



POSCO Australia Pty Ltd
Modern Slavery Statement 2020

Introduction

This *Modern Slavery Statement 2020* has been prepared by POSCO Australia Pty Ltd (**POSA**).

We are committed to mitigating the risk of modern slavery occurring within its own business, in its supply chains and through other business relationships.

We understand that modern slavery can take many forms but fundamentally is a range of exploitive practices including human trafficking, forced labour, servitude, deceptive recruiting and child labour.

We do not tolerate modern slavery and will not knowingly engage with any consultants, suppliers or contractors that engage in modern slavery.

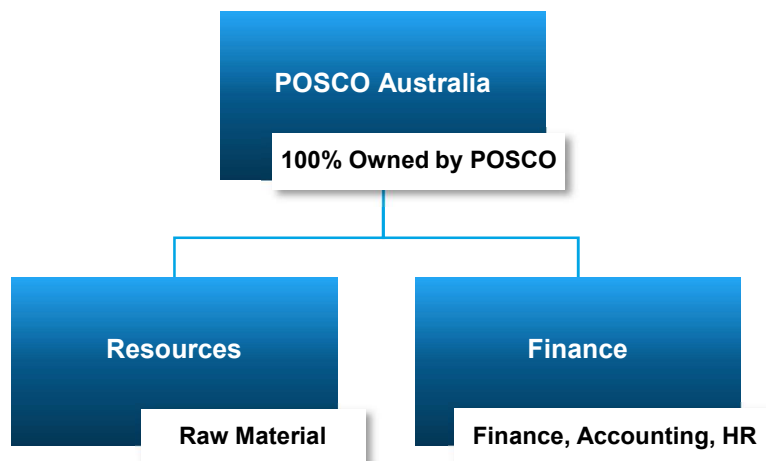
Purpose

We are committed to having a robust framework and processes in place to minimise the risk of modern slavery in its business operations and supply chains.

Our Structure

POSA (ABN: 54 002 062 160) is a wholly owned subsidiary of POSCO Korea ("**POSCO**"), is headquartered in Sydney, and has been operating in Australia since 1981. We operate in two distinct segments including the mining joint venture segment, which is our key operating segment.

The following diagram illustrates our organisational structure:



We have had investments in mining joint ventures in the Australian coal and minerals extraction industry.

MODERN SLAVERY REPORT

Our Commitment to Modern Slavery

We acknowledge that we will:

- address any modern slavery instances when they occur; and
- seek to prevent or mitigate any modern slavery instances that are linked (directly or indirectly) to its business operations even where it has not contributed to these any modern slavery instances itself

Reporting period

This statement is made in respect of the period ended 31 December 2020.

Operations and supply chains

Our registered address and head office is located at Level 49, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.

We currently have 11 employees who are employed in various professional roles such as resources, finance, accounting and human resources. We did not engage any subcontractors during the reporting period.

Steel production requires various raw materials including iron ores, nickel, chrome and coal. These materials are characterised by limited supply and severe price fluctuations.

We invest in mines to acquire the purchasing rights for the raw materials produced from the mines and supply the raw materials to our business activities. POSCO purchases the raw materials from mining companies in Australia.

Modern Slavery Risks

We are committed to identifying any possible modern slavery risks in our business operations and supply chains.

We have considered the following factors in evaluating the risk of modern slavery in our operations and supply chains:

- Industry risks
- Product and service risks
- Entity risks

COVID-19 Considerations

We were impacted by COVID-19 during the reporting period. These key impacts included:

- New supply chains were established to source appropriate personal protective equipment, sanitising products and cleaning products; and
- Ensuring health protocols were followed by employees in our head office.

Ethical Framework

In addressing and acknowledging modern slavery risks, we currently have the following ethical frameworks in place.

Global Core Values

As a member of the global POSCO group, our core values are as follows:

- Safety
- Win-win
- Ethics
- Creativity

That's why these core values, in conjunction with a rigorous code of conduct, are the cornerstone for the business decisions that we make.

Global Human Rights Protection Procedure

POSCO has a Human Rights Protection Procedure which has been established to promote the POSCO group of companies, and its business partners' human rights management in light of 'the United Nations Guiding Principles on Business and Human Rights'¹.

The POSCO group of companies (including POSA) will take appropriate actions to prevent human rights violation and to prevent and remedy adverse impacts on human rights that may occur from its corporate activities. For this purpose, all our officers and employees comply with the following recommendations regarding human rights management to meet the expectations of interested parties and to fulfil the responsibility to respect human rights:

- To comply with applicable laws and internationally recognised human rights standards where POSCO is conducting business activities;
- To seek ways to comply with the internationally recognised human rights standards when encountered with local regulations that are in conflict with such human rights standards; and
- To treat the risks that may result in human rights violation as an important management issue.

Our employees and officers may conduct human rights due diligence as deemed necessary to identify, prevent and mitigate adverse human rights impacts and to properly discharge our duties. This process includes identifying, assessing and addressing actual and potential impacts on human rights, making record thereof, and sharing the result with interested parties.

