

---

# 2023 POSCO FUTURE M Responsible Minerals Activity

2024.5

---

## Responsible Minerals Procurement Policy

POSCO FUTURE M makes efforts to fulfill its responsibility as a global company that thinks of mankind's future and the environment. We strive to build a responsible supply chain to address social problems including violation of human rights, environment destruction, and fund inflow into conflict organizations, which may occur when mining minerals in areas within specific countries such as conflict-affected areas in Africa, Asia, and Middle East.

To this end, POSCO FUTURE M is carrying out the following procedures:

1. POSCO FUTURE M has established a responsible minerals policy and the business process based on Due Diligence Guidance presented by OECD, and it has been focusing on ethical and responsible mineral procurement and supply chain management reinforcement. To realize these, we have conducted responsible minerals recognition enhancement and education of stakeholders including internal employees, and we are performing business under a five-step procedure:

(Firm system construction → Gathering/Assessment of supply chain information → Risk identification/mitigation → Due diligence → Transparent communication)

2. POSCO FUTURE M endeavors to perform the following through CMRT (Conflict Minerals Reporting Template) and CRT (Cobalt Reporting Template) for gathering supplier information provided by RMI\* and the Supplier Questionnaire Survey process developed by POSCO FUTURE M: supply chain tracking targeting tin, tungsten, tantalum, gold, and cobalt (including mines and refiners); and risk pre-identification/mitigation that may occur in the supply process. We are expanding the management scope to nickel, manganese, lithium, and graphite.

\* RMI (Responsible Minerals Initiative) is a global council tracking and investigating the country of origin of responsible minerals, monitoring producers, and assuring/validating them.

3. POSCO FUTURE M recommends receiving due diligence from a third party institution through RMAP (Responsible Minerals Assurance Program) targeting refiners within the supply chain when entering into an agreement or registering a new supplier. We are currently purchasing raw materials sourced from Conflict Affected and High Risk Areas (CAHRAs) territories from refineries certified by RMI at 100% accountability.

\* **Conflict-Affected High-Risk Areas (CAHRAs) List (Changes Compared to 2022)**

- Africa: Democratic Republic of Congo, Somalia, among 17 countries, 141 regions (no change)
- Asia: Myanmar, Afghanistan, among 6 countries, 58 regions (Myanmar, etc. +26 regions)
- Middle East: Yemen, Libya, 2 countries, 22 regions (no change)
- South America: Colombia, Venezuela, 2 countries, 7 regions (some areas in Colombia → designated nationwide)
- Other: Turkey, Ukraine, 2 countries, 11 regions

Furthermore, POSCO FutureM's responsible mineral procurement policy has been strengthened by enhancing supplier code of conduct criteria to ensure consistent application throughout the entire Upstream area, including refineries and mines.

**A** Suppliers must establish a responsible mineral management policy to ensure that raw materials from Artisanal and Small-scale Mining (ASM) operations, where ethical issues arise, within the Democratic Republic of Congo or designated high-risk areas by the company (29 countries, 239 regions) are not included. They are also required to report improvement measures to our company.

**B** Suppliers should make efforts in good faith to identify the information of mines and their country of origin and location as well as the status of ethical risk occurrence within the supply chain. Upon signing an agreement with POSCO FUTURE M, suppliers are obligated to agree to its responsible minerals policy and perform the corresponding activities.

③ Suppliers should draw up and present the conflict and responsible minerals use report questionnaire in a timely manner at our request. POSCO FUTURE M disseminates its responsible minerals policy targeting upper-level suppliers and strives for all stakeholders within the supply chain to take the initiative in resolving social issues together.

If POSCO FUTURE M does not sufficiently receive information required to embody the responsible minerals policy from a supplier, or if a supplier does not take proper action even though a risk is detected within the supply chain, we will support their improvement through capability fortification such as education, assistance, and due diligence. In case a supplier intentionally offers information different from fact or does not make effort to improve, transactions with the supplier may be suspended.

We will perform continuous management by adding the responsible minerals domain when assessing suppliers in terms of SRM(supplier relationship management).

POSCO FUTURE M is determined to participate vigorously in international efforts to procure minerals responsibly based on the activities above. Through all this, we will fulfill our social responsibility of protecting human rights as well

## **Direction and Procedures of the Responsible Minerals Policy**

POSCO FUTURE M has established step-by-step SOP (standard operating procedures) by dividing the procedures into the following steps through the OECD Due Diligence Guidance and our internal framework:

① Firm management system construction → ② Supply chain risk identification and assessment → ③ Establishment and implementation of recognized risk response strategy → ④ Due diligence → ⑤ Communication with internal and external stakeholders

### **▶ Applied Minerals and Management-Targeted Risk Areas**

The target minerals are tungsten and cobalt currently procured by POSCO FUTURE M(gold, tantalum, and tin are not procured). As responsible minerals management emerges as a key issue worldwide, we are expanding the management scope to nickel, lithium, and graphite.

