

	Business Ethics	Classification	Ethics / Fair Trade
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I. CEO Message

POSCO INTERNATIONAL Corporation has been developed as Korea's most recognized general trading company since its foundation on 1967, distinguishing itself in export/import trading and resource development.

In order to achieve sustainable development under the age of limitless competition, we must improve our ethicality as a global company since business management which only focuses on its benefit will lead to loss of customer's faith and weaken company's competitiveness.

We will firmly establish ethical corporate culture so that all employees can place utmost priority to ethics in every judgment and behaviors. Especially, we will strictly adhere to a zero tolerance policy for the four unethical practices, such as accepting bribes, embezzlement, fabrication of information and violation of sexual ethics.

Moreover, we will take the lead in complying with international rules and fair trade act as globally recognized ethical firm and strengthen fair trade corporate culture through working on various compliance programs.

Accordingly, we must evolve POSCO INTERNATIONAL into a company that achieves win-win growth and development alongside all of our stakeholders by becoming the best trading partner for clients, the best investment for shareholders and the best workplace for the enduring happiness of employees.

POSCO INTERNATIONAL Corporation

Joo Si-Bo, President & CEO



II. Ethics Charter

Preamble

This code of ethics establishes the ethical values and behavioral standards that must be preserved and developed by all employees of POSCO INTERNATIONAL Corporation.

It is our unchanging value to establish a corporate image that can be trusted by all stakeholders with the highly prioritized value criteria of integrity, fairness and honesty.

As a result, POSCO INTERNATIONAL enacted the code of ethics in 2003 that must be adhered to by all employees, and explicitly included the UN Human Rights that claim to support respect for human life and dignity in 2014. At this time, POSCO INTERNATIONAL has amended the code of ethics with tighter ethical standards according to the intent of management innovation that places the highest value on ethics in management.

This code of ethics consists of the preamble, followed by the principles of ethics that reflect compliance and responsibility of employees regarding the code of ethics, and practical guidelines that set the standard for ethical decision-making.

All employees of POSCO INTERNATIONAL must strictly comply with the principles of ethics and practical guidelines set by this code of ethics in all aspects of business.

This is how we all can proudly preserve the credibility of POSCO INTERNATIONAL as we know it today, formed by the blood, sweat, and tears of our founding members.

Principles of Ethics

○ Duty of Compliance with the Code of Ethics

- We must comply with related rules and regulations in all areas of the world where POSCO INTERNATIONAL is conducting business operations.
- We must retain our dignity as POSCO INTERNATIONAL employees and make efforts to maintain the company's reputation.
- We must preserve integrity, fairness and trust throughout all jobs and business relations.
- We must not become engaged in activities in which there are conflicts of interests between the company and individual.
- We must not irrationally discriminate against other employees or stakeholders based on race, nationality, gender, disability and religion, and must respect the dignity and diversity of each individual.
- We must make efforts to create a safe workplace and protect the environment.
- We must be devoted to establishing an ethical culture by taking responsibility and practicing ethical conduct.

○ **Role and Responsibility of Employees**

- Employees must understand and practice all aspects of the code of ethics, and comply with domestic and international laws regarding anti-corruption as members of a global company.

- Understanding and Complying with the Code of Ethics

- ✓ We must fully understand and faithfully comply with all aspects of the code of ethics.
- ✓ Regarding situations in which there are conflicts concerning the code of ethics, decisions must be made after consulting with the department head or the Ethics Management Office.
- ✓ We must take responsibility for unethical conduct.

- Reporting and Consulting Unethical Conduct

- ✓ If we find out that our or others' behavior conflicts with the code of ethics, we must immediately report to and consult with the department head or the Righteous Management Office.
- ✓ We must be aware of various methods to report or consult about cases in which there are conflicts over the code of ethics.

○ **Role and Responsibility of the Leader**

- The leader must perform a key role in enhancing the competitiveness of the company by preventing and eradicating unethical conduct through ethical compliance.

- Decision-making

- ✓ The leader has the obligation to make decisions with ethics being the top priority whenever the company's benefits conflict with ethics.

- Operational accountability

- ✓ The leader possesses unlimited liability in unethical conduct, and must take supervisory responsibility in case of unethical conduct by his or her subordinates.

- Job performance

- ✓ The leader strictly abides by the law, does not pursue private interests, is devoted to creating corporate values, and does not deal with corrupt stakeholders.

- Elimination of favors and solicitations

- ✓ The leader aims to eliminate all forms of favors and solicitations and eliminates business influence in relation to outsiders.

