization	● **Strengthen sales/field organization/minimization back office organization** ● **Define R/R across the organizations without redundancy or omission**
English Title for Head Position	●"President" for head of corporation, "Head of Office" for the head of branch/office

Corporation (overseas affiliate)	Branch/Rep. Office
President	Head of Office
Head of Division - Head of Department / Head of Group	

* English title may vary country by country (eg.) Managing Director

R&R

Category	HQ	Region	Branch
Restructuring Global Organization	Proposal **Approval**	Proposal	Proposal
Change in Organizational Structure	**Post-notification**	**Prior Consul-tation**	Proposal **Approval**

* If there is no regional HQ, this step can be skipped.

[Reference 1] Example of Organizational Structure

Large Size

*Executive-level Head with more than 30 G.Staff

Level 1 : Division

Level 2 : Department

- President/Head of Office
  - Steel
    - Heat Rolling
    - Cold Rolling
  - Machine/Infra
    - Power/Energy
    - Automotive Parts
  - Supplies/Chemical
    - Supplies
    - Chemical
  - Management Support
    - Finance
    - HR

Mid Size

*with more than 10 G.Staff

Level 2 : Department

- President/Head of Office
  - Steel
  - Machine/Infra
  - Supplies/Chemical
  - Management Support

Small Size

*with less than 10 G.Staff

No one is assigned or positioned under President/Head of Office

- President/Head of Office
  - General
  - General
  - General

※ Hierarchy shall be minimized to avoid placement of another employee between the Head and G.Staff

Principle

G-grade(POSCO Group integrated job grade system) shall be assigned to G staff while global staff showing excellent performance shall be granted with **P-grade.**

Standard

Job Grade System

● POSCO Group standard grade 「G-grade」

G-grade	Title	Definition	Role	P-grade
G14	Executive Director	those who are capable of presenting business strategy and direction	President/ Head of Office	P7
G13	Director			P6
G12	Senior Manager	those who are equipped with professional capability and are in charge of training staff members	Division	P5
G11		those who are able to manage organization/staff for fulfillment of jobs		P4
G10	Manager	those who are able to make independent decision including problem-solving	Head of Dept.	P3
G9	Assistant Manager	those who are capable of fulfilling jobs involving making independent decisions		P2
G8	Staff	those who are capable of fulfilling roles through detailed guidelines and support		P1
G7				Pb/a
Gz		Contractors who are fulfilling simple jobs or whose capability hasn't been proven		Pz

* Sub-grade (G9A, G9B) within a grade or different grade name may be employed if necessary

P-grade

● **P-grade** may be granted to those who have great growth potential or who have shown **outstanding performance on a continued basis**

- [process] selecting Pc(P-Candidate) → **Mandatory e-learning (7 courses)** → validating performance (once a year) → **P-grade approval(April 1st every year)**

- [qualification] more than 3 years service + evaluation grade higher than AB (latest 2 years) + advanced English (fluent)

R&R

Category	HQ	Region	Branch
Change of standard grade system	Proposal **Approval**	-	-
G-grade segmentation (G9A, G10B, etc.)	**Prior Consul-tation**	**Approval**	Proposal
P-grade	(Recommendation) **Approval**	Recommendation	Recommendation

* If there is no regional HQ, this step can be skipped.

2. Global HR Standards - ③ Recruitment/HR Management

Principle

To establish short and long-term human resource planning based on business strategy and secure the Right People through transparent and fair process

Standard

Recruit-ment

● **Run transparent and fair recruiting process to hire the most optimal talents by position**

- **[process]** Job posting → document screening → interview → confirmation → hire
  (additional steps may be added in accordance with regulations/practice)
- **[document screening/interview criteria]**

category	Paper screening	Interview
Evaluation Focus	purpose of application, academic records/major, experience, language proficiency	[job qualification] professionalism, language fluency [personality/attitude] committed to job, basic capability, eligibility as a member of an organization
Evaluator	More than two interviewers including a manager	More than two interviewers including global/regional head

- **[probation period] three months** *when the local labor acts allow

● **Minimize labor issues by concluding an employment contract in accordance with the law**

- **[required]** period, roles and responsibility, pay, working hours/place, off-days/vacation, probation period, terms for termination of contract, etc.   *Contract party shall be head of region or branch.