## Current Status of POSCO FUTURE M's Responsible Minerals Procurement(2023)

- Cobalt : 3,100 ton/yr (based on Co purity, including Co content of precursor)
- Tungsten : 90 ton/yr (based on tungsten oxide)
- Tin, Tantalum, Gold : None
- Raw materials in addition to 3T1G: Currently procuring nickel, lithium, manganese, graphite, etc.

### ▶ Composition of the Responsible Minerals Organization

The Purchasing Contracts Department within our Corporate Support Headquarters is responsible for overseeing responsible minerals, working together with various departments such as the PR Group, Talent Development Group, Legal Department, Ethics and Compliance Office, Corporate Citizenship Office, Marketing Group, Anode/Cathode Quality Group, and other relevant departments to comprehensively address responsible mineral issues.

### ▶ Standard Operating Procedures for Responsible Minerals by Stage

POSCO FUTURE M complies with activities by five steps under the OECD Due Diligence 5-step Guidance.

#### Step① Firm responsible minerals policy/system realization

- Establishment of policy/goal, fortification of process/organization, and internal stakeholders' capabilities reinforcement
- Establishment of policy/goal, fortification of process/organization, and internal stakeholders' capabilities reinforcement

#### Step② Gathering and assessment of supply chain information

- Conducting the questionnaire survey of POSCO FUTURE M (Target: Tier 1 suppliers, refiners, and mines)
- Evaluating and verifying after gathering information using the CMRT and CRT forms provided by RMI
- Red flags (target for management) classification using detailed standards such as RMAP assurance, due diligence results, and CAHRAs selection based on the gathered information

#### Step③ Risk identification and mitigation

- Prioritizing the identified red flags and management target after risk identification /assessment
- Establishment of response mechanism, such as systematic education support targeting high-risk suppliers, visits, and performance of due

diligence

- Making policy compliance mandatory including insertion of responsible minerals clause within a contract and non-signing of a contract if the POSCO FUTURE M policy is not observed

#### **Step 4** Due Diligence

- Buyer's due diligence or request for due diligence to a third party to check the status of the identified risk mitigation
- Support for a third party's due diligence targeting unassured refiners within high-risk areas  
(prevention of raw materials discrimination in conflict affected areas)
- Monitoring whether findings are improved following due diligence

#### **Step 5** Communication with internal and external stakeholders as a result of implementation

- Reinforcement of communication including the transparent opening of activity details to the public, corporate citizenship report publication, and reporting to internal executives
- Transparent opening of the following to the public: status of raw material procurement, status of assurance, due diligence results, improvement effects compared to the previous year's activities