- Respect for humans

- ✓ The leader strives to eliminate conduct that impairs respect for fellow humans such as sexual harassment and verbal abuse in the organization.

- Practical activities

- ✓ The leader is devoted to increasing the level of ethical practice to that of world-class levels by taking the initiative in operating the 'Ethical Practice Programs'.
- The leader must also prevent unethical conduct of members, and take the following measures in case of such conduct.

- Training and counseling on ethics

- ✓ The leader must provide training and counseling on ethics for relevant staff.
- ✓ The leader must have relevant staff understand the importance of compliance with the code of conduct and practice of ethical conduct.

- Precautions for unethical conduct

- ✓ In case of unethical conduct that occurs habitually, the leader must isolate the cause, improve the process, and fundamentally take preventive measures.
- ✓ The leader must report to or consult with the Righteous Management Office immediately after receiving a report that a member has violated the code of ethics.

○ Penalty for Violation of the Code of Ethics

- Employees violating the code of ethics may receive certain penalties including dismissal according to related regulations. In particular, the zero tolerance policy is applied to unethical conduct such as accepting bribes, embezzlement, fabrication of information, and violation of sexual ethics.

- Conduct Subject to Penalty

- ✓ If one has violated the code of ethics or demanded others to do so
- ✓ If one has not immediately reported a violation of the code of ethics that he or she is aware of or is skeptical about
- ✓ If one does not cooperate with the investigation of the Righteous Management Office regarding matters that may have violated the code of ethics
- ✓ If one takes retaliatory action against other employees who reported an issue regarding ethical management

III. Practice Guidelines

1. Practice of Ethics and compliance with Law

As a global enterprise, we will nurture ethical corporate culture by performing management activities faithful to basic principles and complying with laws and ethics.

① Money and Other Valuables

- Money and other valuables mean money (e.g. cash, gift certificates, and memberships) and things that can bring economic benefits.
- By all means, employees must not demand or receive money and valuables from stakeholders. However, this does not include gifts for promotion or publicity that do not exceed 50,000 KRW, souvenirs with the company's logo, and souvenirs generally provided by all participants of the events hosted by stakeholders.
- If money and other valuables were received unknowingly or involuntarily, such money and valuables should be returned, or if not returnable, should be reported to the compliance department.

② Entertainment

- Entertainment means a variety of activities carried out for the purpose of business networking and business meetings including meals, drinks, golf, shows and games.
- Employees must not exchange in forms of entertainment with stakeholders that exceed 100,000 KRW per person. If this is required due to the nature of the business, employees must obtain approval from their department head in advance.

If they have inevitably participated in a form of entertainment that exceeds 100,000 KRW, they must report to the Righteous Management Office. Entertainment at drinking places with hosts/hostesses is prohibited regardless of the amount.

③ Convenience

- Convenience means provision or receipt of benefits such as transportation, accommodation, sight-seeing and support for an event.
- Provision or receipt of convenience exceeding customary level whether transportation or accommodation is prohibited, except for the convenience generally provided to all participants in the event.
- In the event that entertainment exceeding customary level was received or provided unavoidably, such activity should be reported to the compliance department.

④ Congratulatory or Condolatory Money

- Employee should not notify his or his co-worker's congratulatory or condolatory event to interested parties. Notification through a third party will be deemed notification by the employee

himself/herself.

- Information on congratulatory or condolatory event should be provided through the congratulatory/condolatory bulletin board, and use of work e-mail or sending out a written notice (wedding invitation or obituary notice) for such purpose is prohibited. The permitted scope of the relatives for the purpose of notification of congratulatory or condolatory event is limited to the employees or their spouses' grandparents, parents and children.
- Employees are encouraged not to spend more than 50,000 KRW, which is a generally accepted amount based on social customs, as expenditure for congratulations and condolences among employees. However, when providing congratulatory or condolatory gifts to interested parties, it is allowed up to 100,000 KRW.
- In no event employees may receive any congratulatory or condolatory money from an interested party. In the event that any congratulatory or condolatory money was received unavoidably, the money should be returned to the provider or forwarded to the compliance department.
- Upon the request of the compliance department, employees and executives should submit a record relating to the congratulatory or condolatory money received from and returned to the interested party.
- One should not receive congratulatory or condolatory wreath from the interested party. In the event that the wreath was received unavoidably, it should not be displayed.
- Executives and employees will not throw an extravagant wedding at an expensive venue such as a five star hotel.