Our human rights due diligence will consider the following:

- Adverse human rights impacts we may cause directly or indirectly during our management activities;
- Various factors affecting the situation such as location and size of the local site, human rights related risk, characteristics and nature of the relevant business, relevant country's political and economic environment; and
- The need to conduct due diligence continuously, keeping in mind that the human rights risks may change over time as our activity and business environment changes.

We will conduct human rights due diligence in accordance with the following process:

- In the event that human rights related risks are discovered at major domestic and overseas workplaces, we will analyse the situation and establish solutions by conducting human rights due diligence;
- In principle, human rights due diligence will be conducted by our personnel, but if deemed necessary, outside professional may be retained to conduct the due diligence jointly;
- We will conduct in person interviews with a group or relevant interested parties that may have been affected;

https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf¹

- We will endeavor to identify potential as well as actual impacts through human rights due diligence. With respect to potential impacts, we will share the result of the due diligence with all our members and take necessary actions to prevent/mitigate such impact in due course. With respect to actual impacts that had occurred already, we will take actions that may remedy or resolve the same; and
- We will utilise checklists designed to diagnose the core elements of human rights management when conducting human rights due diligence.

Actions Taken to Assess and Address Modern Slavery Risks

We are focused on understanding the modern slavery risks within our operations and supply chains and to establish a framework to ensure that modern slavery is considered in all business and supply chain relationships.

The key actions that we have agreed to undertake during the next reporting period to mitigate modern slavery risks include the following:

- Drafting and inserting strengthened contractual protections and requirements for new supplier contracts
- Continuing to evolve the way we identify and assess risks by considering broader human rights to better understand and explore our potential supply chain risks
- Establishing a defined risk management framework/mapping process
- Reviewing existing and identify new policies, procedures and practices to better address modern slavery risks
- Rolling out training for targeted key groups including for all our staff

- Advise new employees on the risks of modern slavery as part of our employee induction

In addition, in order to prevent and alleviate adverse human rights impacts, we will establish responsive action plans based on the result of the human rights due diligence and implement follow-up actions.

1. Establishment of Internal Response System

- For resolution of discovered issues, the roles and responsibilities of respective departments will be clarified.
- Internal decision making, and monitoring process may be applied for effective management of the response system.
- Human rights issues discovered by human rights due diligence will be communicated to the relevant department for proper care and resolution.

2. Follow-up Actions and Relief

- If adverse human rights impact has occurred or is likely to occur, all possible and necessary measures to prevent or mitigate such impact will be taken;
- If unexpected adverse impacts occur despite implementation of best policy and procedure, we will endeavor, by itself or in conjunction with others, to remedy the same;
- Even if we have not directly contributed to the adverse human rights impacts, if such adverse impacts are intricately related to our business operation, production and services in relation to other parties (e.g. suppliers), we will, although not obligated to establish a systematic method to improve such impacts, try to participate in such improvement activity;

- We will utilise our influence to prevent and mitigate adverse human rights impacts when possible; if not possible, we will try to strengthen its influence by cooperating with others; and
- In order to provide effective relief, we will implement a grievance mechanism for the interested parties who can be potentially affected.

If interested parties raise concerns over human rights impacts, we will provide responsible explanations as follows:

- We will communicate with the affected groups, and interested parties including individuals and investors with responsibility and transparency. For easy access to the information, we will consider various communication forms, such as face-to-face meetings.
- We will provide information that helps interested parties to assess whether we are properly responding to specific human rights issues.

We will endeavor to effectively improve human rights management system by internalising human rights due diligence results into the organisation culture and carrying out improvement activities.

- We will carry out activities for internalisation of human rights management such as training on empathy improvement and human rights management related rules and communicate success/ failure stories to officers and employees; and
- We will continuously improve human rights management system by identifying areas in need of improvement through expert advices, communication with interested parties and operation of a system.

In order for prompt discussion and resolution of the issue raised, POSCO operates a grievance system for the individuals and communities exposed to adverse impacts. We will pursue prompt and reasonable resolution of the matter by utilising existing system such as Ethics Counselling Centre (Helpline) and Ethics Violation Reporting Centre (Hotline).

In connection with our responsibility to respect human rights, the grievance system performs the following important functions to:

- Enable us to identify adverse human rights impacts with ease and provide a forum where the affected interested parties can directly raise issues;
- Prevent exacerbation of human rights violation by listening to the grievances and providing relief at early stage; and
- Enable us to understand and improve issues concerning human rights policy and procedure.

Approval

This *Modern Slavery Statement 2020* has been authorised and approved by the Board of Directors of POSCO Australia Pty Ltd for the purposes of the Commonwealth Modern Slavery Act 2018 and has been signed on behalf of the Board by Mr. Yeongjin Heo, Managing Director on 30 June 2021.



Yeongjin Heo

Managing Director