---

#### Activity Details by Step (Five Steps)

#### **[Step 1]** Firm responsible minerals policy/system realization

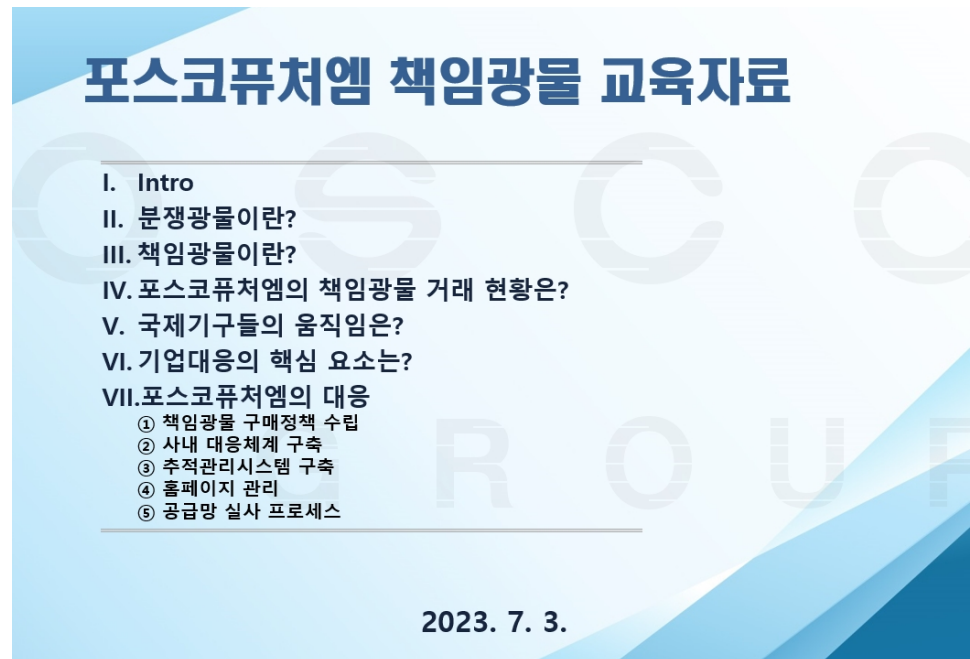
##### **[Organization system]**

The Procurement Contract Office affiliated with the Corporate Support Division of POSCO FUTURE M is in charge of responsible minerals. At the POSCO Group level, we are organically managing responsible minerals risks by organizing a council for the management of responsible minerals with POSCO and POSCO International. In addition to responsible minerals, the Procurement Contract Office is managing the supply chain for all raw materials.

##### **[Employee Training]**

Since 2021, POSCO Group has been enhancing awareness among buyers, operational departments, and relevant employees by developing e-Card and e-Learning Type content, along with proprietary training materials by POSCO Future M. These resources are also provided to our responsible mineral suppliers to inform all stakeholders within the supply chain about our policy on responsible minerals while striving to enhance their capabilities. In July 2023, we produced educational materials on the basic concepts of responsible/

conflict minerals, the international trends in managing responsible minerals, and our policy, including response status. These were distributed and taught to all employees via e-mail.



#### [Regulation Management and Enhanced External Communication]

Our company has established new contract clauses related to responsible minerals for Korean suppliers and strengthened management for international suppliers. Moreover, we have separated and are intensively managing the responsible minerals page under the ESG policy on our website for transparent external communication on responsible minerals. In May 2023, in collaboration with our PR department, we produced promotional and educational short-form videos on our responsible mineral policy and posted them on our company's YouTube channel.

📺 URL: <https://youtube.com/shorts/udNpHoB1BfU?si=4ZvjgHf6RYTIFOS1>

🌐 URL: Social (S) – ESG & Corporate Citizenship - POSCO Future M  
(poscofuturem.com)

#### [Strengthening New Supplier Registration Standards]

Since 2021, we have enhanced the registration criteria for new suppliers to ensure the purchase of responsible minerals. During the supplier registration process, suppliers are required to submit a signed declaration of compliance with our responsible mineral policy, thus ensuring their participation in the policy activities against the use of minerals from Conflict-Affected High-Risk

Risk Areas (CAHRAs). Additionally, if the origin of minerals is confirmed to be from high-risk countries during our supply and contract finalization, a third-party audit and RMAP certification from an accredited smelter are mandatory.

(a) Supplier shall establish a Responsible Minerals management policy and report on improvements to ensure that raw materials delivered to POSCO CHEMICAL do not include minerals from the uncertified smelters or ASM(Artisanal Small-Scale) mining in Conflict Affected and High Risk Area.

(B) Supplier has to identify and collect the mining information, origin, location and whether ethical risk occurs in the supply chain, and comply with our Responsible Minerals policy when signing a contract with POSCO CHEMICAL.

(C) Supplier shall prepare and submit a report on the use of Conflict Minerals and Responsible Minerals at POSCO CHEMICAL's request in a timely manner, and participate in disseminating the Responsible Minerals policy to the upstream suppliers so that all of our supply chains can take the lead in resolving social issues.

If POSCO CHEMICAL does not receive sufficient information from the supplier to verify compliance with the Responsible Minerals policy, or if risks are found in the supplier supply chain but do not take appropriate action, POSCO CHEMICAL may stop business with the supplier intentionally providing untrue information or having no improvement effort.

POSCO CHEMICAL will actively participate in international efforts to purchase minerals responsibly through these activities and fulfill its social responsibility to protect human rights and environment in conflict zones.

2023 March 17th

Supplier's Signature

### [Construction of responsible minerals tracking management system]

Since March 2021, POSCO FUTURE M has been constructing a responsible mineral tracking management system using supply chain blockchain technology to remove responsible minerals risks through cooperation with automakers, battery manufacturers, and raw material suppliers. Once the responsible minerals tracking management system is completed, the responsible minerals risks

throughout the supply chain from POSCO FUTURE M's procured raw materials upstream to automakers can be efficiently managed. Furthermore, we have been expanding the management coverage of the system to major battery raw materials such as lithium and nickel since 2022.

[Step 2] Supply chain information gathering and assessment

[Identification of supply chain information] POSCO FUTURE M is gathering information (country of origin, locations of mines/refiners, logistics flow, status of risks within the supply chain, whether a supplier has a responsible minerals policy) using the questionnaire survey template for suppliers and refiners developed by POSCO FUTURE M. In addition, we verify whether the gathered information corresponds using an international standard document [C(M)RT].

