

## **Modern Slavery and Human Trafficking Statement of 2022-2023**

### **I. Introduction**

- Ensuring human rights is one of POSCO INTERNATIONAL Corporation ('P-INT'L')'s core purpose and integral to how we operate our business. P-INT'L's policies effectively protect human rights, and it understands that its suppliers and business partners are also unrelated to slavery or human trafficking. P-INT'L does not tolerate any slavery or human trafficking, and if it finds any violation of its human rights standards, it will remedy the violation promptly and transparently.
- Human rights policies are only the start for P-INT'L. To eradicate business operations and practices that involve a risk of slavery, human trafficking, and other human rights violations, P-INT'L will continue to remove factors that negatively affect human rights throughout its value chain.

### **II. Reporting Entity**

- This is P-INT'L's Modern Slavery and Human Trafficking Statement of 2022-2023, issued pursuant to the 2015 UK Modern Slavery Act and the 2018 Australian Modern Slavery Act. This Statement sets out the steps that P-INT'L has taken and plans to take to mitigate the risks associated with human rights violations relating to modern slavery and human trafficking in the operations owned or controlled by P-INT'L and across its supply chains.
- P-INT'L has a total of 43 subsidiaries with 7 domestic subsidiaries and 36 overseas subsidiaries. It has recently merged with POSCO Energy to form a new global energy company.

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

#### **1. Structure**

- P-INT'L is an affiliate of POSCO Group. POSCO Holdings is P-INT'L.'s parent company and largest shareholder.
- P-INT'L has a total of 43 subsidiaries with 7 domestic subsidiaries and 36 overseas subsidiaries.

#### **2. Operations**

- P-INT'L is a member of POSCO Group, which has been emerging as a world-class steel company through its commitment to constant innovation and technological development. P-INT'L conducts its business in a broad range of business sectors such as steel, energy and agriculture and is rapidly becoming a Globally Integrated Corporation that engages in a wide range of businesses, beyond the scope of traditional trading companies. P-INT'L is also expanding its investments in new business sectors, including the various sectors mentioned above, and cooperating with domestic and global suppliers. As of March 2023, P-INT'L had 1,671 employees at its headquarters, 9,263 employees at its overseas worksites, and thus a total of 10,934 employees worldwide. It has almost 100 subsidiaries and branches in 45 countries.

### **3. Supply Chains**

- The main industries involved in P-INT'L's supply chain include energy (e.g., natural gas, LNG, hydrogen), steel, raw steel material and secondary battery material (e.g., petroleum, coal, lithium, copper, aluminum), grain, oil, cotton, bioplastic, and automobile parts.
- P-INT'L's suppliers are located in a total of 55 countries, including South Korea, Vietnam, Mexico, China, Indonesia, Australia, Germany, Singapore, Japan, the Netherlands, Qatar, and Switzerland.

## **IV. Risks of Modern Slavery**

- P-INT'L's main businesses are investment, international trade, and manufacturing, and operates manufacturing facilities including natural gas fields in Myanmar, palm oil farms in Indonesia, and cotton factories in Uzbekistan. Special attention and protection measures are needed in overseas manufacturing facilities.

## **V. Relevant Policies and Commitments**

### **1. Policies and Commitments Relating to Human Rights Protection**

- P-INT'L makes every effort to comply with international policies, guidelines, and laws relating to human rights protection. Namely, it has added modern slavery polices to its 'Business Ethics Practice Guidelines' and has included modern slavery guidelines in its 'Supplier Code of Conduct'.
- Since P-INT'L stated the protection of human rights in its Business Ethics in 2003, it has promoted business management that respects human rights in accordance with

international standards, 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. Not only does P-INT'L apply these standards in its headquarters, but it also shares its Human Rights Guidelines with its overseas subsidiaries, investment corporations, and suppliers to build consensus on the protection of employees' human rights.