⑤ Requests/Recommendations

- Employees must not make requests/recommendations regarding the following matters through in-house acquaintances or outsiders, and must register on the 'Clean POSCO INTERNATIONAL System' upon receiving requests/recommendations. However, registration is not necessary if such requests/recommendations are immediately refused and thus are withdrawn by those who requested.
 - Request for special favors in equipment/material purchasing and various contracts
 - Request for special favors in connection with the performance of his/her job based on his/her personal connection
 - Request for preferential treatment and special favors in various personnel affairs such as employment, promotions, rewards and punishment, and change of assignment
 - Request for preferential treatment such as excessive conveniences and favors beyond conventional procedures
- Grafts are not allowed in any cases regarding with the duties that are listed by the Anti Graft Law.

⑥ Pecuniary Transactions

- One should not engage in pecuniary transactions with an interested party such as lending or

borrowing of money, providing a guarantee, or leasing of a real estate.

- In the event one had to enter into a pecuniary transactions with an interested party unavoidably, it should be reported to the compliance department.
- No lending or borrowing of money, offering of guarantee or leasing or renting of properties shall be allowed between members of the Company.
- No member of the Company shall use his/her position or job to engage, or cause any other member to engage, in any lending or borrowing of money. Any member found in violation of this article shall be reported immediately to the compliance department.

⑦ Support for Events

- One should not receive any support from an interested party, whether money or other valuables, in relation to any event organized by the department or as company extracurricular activities.
- Any form of convenience received from an interested party such as transportation, venue or services in relation to such event will be deemed receipt of money or other valuables for the event.
- In the event that the interested party's support to an event was received unavoidably, it should be reported to the compliance department.

⑧ Inappropriate Use of Budget Resources

- One should not use budget resources (such as meeting expenses and business promotion expenses) for personal purposes.
- As a general rule, company expenditure should be paid by a corporate credit card in accordance with the purpose of the budget and the guidelines prescribed by law.
- The Company may recover any of the Company's funds or assets used or spent for a member's personal gain from that member.

⑨ Protection of Information and Assets

- One should strictly protect confidential or important information of the company.
- One should not fabricate information or disseminate false information.
- One should refrain from using company-owned cars, supplies and facilities for purposes not directly related to work.

⑩ Compliance with Antitrust Laws

- One should comply with relevant international and local antitrust laws and not engage in anti-competitive practices such as collusion with competitors with respect to production, prices, bidding or market segmentation.
- One should not demand any form of compensation or make inappropriate request to customers or business partners using one's dominant position.
- One should respect the rights and property of others including their intellectual property rights, and should not try to enter into transactions or make profits by infringing upon such rights.

- The Company shall compete in accordance with local laws and regulations as well as local business practices.

2. Employees and Executives' Work Life Balance

We will pursue personal growth and corporate development by maintaining work and life balance, and create a happy workplace by establishing a corporate culture of mutual respect.

① Pursuit of Work Life Balance

- We will try to improve the quality of life of the executives and employees by providing benefits helpful for maintaining stable life.
- We will support executives and employees to achieve their individual visions, and allow them flexibility in terms of the time, places and methods in performing the work.

② Provision of Opportunity for Education and Growth

- We will organize work environment and systems where creativity can be enhanced.
- We will support executives' and employee's education and participation in development programs such that they can fully develop their potentials.

③ Fair Evaluation and Compensation

- We will make impartial and systematic evaluation system of the executives and employees based on their individual competency and performance and provide appropriate compensation therefor.

④ Creation of Healthy Organizational Culture

- Executives and employees will work for open corporate culture through open communication.
- Executives and employees will remove barriers between departments and pursue cooperative atmosphere.

3. Creation of Customer Value and Building Trust

Recognizing that customers' trust and success is the future for us, we will always respect customers' opinions, understand customers and create values that are helpful for customers' growth.

① Realization of Customer Satisfaction

- We will perform customer-oriented work where the voice of customers is heard and respected.
- We will actively accommodate customer's legitimate demand and reasonable suggestions.

② Creation of Customer Value

- We will satisfy customer's needs by providing the best products.
- Executives and employees will try to understand the domestic and overseas market situation and develop service mind that respects customers' culture and practices.

③ Obtaining Customer Trust

- We will pay due attention to the safety and health issue of the customers in our management activities, and not provide any product or service that might threaten customer's safety and health.
- We will protect customer information and comply with relevant laws and regulations.
- We will provide accurate information to customers on a timely basis.

