

## Strategy/Finance

**A control tower that establishes strategy to promote sustainability of the group. Optimally allocates resources. Manages and adjust operational performance and risk.**

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The era of stakeholder capitalism, actively responding to the corporate role that society demands

The full text of the POSCO Charter of Corporate Citizenship mentions that “Under the Corporate Citizenship Management Philosophy in which we all develop together (...) Ultimately, we want to create greater corporate value and continue to grow.” In order to create greater corporate value, the most important role is to be at the forefront, looking forward, and guiding the corporation's strategic direction. Global management consultant Kenichi Ohmae stressed the importance of strategy and said, “Rowing harder doesn't help if the boat is headed in the wrong direction.” This statement suggests that setting the goals of the organization correctly and leading the members of the organization in the same direction is crucial in determining the success or failure of the corporation.

In order to set goals well, we need to have a broad perspective to understand in detail how the conditions surrounding us, such as changes in politics, economy, and industrial environment, are evolving, and in which direction our competitors are moving. In addition, in the rapidly-changing external environment, it is also important to coordinate and optimize strategies from the perspective of the entire group so that all organizations of POSCO and all of its group companies can respond quickly and move forward together. Furthermore, we must proactively respond to changes in the perceptions and behaviors of stakeholders, such as investors and evaluation agencies, and communicate closely so that POSCO can garner empathy for the direction and the performance that we intend to move forward with.

Strategic finance reflects the needs of stakeholders when planning the strategic direction and business portfolio of the group as a whole, to implement the Corporate Citizenship Management Philosophy, in order to establish. It is necessary to lead the achievement of management goals by establishing strategies that can pursue not only immediate economic value but also social values, and efficiently allocating and operating limited resources according to these strategies. In addition, when implementing strategies and pursuing projects, it is necessary to check and prepare for various risk factors including ESG\* perspectives by conducting a feasibility assessment of investment projects and gate review. In addition, it is necessary to accurately measure the Corporate Citizen value created by POSCO and communicate its performance to investors and evaluation agencies.

\* ESG: stands for environmental, social, and governance responsibility.



## Production-Production Quality

**Creation of customer value  
by securing product quality  
and cost competitiveness**

Realization of symbiotic values through the establishment of a robust industrial ecosystem with suppliers, partners, and customers

The first principle of management activities in the Charter of Corporate Citizenship is to “create a strong industrial ecosystem with our business partners.” In addition, we must also “support the success of our customers by providing the best products and services.”

Providing the best products and services to our customers is one of the most important values of our production activities. To achieve this, production departments must make continuous efforts to improve facility capability and facility quality based on customer needs, while applying smart technology to achieve process innovation. As a result, it is necessary to achieve the highest quality while enhancing cost competitiveness to create customer value that can impress our customers.

And this cannot be achieved without the cooperation of the business partners of the production site, such as suppliers and partners. Therefore, based on trust with our business partners, it is necessary to create and innovate joint performance and value to strengthen our industrial ecosystem.

In other words, in order to provide the highest quality products and services from the perspective of practicing Corporate Citizenship Management Philosophy, it is necessary to innovate with suppliers and partners to enhance competitiveness, embody robust facilities, and manage smart facilities.



## Production - Safety

## Creating a safe and happy living foundation together as a whole

Achieving zero-accidents through establishing field-oriented safety activities and advanced safety system

The third practice principle of the Charter of Corporate Citizenship is to create a happy and rewarding company with an organizational culture of trust and creativity. In order to achieve that, it is necessary to secure physical, psychological, and lifestyle stability. Above all, establishing a safe and comfortable working environment must be the first priority to ensure the physical safety of employees.

This can be achieved not only when the safety staff strives to establish a safe working environment, but also when all POSCO employees work with the attitude that “safety is the top priority.” The fact that POSCO’s first core principle is “safety” also reiterates this point.

The safety that we must protect is to put human respect first and take the initiative, beginning with people that hold the position, and take the initiative to make safe behavior a habit. To this end, all employees must constantly learn to improve their safety capabilities and carry out site-centered safety management activities based on three safety principles (substance, practice, and practical interest) and three factors (site, sight, and state). In addition, an emergency response system must be fully established in case of an unexpected accident, and active emergency response activities must be carried out to minimize damage in the event of an unexpected accident. Lastly, we must actively introduce new smart technologies to safety management and promote safety culture to solidify the corporation’s safety infrastructure.