- In conformity with its Human Resources Regulations based on the ILO Core Conventions and domestic labor law, P-INT'L manages long working hours through its compliance with statutory working hours, the guarantee of sufficient leave, fair recruitment and compensation without gender discrimination, and a supply chain management that prioritizes the protection of human rights and safety. For example, it introduced the 'Working Hours Management System' in its headquarters in 2019 to prevent employees from working long hours by limiting the use of personal computers outside statutory working hours.

In addition, it investigated overseas investment corporations that operate manufacturing/production facilities for any exploitation of child labor and harmful work performed by vulnerable groups such as female workers, while inspecting the hygiene management of employees' accommodations. In so doing, P-INT'L endeavors to respect basic labor rights and to provide a healthy work environment. Furthermore, P-INT'L established 'Safety and Health Management Regulations' in 2021 to eliminate any possibility of modern slavery or human trafficking that could threaten the safety and health of its employees in its business operations and supply chains.

- P-INT'L's 'Regulations on Human Resources Management' and 'The Management Guideline of Global Employees' stipulate that employment through modern slavery and human trafficking is prohibited in compliance with internationally-recognized global human rights standards and laws including the Modern Slavery Act.
- P-INT'L has established a human rights management system based on the OECD Due Diligence Guidance to inspect its internal human rights management and to supplement and improve vulnerable areas. In addition, in partnership with external institutions, it has developed a human rights checklist based on international human rights regulations such as the UN Guiding Principles on Business and Human Rights. It uses the checklist to conduct human rights impact assessments of its overseas worksites.
- In the first half of 2022, when movements between countries were eased, P-INT'L resumed the human rights impact assessment, which had been suspended due to the COVID-19 pandemic, and is striving to establish a field-oriented, systematic human rights management procedure that prioritizes the protection and promotion of employees' rights.

## **2. Supply Chain Management**

- P-INT'L is aware that the environmental and social issues of its partners, including human rights violations, may impact P-INT'L's sustainability. To strengthen the industrial ecosystem, it manages the risks associated with the supply chain on the basis of the POSCO Group Supplier Code of Conduct and supports the development of competency and human rights protection in its supply chains.
- P-INT'L's Supplier Code of Conduct ensures that all entities conducting business with P-INT'L fulfill their responsibility towards sustainability and the 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 updated the category on Respect for the Fundamental Human Rights in its Supplier Code of Conduct to be in line with the Modern Slavery Act of UK and Australia.
- As a global corporate citizen, P-INT'L recognizes the importance of responsible mineral sourcing, and wishes to join the global efforts to promote responsible procurement practices, such as cooperation with customers' policies regarding responsible mineral policies and support for suppliers' management of responsible minerals. In principle, P-INT'L restricts transactions with suppliers that have a negative societal impact, and endeavors not to use minerals sourced from conflict areas. In 2021, it established its own 'POSCO International Responsible Minerals Management Guidelines' based on the 'POSCO Responsible Mineral Management Guidelines' reflecting our identity as a Globally Integrated Corporation. Through this Guideline, it plans to operate its responsible mineral management system more effectively.
- P-INT'L has established a supply chain ESG management system based on the OECD Company Due Diligence Guidelines to preemptively respond to the supply chain due diligence laws in major countries such as the EU and the United States, and to the supply chain's stakeholders' ESG management needs. In 2022, P-INT'L identified the supply chain's ESG risks while reflecting the major business sectors and industrial characteristics of the global business sector. In 2023 (the first year of the merger) P-INT'L will regularly monitor suppliers through the ESG checklist for environmental and social risk impact assessments, and introduce the ESG checklist in the decision-making process for new investment reviews.

## **VI. Due Diligence and Risk Management**

### **1. Due Diligence and Risk Management in the Business Operations**

- **Human Rights Surveys at the Headquarters and Overseas Worksites:**

Each year, P-INT'L conducts human rights surveys at the headquarters and overseas worksites, and performs human rights due diligence to investigate any occurrence of human rights violations, which include but are not limited to forced labor, child labor, and human trafficking.

- **Items Related to Modern Slavery Added to the Annual Business Ethics Survey:**

During the annual Business Ethics survey, P-INT'L newly added and reviewed items relating to modern slavery, such as human trafficking, forced labor and child labor.