HR Manage-ment

● **To systematically manage talents with HR data registration/query via new HR system**
- electronic management of employee history including employment/retirement, assignment of title/dismissal, long-term leave, return to work

● **To manage a pool of qualified talents possessed with growth potential and business capability**
- to provide growth opportunity through granting P-grade, mobility program in HQ or G Staff Meeting

※ **Indicate that HR Group Head's "cooperation" is required in the proposal form**
  (with detailed reason and timeline) in the case of retirement/new hire (regular)

R&R

Category		HQ	Region	Branch
Recruitment schedule/volume		-	-	Proposal **Approval**
Recruitment · Retirement	Regular (all higher than G8)	**Prior Consultation**	**Prior Consultation**	Proposal **Approval**
	Contract	Post-notification	Post-notification	Proposal **Approval**
Intern (Probation)		-	Post-notification	Proposal **Approval**
Assignment/ dismissal of title		**Prior Consultation**	**Prior Consultation**	Proposal **Approval**
Long leave/ Return to work		-	-	Proposal **Approval**

* If there is no regional HQ, this step can be skipped.

[Reference 2] New-Hire Interview Guide

☐ Interviewers' Attitude

● **Responsibility** : Be aware that interviewing is a critical part of selecting junior employees who will lead the company in the future

● **Objectivity & Fairness** : Run a recruitment process that is desirable in finding the right people for the right position

● **Positive Image** : Interviewing is a venue where we can promote positive corporate image and build a brand value as a business

☐ Dos and Don'ts

Dos	Don'ts
• **Maintain proper eye contact and listen carefully** in a straight posture • Use **honorific words and expression** • **Define** and faithfully follow **evaluation criterion/standards** • Give **equal opportunity** per each candidate (number of similar questions/response time, and so on) •Arrive and get prepared in time before the interview	• **Do not have any bias based on first impression or specification** • Do not ask **spontaneous/subjective** questions not related to evaluation criterion (family issue, privacy) • Do not **make any remark or ask a question which may discriminate a candidate against others** (gender, religion, age, political view, etc.) • **Do not make more comments rather than giving a candidate a chance to speak or do not try to preach a candidate** • Do not embarrass a candidate by asking too **aggressive questions**

※ **Questions which shall not be asked** : gender, religion, age, political view, marital status, and anything not related to capability

• Do you have a date? When are you planning to get married? Do you intend to continue to work after having a baby?

• What is your and your family's religions (parents, siblings)? Where are you from and which tribe are you from?

• You are older than other candidates. Do you think you can get along and work well?

• Have you ever been on a diet? Are you a good drinker?

❐ Sample Interview Questions

Purpose of application & Capability	• What do you think is the most important thing to consider in choosing a company and a job? • What is the strength of this company compared to other competitors? • Do you know about our company's business portfolio? • Did you make any preparation for the job that you applied for such as college major, qualification, or experience? • Share with us your vision and career development plan after you join the company.
Eligibility for the job	• Please introduce yourself with focus on your strength based on your major and experience. • How do you think your major (or specific experience or qualification indicated in your resume) can contribute to your work? • Please share with us your experience of taking a risk and making it work? • What is the biggest failure (or success) in your life and what are the learnings from the experience? • What are the most important qualifications for those who are involved in trading business? And why? • What is your biggest strength and how were you able to have such a strength? • Can you share with us your definition of "a global talent? Do you think that you have capabilities as a global talent? • Please tell us which job/position you would like to be assigned to and why?
Eligibility as a member of an organization	• What kind of co-workers would you like to work with? How will you be able to sort out the difference when you have different view with your co-workers? Do you have any similar experience? • What is the desirable leadership in your opinion? Can you describe or explain what is the best company or corporate culture where you would like to work?

2. Global HR Standards - ④ Evaluation/Promotion

Principle

To strengthen performance oriented culture and positive tension in the organization by executing objective evaluation/promotion based on performance and capability

Standard

Evaluation

● To ensure acceptable performance evaluation result through fair and objective process management
- **[evaluation criteria]** MBO and capability/attitude
- **[process]** target setting/execution → mid-term review (once every half) → evaluation (Dec.) →feedback
- **[evaluated by]** final evaluation by head of regional HQ/branch (having the authority to decide evaluation grade)

● To strengthen performance-oriented culture by complying with the quota per each grade
- [Evaluation Grade and Quota] 5 Grades (S,A,B,C,D)

Grade	S	A	B	C/D
Head Position	20%	30%	40%	10%
General G.Staff	10%	20%	60%	10%

*Quota for each grade can change according to the number of staff or organizational performance

Promotion

● Promotion shall be executed in consideration of resource business target and performance
● To offer motivation to the employees through fair screening and validation
- **[Requirements]**