POSCO will be able to provide a safe and happy workplace when all of our employees are fully aware of safety and all activities in their work and daily lives are carried out on the basis of safety from such principles.



## Production - Environment

## Establishing a proactive and active low-carbon and eco-friendly production system

Implementing a sustainable company that leads carbon neutrality

The second practice principle of the Charter of Corporate Citizenship is that “We take the lead in solving social problems and developing a better society.” And we have also clarified that “We carry out public interest activities for local community development and environmental protection.” This is a declaration as a Corporate Citizen, that we will take the lead in responding to environmental issues such as climate change, fine dust, waste, and chemicals that are of high social interest.

The steel industry has contributed greatly to economic growth and fostering the export industry by supplying high-quality economical products to society. However, as many resources such as iron ore, coal, water, and electricity are used in steel production, solving environmental issues is certainly an important management agenda. Accordingly, POSCO has spent about 10% of its investments annually on solving environmental issues to realize “Green & Clean POSCO” from the beginning of its establishment, and has been striving to minimize negative impacts on the environment.

Now, environmental problems caused by the use of fossil fuels such as climate change, air pollution, and microplastics have become a task that countries and corporations must solve in order for the next generation to survive. To this end, the European Union has declared a Green Deal, which aims to be carbon neutral by 2050; Korea also announced the Green New Deal policy in 2020. Companies are starting to announce more specific roadmaps for responding to environmental issues,

and global steelmakers and POSCO customers are joining the journey to carbon neutrality as well.

Environmental issues such as climate change are now “the new normal” that must be included in corporate management. In order for POSCO to adapt and evolve to rapidly changing environmental conditionals, low-carbon eco-friendly activities must be established

throughout the entire process, including the production process and the process of purchasing raw materials and materials necessary for production.



## Marketing

## A business leader that drives customer success and the development of industrial ecosystem by creating symbiotic value with customers

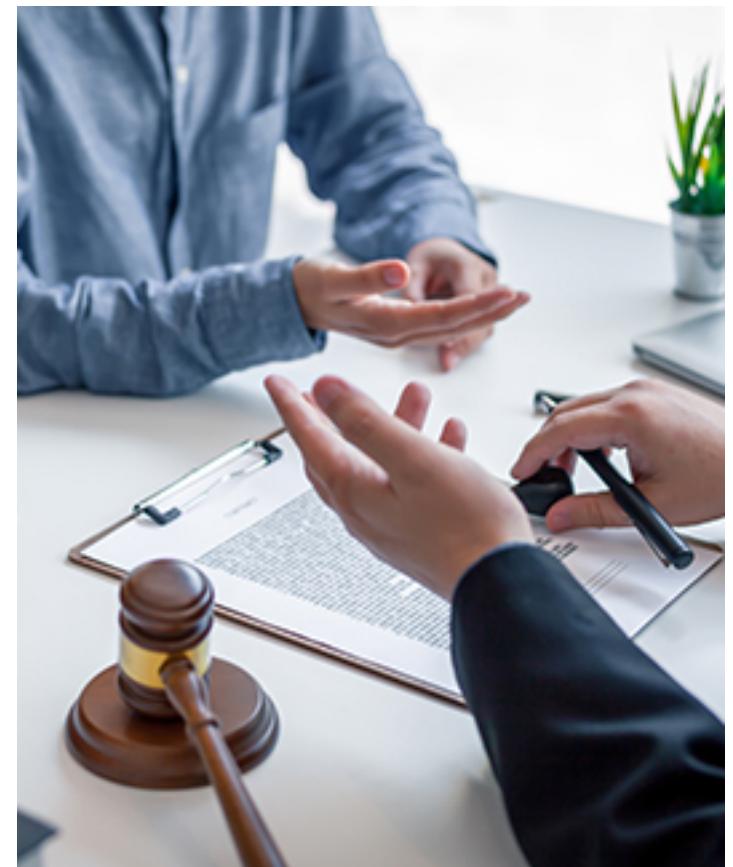
Establishing a robust industrial ecosystem with Shared Value Marketing

The master of marketing, Chair Professor Phillip Kotler of Northwestern University in the United States, defines marketing as “the process by which a corporation creates value for its customers and builds strong customer relationships to gain value from its customers.” In other words, marketing is not just about selling the produced products, but also about taking the lead in meeting customers' needs and leading the market based on a mindset that puts customers first and thinks convergently.

