
POSCO

RESPONSIBLE MINERALS REPORT 2023

April 22, 2024

Period

This report provides an overview of POSCO's activities related with responsible minerals from January 1 to December 31, 2023.

Policy

As a global company, POSCO is committed to actively participating in the responsible sourcing of minerals and fulfilling its social responsibility to protect human rights and the environment. POSCO aims to address social issues such as human rights violations, environmental destruction, and the funding of conflict groups in Conflict Affected and High Risk Areas(CAHRA).

To ensure the management of Responsible Minerals, POSCO has established the policy and implemented the standard operating procedures in accordance with the due diligence guidance suggested by the OECD. In addition, POSCO has joined the Responsible Minerals Initiative(RMI) to focus on ethically sourcing responsible minerals and strengthen supply chain management. In relation to these procedures, POSCO provides training for employees on Responsible Minerals, and follows a five-step management process when purchasing them.

POSCO utilizes the Conflict Minerals Reporting Template(CMRT) and the Extended Minerals Reporting Template(EMRT) provided by the RMI Association, and conducts the 'Supplier Chain SAQ, developed by POSCO, to identify and mitigate risks in the supply chain for tin, tungsten, tantalum, gold, cobalt, and mica.

When signing contracts or registering new suppliers, POSCO encourages suppliers to conduct due diligence by third-party organizations under the Responsible Minerals Assessment Program (RMAP). As a result of these efforts, POSCO's smelters are 100% certified by the RMI for minerals sourced in CAHRA.

In addition, POSCO has strengthened the Supplier Code of Conduct to ensure POSCO's responsible minerals sourcing policy is incorporated at every level of the supply chain. Suppliers are required to establish a responsible minerals policy and report on their progress in improvement, ensuring that raw materials delivered to POSCO from CAHRA do not include minerals from uncertified smelters or Artisanal Small-Scale (ASM) Mining.

Suppliers must agree on POSCO's responsible minerals policy. Suppliers also must identify and collect mining/smelters information, including origin, and make efforts to identify ethical risks.

Suppliers are expected to prepare and submit reports on the use of conflict minerals and responsible minerals in a timely manner upon POSCO's request. Suppliers should share and promote the responsible minerals policy to their suppliers so that all of POSCO's supply chains can take the lead in resolving issues.

If POSCO does not receive sufficient information, or if inappropriate action is taken on identified risks, POSCO will support suppliers through educational support and/or due diligence to enhance the capabilities of the supply chain. If suppliers intentionally provide false information or fail to make an effort, POSCO may discontinue transactions with those suppliers. POSCO also evaluates all suppliers, including responsible minerals suppliers, under the Supplier Relationship Management(SRM) system annually.

POSCO will continue to actively participate in responsible mineral sourcing, thereby fulfilling its social responsibility to protect human rights and the environment in areas where conflict and ethical risks arise.

Scope

Responsible Minerals

In 2023, POSCO purchased tin(294 tons/year) and tungsten(4 tons/year) for ingredient adjustment in its steel products. As of 2023, POSCO did not purchase gold, tantalum, mica and cobalt.

Conflict Affected and High Risk Area

POSCO has adopted the CAHRA designation methodology, aligning with the guidelines set by the OECD and the European Conflict Minerals Regulation. The CAHRA are determined by assessing the presence of armed conflict, widespread violence, or other potential risks to individuals, such as child labor and human rights violations. If suppliers, refineries, and mines operating in these regions are found to be providing responsible minerals to POSCO, they will be categorized as high-risk suppliers and managed accordingly through POSCO's risk mechanism.

[List of CAHRAs, Last updated in March 2024]

- Africa: 143 regions in 17 countries including DR Congo and Somalia
- Asia: 23 regions in 4 countries including Myanmar and the Philippines
- Middle East: 56 regions in 3 countries including Afghanistan and Yemen
- South America: 31 regions in 2 countries including Venezuela and Colombia
- Other: 10 regions in 2 countries including Ukraine and Turkiye

Organization

POSCO has been operating the 'Responsible Minerals Council' since 2020, which is managed by the Raw Materials Department of the Purchasing and Investment Division in collaboration with group companies, including POSCO International and POSCO Future M. Starting from 2023, the council has been consolidated and is now operated as the 'Group Supply Chain Management Council.'