4. Duty of Good Faith and Fair Dealings Toward Investors

We will maximize investors' values by realizing legitimate profits through transparent decision making and effective management activities.

① Pursuit of Increased Shareholder Value

- We will make profits through transparent decision making and efficient management, and increase corporate and shareholder value at the same time.

② Impartial Provision of Investment Information

- We will not provide information that might affect the decision making of investors to only certain investors, nor provide partial information.
- We will not directly trade stocks or securities nor recommend trading to others using insider information obtained while working for the company.

③ Transparent Calculation and Provision of Financial Information

- We will process all financial information based on accurate transactions records implementing appropriate process and control.
- We will prepare financial reports in accordance with generally accepted accounting standards.
- We will provide sufficient and accurate information regarding management of the company to investors so that investors may freely make investment decisions at its own responsibility.

5. Building Win-Win Relations with Business Partners

We will establish fair trade system based on mutual trust and build a corporate eco-system where interested parties co-exist and grow together.

① Building Mutual Trust

- We will pursue fair dealings with our business partners on equal footing and based on mutual respect.
- We will strictly protect information received from transactions with business partners in accordance with the terms of the relevant contract and the relevant laws.
- We will support business partners to comply with anti-competition related laws and regulations.

② Pursuing Mutual Growth with Business Partners

- We will pursue mutual benefits by sharing fruitful outcome with business partners.
- We will cooperate and communicate openly with business partners such that business partners may provide high quality products and services.
- We will provide fair opportunities and reasonable transaction terms to business partners so that they could grow as our long term business partner.

③ Support for Continuing Development of Business Partners

- We will endeavor to build a stable supply chain by providing technical and financial supports to business partners.
- We will endeavor to expand the potential pool of business partners that can grow with us in harmonious development of overall corporate eco-system.

6. Contribution to the Country and Society

We will contribute to the growth of the country and society by fulfilling our responsibilities and duties as a global corporate citizen.

① Roles and Attitude as a Corporate Citizen

- We will respect the laws and the regulations of the local laws and regulations as well as local culture and tradition, and endeavor for mutual development with the country and society.
- The Company shall not engage in any act that may harm the national economy or cause disharmony among the public, including, but not limited to, real estate speculation.
- We will encourage participation of and endeavor to communicate with interested parties in performing management activities that may affect country and society.
- We will encourage business partners to participate in activities for the development of the country and the society.

② Contribution to the Development of the Country and the Society

- The Company shall pursue continuous innovation and keep challenging itself to contribute to the growth of national exports and trade surplus. It shall strive to create new value for the country and society through the development of resources overseas.
- We will discharge our obligations in the community by creating and maintaining stable jobs and paying taxes in time.
- We will actively participate in social service activities, such as volunteer works and disaster relief work, and initiate non-profit activities in various fields including culture, arts, sports and education.
- We will provide support for residents' effort to improve quality of their lives and pursuit of happy life.

③ No involvement in politics

- The Company shall not get involved in politics and ensure that no political activity takes place within its workplaces. The Company shall, however, respect its members' rights to vote.
- The Company shall, whether directly or indirectly, give or offer to give any illegal donation to, or bear any expenses for, any candidate for a public post or any political party.
- Members of the Company may express their political stance or make contributions to candidates or parties of their own choosing only as individuals. No member shall engage in any act that can be deemed as a stance or contribution on behalf of the Company.

7. Protection of Environment and Preservation of Eco-system

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

① Implementation of Environmental Management System

- We will try to minimize impacts of business activities on environment.
- We will jointly carry out environmental protection activities with various interested parties.

② Complying with Environmental Laws and Improvement on Environmental Impacts

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

③ Dealing with Climate Changes

- We will endeavor to reduce consumption of fossil fuels or materials, and to minimize discharge of greenhouse gas by improving energy efficiency.

④ Protection of Environment and Eco-system

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

8. Protection of and Respect for Human Rights

We will respect human rights, support international standards for 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 Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights, UN Global

Compact, and OECD Guidelines for Multinational Enterprises.

- We will establish clear policy and system for 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 conclusion of the human rights due diligence, we believe our management activities have violated human rights or caused complaints.
- We will communicate with the 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 works 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 discovery of risk factors.

④ Respect and Equality

- We will not discriminate or harass for reasons of race, nationality, gender, age, educational background, 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 work environment that respects cultural diversity.

⑤ Assurance for Legitimate and Humane Employment Terms

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

⑥ Efforts to Respect Community Human Rights

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