Therefore, the marketing of POSCO, a Corporate Citizen, must play a role in supporting customer success based on customer needs and market insight in order to implement Business With POSCO, and in creating a strong industrial ecosystem with our business partners. Through this, we must be able to create shared values that grow with our customers and build and expand a robust ecosystem across the demanding industries. In particular, POSCO has played a pivotal role in the growth of our country's manufacturing industry by supplying iron, a crucial material for the industry, so POSCO and the steel demanding industry must continue to play a leading role in the long-term development of each other.

In other words, marketing should promote a virtuous cycle marketing activity that enhances the overall competitiveness of the ecosystem of demand industries and improves our profitability through the creation of symbiotic values with customers and business partners. To this end, we need to

support customers to strengthen their technological capabilities; lead changes in demand industries based on the strengths of steel materials; and share the networks, infrastructure, and brands POSCO has accumulated for the success of our customers. We must build a strong industrial ecosystem through such symbiotic value marketing.



## Purchasing

## Fair and transparent purchasing is the cornerstone of creating a sustainable industrial ecosystem

Going beyond economic sourcing to sustainable sourcing

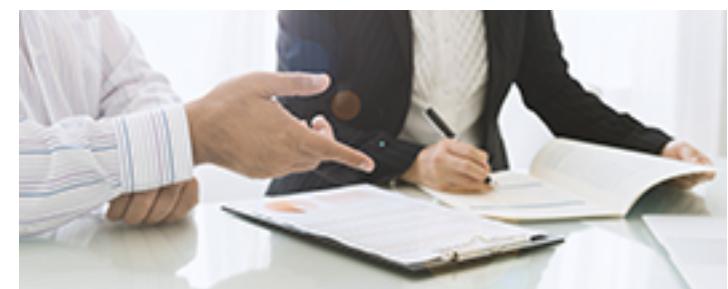
The first of the principles to be observed in management activities in the POSCO Charter of Corporate Citizenship is to “create a strong industrial ecosystem with our business partners,” and for this, it is necessary to “practice the values of fairness, transparency, and ethics in all businesses.”

Purchasing is like the face of a corporation, or its first impression, because it is the forefront that many external business partners encounter when establishing a partnership with the corporation. The first impression is the beginning of communication, which also has a great influence on establishing relationships in the future. We accept the other person as who they are without prejudice in the absence of any pre-existing information or experience, but once we have formed the first impression, it is highly likely for us to use this as a reference that influences how we recognize and judge the other person’s words or actions. In other words, purchasing is the starting point for business partners to have a positive perception of POSCO and to build a constructive cooperative relationship.

In addition, purchasing is a stage that provides the basic ingredients for our corporation’s business to begin, and if compared to humans, it can be viewed as the stage of ingesting food and water in order to have the energy needed for life. And ensuring physical health by eating high-quality foods that are well-equipped with the five nutrients is the basis of all human activities. As such, in order to create the best value

from our corporation’s processes and products, healthy purchases based on the “Five Factors,” the five major nutrients in the purchasing sector, must first be secured. Five Factors refer to being genuine, adequate, on-time, regular in price, and knowing the limit, which are the principles that we must follow in purchasing by default. Purchasing based on these Five Factors is judging based on fair standards based on a thorough ethical spirit and communicating transparently. It is the process of creating the best value by procuring the optimal quality (genuine) and quantity (quantity) at the right time (on time) and at a reasonable price (net price) starting from (precision).

Therefore, we need to practice fair and transparent ethical purchasing, go beyond immediate cost reduction, and evolve to optimal value purchasing from the perspective of optimizing total cost of ownership. And we can realize truly sustainable sourcing only when we Go the Extra Mile with that as the basis, to consider the impact on the environment and society beyond just creating corporate value.



## Shared Growth

## Catalyst for building a robust industrial ecosystem

Creating greater symbiotic value through Change Up Together

The first practical principle of the POSCO Corporate Citizenship Charter is to create a strong industrial ecosystem with business partners, and to do so implies that it is necessary to cooperate with suppliers, partners, and customers, and to grow together with consideration and respect.