## **2. Due Diligence and Risk Management in the Supply Chains**

- **Human Rights Protection Measures Conducted by PT.BIA at Indonesia:**

PT.BIA, the palm business corporation of P-INT'L in Indonesia, has established and implementing measures to carry out the improvement tasks derived from the Human Rights Impact Assessment conducted in the first half of 2022. In particular, an integrative education program was established, which aims at raising the employees' awareness on human rights based management system and grievance mechanism. To date, 720 employees have completed the education program, and all employees are encouraged to participate in the program.

- **Human Rights Protection Measures Conducted by POSCO International Textile in Uzbekistan:**

In the second half of 2022, P-INT'L Textile in Uzbekistan, an overseas operation of P-INT'L, held two staff meetings to provide the employees with opportunities to actively discuss their opinions on improvement of working environment. The Textile is endeavoring to improve the working environment so that the agenda proposed by the staff can be realized in the near future. To promote an active communication with employees, it has also opened an official communication channel, through which it provides FAQ information on human rights and labor rights for an active communication with employees,

- **Due Diligence at Shwe Gas Production in Myanmar:**

In December 2022, P-INT'L conducted a Human Rights Impact Assessment of executives and employees of the Shwe Gas Production in Myanmar, an overseas operation of P-INT'L. By analyzing the assessment results with external specialists, the production has established short-term, medium-term, and long-term plans for each area that required improvement. It will continue to monitor the implementation of these plans.

- **Responsible Mineral Management Process:**

In principle, P-INT'L restricts transactions with suppliers who bring negative impacts on society, and it makes its best endeavors not to use minerals sourced from conflict areas. In the regard, P-INT'L has taken the following measures.

(1) To identify responsible mineral risks that may occur even from the supplier registration phase, P-INT'L examines suppliers for their management data and responsible mineral policy. (2) For registered suppliers, P-INT'L requests their consent to ban the use of minerals that raise human rights and environmental concerns and to comply with its responsible mineral policy. (3) P-INT'L also conducts assessments on its current suppliers, under which the suppliers are classified into 'high-risk', 'management target' and 'general'.

For high-risk suppliers, P-INT'L engages independent third-parties in professional due diligence to review and improve on their risks. P-INT'L fully supports them with improvement activities through training content when deemed necessary, and verifies their completion within 120 days following the notice of due diligence results. In case these activities were not completed, the concerned supplier could be excluded from the registration pool.

### **3. Other Measures Regarding Due Diligence and Risk Management**

- **Human Rights Surveys at the Overseas Worksites:**

Each year, P-INT'L conducts human rights surveys at overseas worksites which have manufacturing facilities, and performs human rights due diligence to investigate any occurrence of human rights violations, which include but are not limited to, child labor, hazardous work practices of minority groups including women workers, and the sanitary conditions of employee housing.

- **Conducting Human Rights Due-Diligence on Overseas Operations:**

In December 2022, non-executive directors visited PT.BIA in Indonesia to inspect the business operation of the palm plantation and shared the management policies of P-INT'L.

- **Creating an ESG Checklist for Investment Subsidiaries:**

P-INT'L operates an 'overseas subsidiary core business checklist' in seven categories, including procurement, sales, finance and HR. In November 2021, this checklist was upgraded with the addition of ESG management items – 4 items in the environment, 1 item in the human rights, and 5 items in the safety – to promote shared growth with stakeholders and sustainability and encourage ESG activities.

In the human rights category, we raised the bar on human rights risk management by establishing work guidelines for human rights protection and managing grievance handling process. The checklists are prepared and submitted by overseas investment subsidiaries based on the review cycle for each item (monthly, quarterly, etc.), and the Global Business Management Division conducts regular reviews on them.

- **Improvement of Investment Review Process:**

In 2021, P-INT'L raised the bar on ESG risk assessments within its investment review process. In particular, responsible supply chain management and environment/labor issues were examined in relation to the environmental and social impact assessments made on mines in Indonesia. In 2022, the Investment Committee met nine times and conducted assessment and discussion on nine agenda.

