

POSCO International Corporation

## **Modern Slavery and Human Trafficking Statement 2020**

### **1. Reporting Entity**

This is the first Modern Slavery and Human Trafficking Statement, issued pursuant to the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018, by POSCO International Corporation (hereinafter called 'P-INT'L') for the Financial Year ending 31 December 2020. This Statement sets out the steps that P-INT'L has taken and will proceed to mitigate risks of human rights violations including modern slavery and human trafficking in our operations owned or controlled by P-INT'L and in our supply chains. P-INT'L will continue to amend and improve our efforts in order to fulfill the objectives of this statement.

### **2. Structure, Operations and Supply Chains**

P-INT'L is a member of POSCO Group, which became a world-class steel company through its commitment to constant innovation and technological development. P-INT'L has a broad range of business areas, from Steel, Energy and Agro business to Chemicals, Mobility and Materials, and Infrastructures. It is rapidly moving beyond being a traditional trading company to become a globally integrated corporation that engages in wide range of businesses. P-INT'L is also expanding investments in close alignment with its trading operations stipulated above. P-INT'L has suppliers in all of the above business areas in Korea and various countries around the globe. It has 9,330 employees globally and has about 100 subsidiaries and branches in 45 countries as of 31 December, 2020.

### **3. Risks of Modern Slavery**

P-INT'L is involved primarily with international trading business, export and import of goods on a B2B basis. However, it also operates several manufacturing facilities such as natural gas in Myanmar, palm oil plantation in Indonesia, cotton yarn factory in Uzbekistan, etc. Although all areas of P-INT'L's business may carry potential modern slavery and human trafficking risks, P-INT'L believes our direct operation of overseas manufacturing facilities need more focused care and protection for such human rights violations.

### **4. Relevant Policies and Commitments**

In respect of human rights, P-INT'L has added modern slavery policies to Business Ethics-Practice Guidelines to comply with international policies, guidelines, laws, etc. related to human rights, emphasizing the importance of human rights to all employees. In addition, it has updated its Supplier Code of Conduct including modern slavery guidelines.

Since P-INT'L specified protection of human rights in our Business Ethics in 2003, it has 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, and the OECD Guidelines for Multinational Enterprises. P-INT'L not only applies this to head office but also share its Human Rights Guidelines with its overseas subsidiaries, investment corporations and suppliers to build consensus on the

protection of employees' human rights.

Through Human Resources Regulations based on the ILO Core Conventions and the Domestic Labor Law, P-INT'L manages long hours' labor through compliance with legal working hours and sufficient vacation guarantees, fair recruitment and compensation without gender discrimination, and supply chain management which prioritizes protection of human rights and safety. For example, P-INT'L has introduced 'Working Hours Management System' since 2019 to prevent employees' long hours of work by limiting the use of PC when legal working hours are exceeded. In addition, P-INT'L has conducted investigation on exploitation of child labor, harmful work of female workers (vulnerable class), and hygiene management status of employees' accommodation in overseas investment corporations equipped with manufacturing/production facilities. Hereby, P-INT'L is trying to respect basic labor rights and provide a healthy working environment. P-INT'L will also establish the 'Safety and Health Management Regulations' by the year 2021 to eliminate all possibilities of slavery or human trafficking that threaten safety and health in businesses and supply chains, and to provide a safe and pleasant working environment.

In addition, company regulations 'Regulation of Personnel Management' and 'The Management Guideline of Local Employee' stipulate that employment through forced labor and human trafficking does not occur, which is effective in complying with internationally recognized global human rights standards and laws such as Modern Slavery Act.

## **5. Supply Chain Management**

P-INT'L is fully aware that the company's sustainability could be affected by the environmental and social issues of its suppliers including human rights violations. As such, P-INT'L manages supply chain risks on the basis of the POSCO Group Supplier Code of Conduct and support competency development and protection of human rights of our supply chains in order to create a robust industrial ecosystem. P-INT'L's Supplier Code of Conduct ensures that all entities conducting business with P-INT'L fulfill their responsibility towards sustainability and protection of human rights. 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. In June, 2021, P-INT'L has updated its Supplier Code of Conduct under Respect for the Fundamental Human Rights category to comply with Modern Slavery Act of UK and Australia.

## **6. Due Diligence**

In consideration of the Modern Slavery risks in our operation and supply chains, P-INT'L put various efforts to fully comply with international norms and regulations on human rights protection as well as the requirements presented by country-specific labour laws. Each year P-INT'L conducts annual human rights surveys on headquarters and overseas worksites and performs human rights due diligence to investigate the occurrence of human rights violations, including but not limited to, forced labour, child labour, and human trafficking.

In addition, P-INT'L plans to regularly visit and conduct due diligence to major suppliers in its headquarters building and overseas investment corporations. During the visit, P-INT'L will review and report through the checklist whether there are any risks of modern slavery violations during the manufacturing process of suppliers' supply chains or investment corporations.

P-INT'L also added modern slavery, human trafficking, and child labor exploitation related to human rights in the form of a Check-list conducted by HQ for annual survey of ethical index. And P-INT'L will conduct due diligence for suppliers who are deemed to have high risks.

## **7. Awareness-raising and Training**

P-INT'L plans to develop and implement training programs to raise awareness and educate its employees in addressing the risk of modern slavery. The program will be provided not only to employees at the headquarters but also to employees working abroad in order to understand the importance of human rights. In 2021, education program will be conducted through the distribution of educational materials, and in 2022, all executives and employees will be required to take online courses at an enhanced level. This will help P-INT'L identify new business opportunities and contribute to effectively managing the modern slavery risks in external networks.

## **8. Further Steps**

P-INT'L plans to take following steps for further improvement in protecting and respecting human rights in our worksites and supply chains:

- Specify the basic principles of our Human Rights Policy on compliance necessity for applicable foreign laws such as Modern Slavery Act of UK and Australia.
- Conduct mandatory training for all employees on potential risks of modern slavery and right approach to prevent such risks.
- Increase the application level of human rights due diligence and engage in consultation with the subsidiaries and suppliers.

This statement is approved by the Board of Directors and signed by an authorised director.

25 June, 2021



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President and CEO  
POSCO International Corporation