Shared growth literally means achieving growth together with our business partners. At this time, the direction we must pursue is to make the entire industrial ecosystem in which we and our partners belong more robust. The same is true of all industries; however, the steel industry in particular, which is POSCO's main business, is closely and organically connected with business partners such as suppliers, partners, and customers. Business competitiveness is not achieved just because our company is competent; it also depends on the competency level of all companies in the Value Chain. If there is a difference in the height of the cross section when water is placed in a bucket, it is the same principle that water can only be held to the lowest level. If any one company in the Value Chain encounters a problem with its competence, it can be directly linked to the problem of survival as well as weakening the competitiveness of the other company. Looking at the case of a Japanese automobile company that faced a large-scale recall in 2009 due to defects in parts makers, it can be seen that if the industrial ecosystem does not operate normally, huge losses such as production line disruption due to large-scale quality defects occur. This is why shared growth activities are so important to us.

Therefore, business partners can be said to be partners who form a common ecosystem together as an equal and independent entity with us, and they must change from a one-sided sharing relationship of benefit level to a relationship of creating symbiotic values that are helpful to each other.

Furthermore, we must contribute to the pursuit of social values by paying attention not only to safety and the environment, but also to mutual benefits with our local communities. Finally, business partners should lead change to evolve and develop as active enablers of shared growth activities (Change Up Together), and encourage all companies in the Value Chain to empathize with and practice corporate citizenship management philosophy.



## New growth

## Business creators for sustainable growth and greater value creation

Discovering, growth, and commercialization of new businesses that aligned with the group's growth strategy

In the full text of the POSCO Corporate Citizenship Charter, “We are a company that has grown by utilizing the resources of society... (syncopation)... We believe that contributing to the prosperity of humankind and making the world a better place is the right path.” He declared that the sustainable growth of a company and the creation of a better world are not separate things but values that must be pursued in harmony with each other.

In order for a company to continue to grow, it is necessary not to settle for the existing business, but to constantly pursue new foods that meet the changes of the times, that is, new growth businesses. Corporate citizenship's management philosophy contains a willingness to grow continuously through continuous change and innovation. It is essential to discover and promote new growth businesses in order not only to maintain existing businesses, but also to develop products and services with new values to create economic profits, create more jobs, and contribute more to society.

In order for POSCO to become a 100-year-old company and to become a sustainable company capable of creating social values, it is necessary to secure growth engines by promoting new growth businesses. The direction of the new growth project pursued at this time must be able to contribute to creating “prosperity of humanity and a better world” as declared in the charter. In other words, it is necessary to create symbiotic value and lead the company's sustainable market

through new shared businesses that help the company generate profits and benefit society.

New Growth tasks can be divided into three stages: discovery, development, and commercialization. First of all, in the discovery stage, it is determined whether it is suitable for the group. Must look closely. Next, in the nurturing stage, a method of linking with the venture platform is needed. Lastly, in the commercialization stage, we must keep in mind the creation of open cooperation and a challenging organizational culture that considers the future industrial ecosystem.



## R&amp;D

## Technology solution provider for sustainable business growth

Contributing to the success of internal and external customers through timely development of the best products and solutions

R&D must take the lead in providing the best products and solutions by securing the technological competitiveness necessary to drive the company's sustainable growth. In order for POSCO to continue to grow under increasingly competitive global competition, it needs to be ahead in terms of product innovation (PI), cost innovation (CI), and environment innovation (EI). In addition, more efficient and innovative technology development must be achieved through the incorporation of cutting-edge technologies such as artificial intelligence (AI) and robots, which are represented by the 4th industrial revolution.

Recognized by customers and technologically competitive R&D can also contribute to creating a robust industrial ecosystem. If we develop the best products and steel solution technologies through R&D and provide them to our customers, our customers' chances of success naturally increase, and their success leads to our success again. If this virtuous cycle builds up one by one, the industrial ecosystem to which all business partners, including us, belong will be strengthened.

Next, by developing eco-friendly and smart process technology, we can help solve issues in our society. Modern society is suffering from the aftereffects of rapid industrialization such as global warming, fine dust, and environmental pollution. If we develop eco-friendly technologies and smart technologies that can solve this problem and present solutions to social problems that will be faced in the present or in the future, we

will develop a better society and bring more business opportunities to us as well.

The speed of research and development is also important. It must be able to respond quickly when requests from internal and external customers arise.

It is difficult to respond to the speed of technological development. Therefore, by applying the principle of Open & Collaboration, we must actively cooperate with related external experts or other research institutes for technologies that we do not have.

Thus, R&D to support sustainable POSCO should actively engage in open cooperation to develop best product and steel solutions to support customer success; enhance future competitiveness through eco-friendly and smart process technologies; and respond to market changes in a timely manner.



