
POSCO Group Supplier Code of Conduct

The Code of Conduct for POSCO Group Supplier states fundamental principles which suppliers who supply goods and services to POSCO Group including POSCO, its affiliates and joint venture companies. Every Clause of this document is equally important and consists of 7 parts which suppliers should comply with, such as respect for basic rights of employees, safety and health, environment, ethics, protection of business secrets and intellectual property rights, quality management, win-win growth and contribution to the local community.

Respect for basic rights of employees

Suppliers shall protect and respect employee's rights and treat them fairly.

1. Freely Chosen Employment

- Every work shall be voluntary and employees can retire freely if there is a reasonable notification.

Supplier cannot force employees to transfer their ID, passport or work permit that government issued, on condition that supplier hires them.

2. Prohibition of Child Labor

- Suppliers shall follow ILO Convention No. 138 and domestic regulation on the minimum age for admission to employment and work.

In other words, suppliers shall not hire a child under 15 (in case of a developing country that exempt from ILO Convention No. 138, under 14) or minimum age that is regulated by domestic law.

Suppliers shall follow every legislation and regulation about internship program.

Employees under 18 shall not carry out dangerous work in terms of the safety and health.

3. Non Discrimination

- Suppliers shall not discriminate employees based on race, color, religion, gender, sexual orientation, age, physical condition, political view, nationality, nation and marital status and treat them fairly for hiring practices such as employment, promotion, compensation and training opportunities.

4. Working Hours

- Except for an urgent situation, suppliers shall follow working hours; include overtime determined by law.
- And all of overtime work shall be voluntary and awarded as extra pay of appropriate level.

5. Wages

- When suppliers pay wage to employees, suppliers shall follow all the relevant law that is related to wages such as minimum wages, overtime payment and welfare benefits.
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6. Humane treatment

- There shall not be inhumane treatment that includes sexual harassment, sexual abuse, physical punishment, physical or psychological coercion, and insulting as well as intimidating employees by giving them inhumane treatment.
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Safety and Health

Suppliers shall provide safe and healthy working environment to employees and take proper measures to prevent employees from being exposed to potential safety hazards.

1. Working Environment

- Suppliers shall follow the relevant law, regulations and orders in order to manage every workplace safely and healthily where producing or working is executed. To achieve this, suppliers shall make the best effort to use an authorized safety management system and provide potable water and hygienic toilet and also furnish minimum facilities of safety and convenience such as a fire and emergency response system, appropriate light and ventilation.
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2. Occupational Safety

- Suppliers let employees be not exposed to potential safety hazards (ex. electricity, energy source, fire, vehicle and danger of falling) through proper design and engineering, administrative control, preventive maintenance and safe work procedure.
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Environment

Suppliers shall follow laws and regulations related to protection of the environment and understand that protection of the environment is the fundamental social responsibility of enterprises. They also comply with public health and safety in the course of manufacturing process, and minimize negative effects on the environment of the local community and natural resources.

1. Hazardous Substance

- Suppliers shall comprehend chemicals and other substances that have possibilities to pollute environment and manage to assure of safe handling, moving, storing, using, recycling or reusing and definite discarding.
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2. Waste water, Solid waste and Air Pollution

- Suppliers shall understand the nature of substances and control and handle them within the legal limits before emitting or discarding the waste water, solid waste, Volatile Organic Compounds, aerosol, corrosive, mercuric oxide, ozone unfriendly substance and byproduct of combustion from facility operation, industrial process and sanitary facility.

3. Pollution Prevention and Reduction of Resource Usage

- Suppliers shall fundamentally reduce or eliminate all kinds of waste including waste water and energy by making an end eavor for improvement such as alteration of production, maintenance and facilities, re placement of raw materials, preservation, recycling and material reuse.

Ethics and Fair Trade

POSCO Group and suppliers shall abide by the following articles to satisfy the social responsibilities and sustainable growth.

1. Business Integrity

- POSCO Group and suppliers shall keep the highest level of integrity in all kinds of business and an inappropriate action is strictly prohibited such as corruption, coercion, intimidation and embezzlement.

2. Observance of the special clause of ethics practice

- Suppliers ought to follow regulations on the Special Clause of Ethics Practice of POSCO Group and will face sanctions under the same clauses when they violate it.

3. Observance of Fair Trade

- Suppliers shall follow laws and regulations related to fair trade and try not to offense against the fair trade order such as unfair practice of trading.
- No retaliation: A contractor shall try not to do any kinds of retaliation such as termination of business and unreasonable sanction by reasons of declaration of unfair trade, consultation of meditation related to subcontract or demurring to contract.
- Consultation prior to visit to suppliers/ on site inspection: Inform the visiting schedule in written or electrical form and get a confirmation before visiting suppliers.

4. Confidence Building

- Suppliers shall not offend against confidence of the whole POSCO supply chain by libeling other people or companies through spreading false information on t he purpose of slandering other interested parties such as members of POSCO Group and competitors.

Responsible Minerals sourcing

Suppliers shall abide by the following articles to source Responsible Minerals sourcing . (* The terms “Armed Group,” and “Adjoining Country” have the meanings ascribed to such terms in the rules and regulations of the U.S Securities and Exchange Commission promulgated under Section 13(p) of the Securities Exchange Act of 1934, as amended.)

1. Establish a policy and system

- Suppliers shall establish and maintain a policy and system to ensure that Conflict Minerals contained in Products do not directly or indirectly finance or benefit an Armed Group in the Democratic Republic of the Congo or an Adjoining Country.

2. Conduct a due diligence in line with OECD Guidance

- Also, suppliers shall exercise due diligence on the source and supply chain of Conflict Minerals and Cobalt contained in Products and make Supplier's due diligence measures available to POSCO upon request. Suppliers shall also respond promptly to POSCO requests for information regarding the results of Supplier's due diligence measures, including but not limited to the country of origin or smelters and refiners used to process Conflict Minerals and Cobalt contained in Products.

Protection of Business Secrets and Intellectual Property Rights

Suppliers shall not reveal or provide any kinds of technical data, information and intellectual properties obtained from business with POSCO Group, to other parties without a prior written consent of POSCO Group.

1. Management and protection of confidential information

- Suppliers shall use technical data, information and intellectual properties obtained from the process of supplying products and services to POSCO Group within permits of POSCO Group, and protect them actively.

2. Protection of intellectual property rights

- Suppliers shall not infringe intellectual property rights or illegally use patents, design, trademark of others when supplying products and services to POSCO Group.

Quality Management

Suppliers shall make the best of realizing the World Best Supply Chain by providing products and services of the best quality to POSCO Group

1. Quality Control

- Suppliers shall try to supply guaranteed products in order for POSCO Group to produce and supply the world class products.

2. Change Control

- When something that influences quality, caused by changing facilities, materials and working methods, suppliers shall inform that in advance and prevent defects beforehand.

3. Mutual quality control by suppliers

- Suppliers shall try to contribute the quality of products and services of other suppliers in business relationship through supporting technology and quality to them.

Win win Growth and Contribution to the Local Community

Suppliers shall actively participate in win-win growth and contribution activity to the society for constructing healthy corporate ecosystem and developing the local community.

1. Win win growth

- Suppliers shall make the best to participate in win win growth for constructing healthy corporate ecosystem and spread to other companies who are in business relationship with them.

2. Contribution to society

- Suppliers shall actively carry out a contribution activity to the local community for continuous job creation and economic development of the region.

POSCO Group hopes for good communication with suppliers in order to run a better business. And POSCO Group expects suppliers to suggest specific ways that POSCO Group can help suppliers perform the Code of Conduct for POSCO Group Suppliers.

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