Service Years	more than **3 years per title** * more than a full year for the experienced
Evaluation Grade	Grade **B on average for the current job grade(G or P)** *Those who obtained Grade A on average are eligible for early promotion. Disqualification criteria: punishment of pay reduction or higher (valid period: 1 year)

- **[when]** As of April 1st / every year   *Same as HQ

※ **Approval Global HQ approval is required for the promotion to higher than G11 and P-grade** (Shall be recommended by Regional HQ or Branch Head)

R&R

Category		HQ	Region	Branch
Evaluation (Grading)		Post-notification	Post-notification	Execution
Promotion	Higher than G11			
	P-grade (G.Staff)	Approval	Recomm-endation	Proposal
	Lower than G10	Post-notification	Post-notification	Execution

* If there is no regional HQ, this step can be skipped.

2. Global HR Standard - ⑤ Reward & Punishment Guidelines

Principle — **To Raise more trust in the HR Management through reward/punishment standards**

Standard

Reward/Punishment

● **To apply global HQ's reward/punishment standards**

- **Reasons for Reward/Punishment**
  [Reward] Outstanding performance & long service year
  [Punishment] behaviors in violation of 4 criterion of ethics (accepting bribery/embezzlement/ sexual abuse/information fraud) and other cases which cause damage to the company's finance and reputation, and those who are found not to be eligible for job or who fails to fulfill due diligence

- **Types**
  [Reward] Individual performance / Long Service / Organization Performance
  [Punishment] Dismissal, Suspension, Salary Reduction, Warning Letter

- **Process**
  [Reward] Set up a plan for reward (Global/Region) → execute → report to global HQ (via work email)
  [Punishment] set up a plan for punishment (Global/Region) → execute → report to global HQ

  *behaviors in violation of 4 criterion o ethics is subject to punishment of higher than salary reduction (those assigned with roles will be dismissed. and will be granted with C/D grade for evaluation)

※ Records of reward/punishment to be reregistered in the Global HR system database

Regulation Manage-ment

● **Revision & Execution of HR Regulations**
  - mandatory : employment, due diligence, grade, evaluation, promotion, reward/punishment, payroll, benefit, retirement
● **Other HR regulations/systems shall be established and operated by each overseas corporation/branch on such as due diligence, retirement age, and benefit in consideration of the local regulations and related labor acts.**

R&R for Global/Region

Category	HQ	Region	Branch
Reward			
Punishment	Post-notification	Post-notification	Proposal **Approval**
HR/Labor Regulations			

* If there is no regional HQ, this step can be skipped.

3. HR Communication Standard for Global HQ- Region

Purpose — Establishing a communication rule between HQ and overseas corporation/branch such as prior-consultation and post-notification

How

Regional office/branch shall **'consult in advance'** or **'give post-notification'** depending on the type of HR issue

Prior-Consul-tation

[How] Indicate in the proposal that global HR Group head 's cooperation is needed 5 days before (via EP)
(If an organization is not using EP, e-mail shall be used.)

[To Whom] recruitment/retirement of regular employees, assignment/dismissal, promotion to above G11/P, pay adjustment

Post-Notifi-cation

[How] Indicate that HR Group Head/Person in charge needs to 'review' in the proposal or send an email to GHR person in HR department within 3 days

[To Whom] Hiring/termination of contractors, promotion to below G10, evaluation, reward/punishment, labor issue/safety issue, external training (more than 4 days), required training result

Detailed Standard for Communication

Category (HR Issues)		Prior Consul-tation	Post-Notifi-cation	No Consultation / Notification
Organization	Internal organizational reshuffle	-	○	-
Job Grade	G-Grade sub-division	○	-	-
HR Operation	recruitment/retirement(regular), position appointment/dismissal	○	-	-
	hiring/retirement(contractor)	-	○	-
	probation/leave of absence/return to work	-	-	○
Evaluation / Promotion	HR evaluation	-	○	-
	Promotion (higher than G11, P Grade)	◎*	-	-
	Promotion (Lower than G10)	-	○	-
Payroll	Compensation system adjustment	◎*	-	-
	Basic pay adjustment	○	-	-
	Ad-hoc additional payment	○	-	-
	Payroll/retirement benefit settlement	-	-	○
Reward/ Punishment	Internal/External prize/reward	-	○	-
	Punishment	-	○	-
Status	Leave/business trip	-	-	○
Benefit	Benefit system operation	-	-	○
	Policy improvement	-	○	-
Labor	Labor dispute/issue	-	○	-
Training	External Off-Job course (more than 4 days)	-	○	-
	Required training result for regions	-	○	-

*◎: Must receive approval from the HQ