## Social contribution

## Practice of consideration and coexistence to make a better world

Creating a culture of voluntary participation and practice to solve social problems as a member of a social community

As social issues with complex interests are increasing rapidly, and social issues are becoming difficult to solve by the government's role alone, there is an increasing demand for companies with superior resources and capabilities to expect more roles. Leading global companies are striving to achieve a better world and sustainable prosperity for humanity by actively participating in social problem solving and leading social changes in line with these social needs.

From the very beginning of its foundation, POSCO has been proactively responding to the demands of the times, such as fostering future generations, building infrastructure for cultural and sports, and coexisting with the local community. Following the declaration of corporate civic management ideology in 2018, the Declaration of Corporate Citizen Charter in 2019 declared that "it is the right way to contribute to human prosperity and a better world by taking the lead in solving social problems beyond creating economic profits as a member of the social community."

This can be said to be a pledge to fulfill a leading role and responsibility based on presenting and practicing creative solutions for solving social problems. POSCO has been carrying out various social contribution activities to spread a culture of sharing and consideration in our society, but social contribution under the corporate civic management ideology needs to go one step further and contribute meaningfully to solving social problems.

To this end, the overall business process, including discovery, planning, execution, and evaluation of social contribution projects, needs to be changed. First of all, we need to communicate with stakeholders to discover social issues, and to present social solutions that can contribute to solving social problems by utilizing our accumulated competencies and industry expertise.

In addition, from a corporate citizen's point of view, the performance of social solutions should be objectively evaluated, and solutions with good performance should be branded so that scalability can be increased. Lastly, as global model citizens, all employees actively participate in the practice of consideration and coexistence, and the social contribution department must establish and operate an easy and convenient platform for employee participation. It is the basic role and responsibility of social contribution to promote such work process changes and promote a culture of consideration and coexistence through active participation of all employees.



## Communication

## A messenger of sincere publicity and continuous communication for corporate activities

Establishment of the “Corporate Citizen POSCO” brand that all stakeholders can relate to

The Corporate Citizenship Charter states, “POSCO intends to continuously change and innovate while communicating and empathizing with all stakeholders, including customers, members, and shareholders, ultimately creating greater corporate value and sustaining growth under the philosophy of corporate citizenship management that develops together.” As can be seen here, the ultimate goal of corporate citizens is to achieve sustainable growth by enhancing corporate value. And for this to be possible, economic and social values must grow in a virtuous circle.

This virtuous cycle begins with providing the best products and services to customers and taking the lead in solving social problems. In addition, this will lead to POSCO's brand enhancement, which in turn leads to an increase in product sales and the influx of excellent resources and human resources, leading to an increase in economic value.

However, the effect of this virtuous cycle cannot be obtained by itself. As stated in the charter, we must “communicate and empathize with all stakeholders, including customers, members, and shareholders.” The role of communication is here. Beyond simple news delivery, we need to build a “Corporate Citizen POSCO Brand” by continuously communicating with stakeholders and inducing heartfelt sympathy. Only then will the virtuous cycle mechanism of economic and social values work, and the corporate citizenship management philosophy will blossom.

For this, communication can be viewed in terms of 3C: Contents, Channels, and Consumers. It aims to secure support and empathy through continuous discovery of management performance-based content, delivery of consistent messages, communication considering the characteristics of stakeholders through the use of various channels, and sincere two-way communication with stakeholders.