Management Process

Step1.

Establishment of Policy

[Organization] POSCO operates "Group Supply Chain Management Council" to manage and address issues on responsible minerals.

[Employee Training] To enhance employee awareness, POSCO has trained its employees on ESG through e-learning content.

*Employee Training Performance (persons)

2021	2022	2023
15,402	16,464	17,713

- Number of employees who have completed "Corporate Citizenship Training Program" and/or "Ethical Management Training Program"

[Reinforcement of new supplier registration standards] POSCO has strengthened its registration standards and require to adhere POSCO's responsible minerals policy for new suppliers. In cases where the origin of the goods is identified as a high-risk area, POSCO mandates third-party inspections or to be certified by RMAP prior to the transaction.

Step2.

Information Collection/Evaluation

[Supply Chain Information] POSCO collects information from suppliers and smelters using own Survey Template. POSCO also use CMRT and EMRT, provided by the RMI association, to verify compliance. This comprehensive verification process includes checking origin, logistic flow, risk presence in the supply chain, and the supplier's responsible mineral policy.

*Smelters of Responsible Minerals

	2021	2022	2023
Tin	2	3	2
Tungsten	3	1	1
Cobalt	1	1	0
Total	6	5	3

*Certified Smelters of Responsible Minerals

* 100% RMAP Certified

	2021	2022	2023
Certified	6	4	3
Conformant	5	4	3
Active	1	0	0
Uncertified	-	1	0

*The List of Certified Smelters

No	Metal	ID	Smelter Name	Country	Level
1	Tin	CID001105	Malaysia Smelting Corporation(MSC)	Malaysia	Conformant
2	Tin	CID001453	PT Mitra Stania Prima	Indonesia	Conformant
3	Tungsten	CID002315	Ganzhou Jiangwu Ferrotungsten Co., Ltd.	China	Conformant

[Supply Chain SAQ]

* Number of Suppliers

	2021	2022	2023
Number of suppliers/smelters conducted survey	-	3	3
Number of response	-	3	3

※ A targeted supplier is a supplier who has a direct contract with POSCO

[Grievance Process] The grievance process has been established to ensure that suppliers' opinions are heard at all times. Stakeholders can communicate their grievances to POSCO through e-mail or on-site inspection.

[Risk Assessment] POSCO assesses the potential risks of suppliers based on provided information and the CAHRA criteria. This comprehensive evaluation process includes factors such as CAHRA relevance, SAQ response rate, intentional submission of false information, and lack of awareness of responsible minerals. The Red Flag suppliers are to be managed according to POSCO's risk mechanism.

Step3-4.
Risk
Identification,
Mitigation &
Due Diligence

[Risk Mechanism] For the identified Red Flag suppliers, POSCO has implemented various risk mechanisms, including revising the supplier code of conduct, providing educational support, conducting due diligence by the buyers and third parties. If high-risk suppliers repeatedly encounter issues and fail to make improvements, POSCO recommends and requests that these suppliers undergo due diligence by the third parties. Suppliers operating in CAHRA are restricted from contracting with POSCO unless they have RMAP certification. POSCO has strengthened its own regulations and reserves the right to suspend contract agreements if identified

issues persist despite the company's support in education and internal/external audit activities.

Step5.
Enhancing
Stakeholders
Communication

POSCO has been publishing its 'Responsible Minerals Report' to transparently disclose the results of all activities undertaken since the establishment of its responsible minerals policy. POSCO discloses its ESG-related activities through the Specialized Disclosure Report of the United States Securities and Exchange Commission and its ESG reports.

In line with POSCO Group's vision, 'Materials for Tomorrow, Innovate for Excellence,' POSCO has established and operates a trusted supply chain ESG management system. POSCO will continue to publish the 'Responsible Minerals Report' to transparently disclose information and align with the standards set by the international community.

Thank you.