Since the second half of 2021, our company has continuously conducted audits and annual surveys targeting our suppliers. In 2023, the study aimed at suppliers achieved a response rate of 100%, with all 25 companies surveyed responding to our survey.

**💡 Current status of responsible minerals refiners and status of assurance**

▶ Current Status of RMAP-assured Refiners

(Unit : Number)

Mineral	2022	2023
Tungsten	2	2
Cobalt (including pCAM companies)	4	4
Total	6	6

▶ POSCO FUTURE M is currently operating 100% RMAP assurance as of 2023

Number	Mineral	RMI ID	Refiner Name	Location	RMAP
1	Cobalt	CID003291	Guangdong Jiana Energy Technology	Guangzhou, CHINA	Conformant
2	Cobalt	CID003255	Quzou Huayou Cobalt new Material	Changsha, CHINA	Conformant
3	Cobalt	CID003411	Hunan CNGR New Energy Science & Technology Co., Lid	Changsha, CHINA	Conformant
4	Cobalt	CID003338	SungEel HiTech	Gunsan, KOREA	Conformant
5	Tungsten	CID002321	Jiangxi Gan Bei Tungsten	Xiushui, CHINA	Conformant
6	Tungsten	CID002082	Xiamen Tungsten	Ziamen, CHINA	Conformant

\* Conformant (assurance): refiners or refineries that completed the RMAP standard or equivalent cross-recognized assessment



**Suppliers' Response Rate for the Questionnaire Survey**

- RMI RMAP assurance is being carried out centered on 3T1G (Tantalum, Tin, Tungsten, and Gold) raw materials and cobalt raw materials. The responsible minerals management of nickel, manganese, lithium, and graphite raw materials is performed through our own information gathering and assessment.

▶ Executing the survey after 2021

(Unit : Number)

Classification	2021	2022	2023
Whether own survey is conducted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Survey-targeted suppliers and refiners (tungsten, precursor, nickel, manganese, cobalt, lithium raw materials)	17	24	25
Number of respondent suppliers	16	23	25
Response rate	94%	96%	100%

**[Grievance and appeal procedures]**

We have established 24/7 grievance and appeal procedures to listen to suppliers' opinions. We did so to resolve grievances and appeals by formalizing them after encountering grievances following direct receipt and other media use including social media or due diligence targeting all stakeholders within the supply chain.

**[Risk assessment]**

Based on the identified information such as the country of origin and its CAHRAs (Conflict-Affected High-Risk Areas) standard, POSCO FUTURE M draws up potential risks per supplier. In addition, we comprehensively assess various factors including supplier survey response rate, false international information presentation, and lack of responsible minerals recognition. Then, we select red flags (target for management) and utilize the risk response mechanism. There is no red flag suppliers in Our supply chain based on result of 2023 risk assessment. (Green Flag 24, Yellow Flag 1)

#### [Step 3-4] Risk identification/mitigation and due diligence

##### [Response mechanism]

We have established a response mechanism including education consolidation, increase of business trips, and buyer's due diligence depending on the risk level of the identified red flags.

If repeated problems are found and improvements from high-risk suppliers are insufficient, an independent third-party institution executes due diligence. Raw materials suppliers in the countries of origin belonging to CAHRAs entering into an agreement are limited to RMAP-assured refiners only upon trading with POSCO FUTURE M. If a refiner within a high-risk country is not assured, POSCO FUTURE M provides various types of support so that it can receive RMAP assurance. In case the findings are not improved through education, increase of business trips, or internal and third party's due diligence, or if there is no commitment to respond to responsible minerals issues, we have reinforced regulations to hold off signing an agreement with us.

#### [Step 5] Communication activity reinforcement

POSCO FUTURE M has been publishing a Responsible Minerals Activity Report since 2021 to reinforce communication with all stakeholders. In the POSCO FUTURE M Corporate Citizenship Report, communication has been fortified by allocating some pages for responsible minerals. Starting with POSCO's declaration of corporate citizenship business philosophy of "Developing together" in 2018, POSCO FUTURE M strives to create greater corporate values through communication and sympathy with all stakeholders such as customers, organizational members, and stockholders and continuous change and innovation. We at POSCO FUTURE M promise to publish the report consistently in line with the standards required by international society as well as open information to the public transparently.

📄 URL of Corporate Citizenship Report :

[https://www.poscofuturem.com/resources/file/2022poscofuturem\\_en.pdf](https://www.poscofuturem.com/resources/file/2022poscofuturem_en.pdf)