## Human Resources

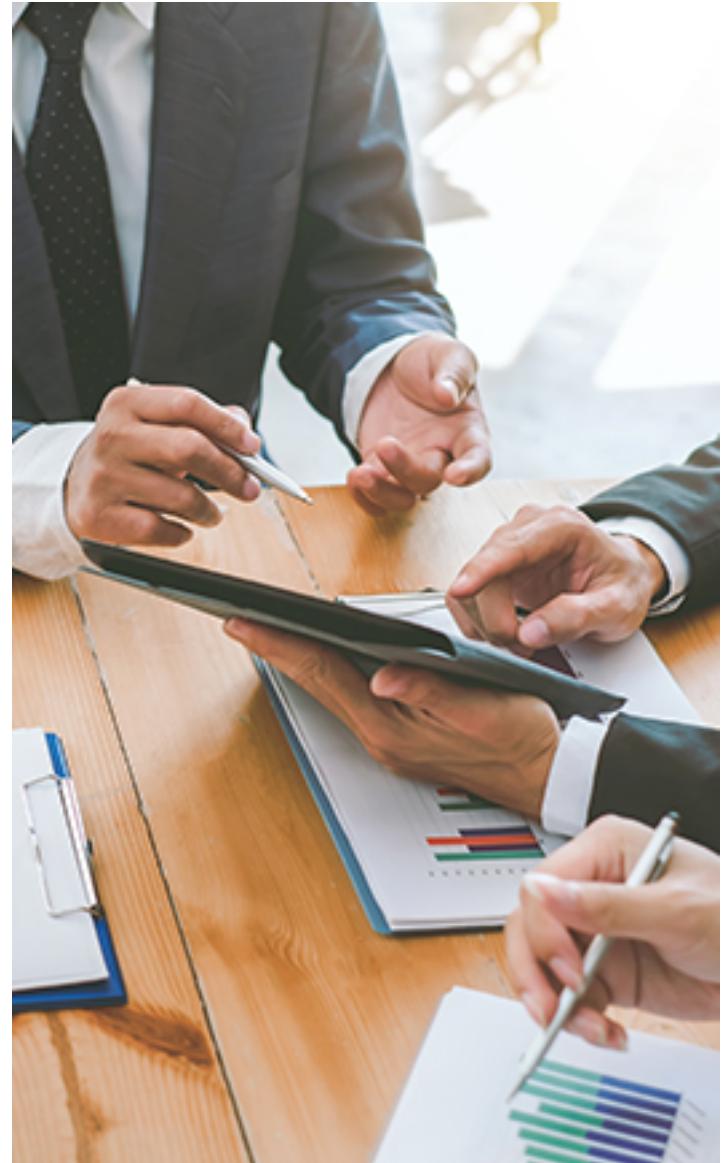
## Fostering global model citizenship with dignity

POSCO leads the creation of work performance and social value with pride and passion

In the Corporate Citizenship Charter, the direction of the People with POSCO perspective is to create a happy and rewarding company with an organizational culture of trust and creativity. To this end, the company must strive to create a safe and comfortable working environment, establish fair personnel and stable labor-management relations, respect diversity and maintain a balance between work and life.

POSCO employees must practice the corporate citizenship management philosophy in their daily life and work, and settle this as POSCO's own culture to create a sustainable company. To this end, not only the management but all members must voluntarily practice the management philosophy.

The role of personnel is to design and operate all personnel systems by reflecting the management philosophy so that employees can naturally practice the corporate citizenship management philosophy. In addition, the HR system must be operated fairly and reasonably by listening to the voices of employees so that employees can feel the pride and pride of being a member of corporate citizenship. In addition, it is necessary to support a customized human labor system so that employees can engage in work with a sense of psychological stability under their own work environment and conditions.



## Organizational culture

## Realization of a prestigious family that cooperates with each other and grows together

A happy and rewarding workplace with full of trust and creativity

The Charter of Corporate Citizenship stipulates that POSCO will create a 'happy and rewarding company with an organizational culture of trust and creativity.' Excluding the sleeping hours of the 24 hours a day, we spend more than half of our time at work. In this sense, the company is another family. Just as all things go smoothly if there is harmony between the family, the company also needs to have good relationships with co-workers so that members can be happy and sustainable development of the company is possible.

In order to make a company like a harmonious family, three conditions must be met. First, a safe and comfortable working environment must be created. To this end, interest and investment at the company level is also important, but employees themselves must pay close attention to their safety and health and that of their colleagues. Next, you should be able to feel psychological stability. It is important to create an organizational culture of trust in which employees can trust and work with each other through an attitude of consideration and respect from the other person's position at all times. In addition, stability in life must be secured. In addition to company-level support, such as improving working hours and expanding daycare centers to improve the quality of life for employees, each employee must strive to maintain a balance between work and life.

If the company is compared to a harmonious family, the organizational culture is a family tradition. Organizational

culture of corporate citizenship can be examined in three aspects: leadership, working style, and mindset. First of all, in terms of leadership, leaders should demonstrate a lighthouse leadership that informs the direction of the members while humbling themselves, and employees should have a smart followership. When it comes to working style, we must become knowledge workers who work smarter and grow in line with the changes of society and the times. In addition, in terms of the mindset of executives and employees, ethics and respect for humanity should be the basis of all work and furthermore, we must be reborn as a global exemplary citizen who embodies consideration and respect in work and daily life in accordance with the corporate citizenship management standards.