- **Strengthening the Investment Risk Management from an ESG Point of View:**

Starting from the initial stage of investment review, P-INT'L requires the department making a proposal to consult with the in-house specialized department on the fulfillment of corporate social responsibility to the local community, compliance with environmental laws, and the suitability of pollutant prevention facilities and reflect this in the investment plan. In the investment deliberation stage, ESG risk was set as a major investment management factor, and it is mandatory to have in-house ESG specialized departments present in the deliberation. Even the investment is in progress, if an ESG-related issue arises, the company conducts a gate review to determine whether to proceed with the business, taking the lead in managing non-financial risks

## **VII. Remediation and Training**

### **1. Remediation**

- **ESG Issue Response Process (“One Voice” Approach):**

P-INT'L pursues the ‘One Voice’ Approach by establishing an ESG issue response process to address the questions raised at any given time by wide-ranging stakeholders. The submitted ESG issues, through analysis and status identification, are communicated to senior management and the Board of Directors through the ESG Council. Based on the discussions, the direction of the ‘One Voice’ Approach is determined and actions take place accordingly.

- **Stakeholder Communication Channel:**

P-INT'L operates various channels to reach out to its major stakeholders.

(1) Suppliers can submit their feedback via P-INT'L website and email. (2) Members of local communities can submit their feedback via grievance mechanisms operated for local communities, P-INT'L website, and email.

## **2. Training and Culture**

- Online E-learning Courses:

On November 2021 and November 2022, educational videos on the Modern Slavery Act were produced. They have been provided to all employees via internal portal of P-INT'L in order to promote understanding of the importance of human rights

- English Translation of Internal Regulations and Relevant E-Learning Services:

To enhance the understanding of all employees (both in Korea and abroad) on relevant internal regulations and to prevent their unethical behaviors, P-INT'L provided English translation of a total of 16 internal regulations such as its Business Ethics, and announced them company-wide. Particularly regarding its Compliance Control Policy, Code of Ethics, and Guidelines for Compensation for Reporting Unethical Conduct, P-INT'L invited external specialists to produce online English commentary videos and provided them to all employees.

## **VIII. Process of Consultation**

- Consultation through the ESG Council:

In 2022, P-INT'L held ESG Councils in March and June. In each round, the heads of overseas operations (gas production operation in Myanmar, PT.BIA in Indonesia, and cotton factories in Uzbekistan) attended each round and discussed about preparation of Modern Slavery Statement and measures for MSA compliance.

## **IX. Effectiveness Assessment and Looking Forward**

### **1. Effectiveness Assessment**

- POSCO Group's Annual Corporate Ethics Index Evaluation:

During POSCO Group's annual corporate ethics index evaluation period, P-INT'L puts together its performance under the evaluation items, including the operation of business ethics policies and system, human respect survey results and measures taken to prevent recurrence of violation, and submits it to POSCO for evaluation.



## 2. Looking Forward

- In the following fiscal year, P-INT'L plans to continue conducting the ethics evaluation on overseas worksites. If there is an organization that needs improvement, P-INT'L will notify the relevant organization and department so that measures can be taken.
- With regard to its supply chain ESG management system, in 2022, P-INT'L selected suppliers of high business importance based on the following five factors: contribution to sales, supplier size, supplier industry, downstream, and transaction type. P-INT'L plans to conduct ESG checklist survey with the selected suppliers and to request them for signing Supply Chain Code of Conduct Agreement, which constitute key elements of its supply chain ESG management system.
- P-INT'L plans to regularly conduct due diligence on its overseas trading subsidiaries, branches and overseas investment entities. During such processes, P-INT'L will use the checklists to identify whether there is any risk of violating the modern slavery regulations in the employment process of trading subsidiaries and branches and manufacturing process of investment entities, and report the result of the due diligence.

This statement was approved by the Board of Directors and signed by the representative director of P-INT'L.

June 2023  
Tak Jeong  
CEO

POSCO INTERNATIONAL Corporation