

Effective Date: 1 October 2022

Palm Oil Sustainability Policy – No Deforestation, No Peat, No Exploitation Policy

Scope of the Policy:

All provisions of Palm Oil Sustainability Policy, with no exception, apply to:

- All POSCO INTERNATIONAL operations related to production and trading of palm oil including subsidiary companies, joint ventures, and companies over which it has management control.
- All third-party suppliers at group level. A supplier group is a group of palm oil-related companies from which we purchase fresh fruit bunch (FFB), crude palm oil (CPO) and refined palm oil.

Implementation

Implementation, monitoring and reporting procedures will be carried out to ensure compliance for all aspects of this policy. For third-party suppliers, we will work with relevant stakeholders to ensure that suppliers implement this policy and associated commitments through a time-bound process.

POSCO INTERNATIONAL, through its subsidiary PT.BIA, reserves the right to suspend all purchase and other agreements with any group-level palm oil supplier that is found to be in serious violation of this policy.

1. Environmental Conservation and Management

- Abide by national laws and regulations, and international standards related to environmental protection;¹
- Only utilize land that has been zoned for oil palm development by the Indonesian Government;
- Prohibit all burning techniques associated with plantation development and management;
- No new plantation development of peatlands regardless of depth; Implement Best Management practices for any existing plantation located on peatland;²
- No new plantation development of areas of High Conservation Value (HCV) and High Carbon Stock (HCS), identified through quality-reviewed HCV and peer-reviewed HCSA (or quality-reviewed integrated HCV-HCSA) assessments, respectively;³
- Protect HCV and HCS areas through an integrated management plan;
- Promote the protection of biodiversity within our plantations and off-site conservation area;

¹ International standards refer to the United Nations Declaration on the Human Environment, Rio Declaration on Environment and the United Nations Framework Convention on Climate Change

² Best Management practices as defined by the RSPO and peat experts

³ At the time of publishing this policy, POSCO INTERNATIONAL has no plans for any new plantation development in Papua, Indonesia. In accordance with RSPO indicator 7.12.2 and Annex 5 for the RSPO P&C (2018), POSCO INTERNATIONAL's existing uncertified plantations are required to conduct a new HCV assessment, and any new land clearing by POSCO INTERNATIONAL will be preceded by an HCV-HCSA assessment

- Prohibit any illegal capturing, poaching, hunting and trafficking of animals, especially Endangered, Rare and Threatened (ERT) species. However, we respect the traditional rights of indigenous community to hunt in legal and sustainable manner without involving ERT species and jeopardizing long-term viability of the species;
- Develop and implement restoration and/or conservation plans for deforestation or peatland development which is non-compliant with this policy;⁴
- Reduce greenhouse gas (GHG) emissions, significant pollutants and waste associated with palm oil operations.⁵

2. Protection of, and Respect for, Human Rights

- Respect the rights of workers and communities associated with palm oil operations in accordance with international standards;⁶
- Provide fair and equal employment for all employees regardless of race, nationality, religion or gender;
- Ensure ethical recruitment processes including that workers do not incur any fees directly related to recruitment of temporary or permanent job placement, and that there is no unlawful withholding of identity documents;
- Prevent forced and bonded labour; commit to provide fair working conditions including the payment of wages that meet or exceed legal requirements, taking into account reasonable production targets and working hours; and uphold the rights to freedom of association and collective bargaining;
- Protect and respect rights of migrant workers;
- Protect children from exploitation including measures to prevent the 'Worst Forms of Child Labour' as defined by ILO Convention 182⁷ and the employment of anyone under the age of 18, unless in a situation where it is a vocational and/or formal structured apprenticeship, educational or a training programme;
- Provide a safe work environment focused on accident prevention and risk minimisation;
- Respect and protect the rights of indigenous groups and local communities to give or withhold their Free, Prior and Informed Consent (FPIC) to operations on lands to which they hold proven legal, communal and customary rights;
- Conduct participatory community mapping prior to any new development to establish community boundaries and land use decisions;
- Identify measures to provide remediation where the company has caused or contributed to negative human rights impacts;
- Promote sustainable livelihoods and contribute to economic growth of the local communities, such as through the implementation of plasma oil palm plantations.

⁴ POSCO INTERNATIONAL will develop and implement forest restoration and/or conservation plans for areas outside the current concession area to compensate for deforestation that the group conducted prior to October 2017, the date when all forest clearance was suspended in the group's palm oil operations in Papua, Indonesia

⁵ Using appropriate tools such as the RSPO Palm GHG calculator

⁶ International standards refer to the UN Declaration on the Rights of Indigenous People, Universal Declaration of Human Rights, the International Labour Organization's core conventions, United Nations Guiding Principles on Business and Human Rights, and the Free and Fair Labor in Palm Oil Production

⁷ https://www.ilo.org/ipec/Campaignandadvocacy/Youthinaction/C182-Youth-orientated/C182Youth_Convention/lang--en/index.htm

3. Stakeholder Engagement & Communication

- Establish a transparent sourcing network with traceability to plantation level and cooperate closely with suppliers and relevant stakeholders to promote compliance with our policies;
- Work with relevant stakeholders including independent verification organisations to implement this policy and best practice;
- Establish a credible and transparent stakeholder grievance mechanism;
- Establish a sustainability dashboard to communicate information, progress toward policy compliance, progress on resolving complaints, and supplier engagement and verification;
- Publish ongoing progress reports on the implementation of sustainability commitments through our sustainability dashboard;
- Resolve issues and complaints raised regarding plantation development by employees, communities and other relevant stakeholders through an open and transparent process.

With the issuance of this policy, the pre-existing Palm Oil Sustainability Policy issued on 1 March 2020 is revoked and shall be of no effect.

1 October 2022
President and CEO
Joo Si-Bo