

POSCO-MKPC

Human Rights Guidelines

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Chapter 1 General provision

Article 1 (Purpose)

This policy defines and explains the POSCO-MKPC Sdn Bhd (hereafter called "POSCO-MKPC" or "the Company")'s guidelines in terms of human rights. This guidelines apply POSCO-MKPC and its business partners' human rights management in light of "the UN Guiding Principles on Business and Human Rights."

Chapter 2 Responsibility to respect human rights

Article 2 (Basic Principles)

POSCO-MKPC will take appropriate actions to prevent human rights violation and to prevent and remedy adverse impacts on human rights that may occur from its corporate activities. For this purpose, all employees of POSCO-MKPC will comply with the following recommendations regarding human rights management to meet the expectations of interested parties and to fulfil the responsibility to respect human rights:

- ① to comply with applicable laws and internationally recognized human rights standards where POSCO-MKPC is conducting business activities;
- ② to seek ways to comply with the internationally recognized human rights standards when encountered with local regulations that are in conflict with such human rights standards; and
- ③ to treat the risks that may result in human rights violation as an important management issue.

Article 3 (POSCO-MKPC's responsibility to respect human rights)

POSCO-MKPC's responsibility to respect human rights includes the following

- ① to prevent situations where the Company's management activities adversely affect human rights, and take appropriate measures therefore; and

② to make necessary efforts to prevent or alleviate adverse human rights impact from management activities of business partners even if the Company has not directly caused such adverse human rights impact.

Article 4 (Establish policies and procedures)

The Company establishes the following policies and procedures to fulfil the responsibility to respect human rights.

- ① implementation of policy such as the establishment of internal corporate guidelines incorporating the Company's responsibility to respect human rights;
- ② implementation of procedures for human rights due diligence to identify, prevent and alleviate adverse human rights impact and to investigate/review the specific activities that may affect human rights; and
- ③ implementation of procedures that can resolve the adverse human rights impacts caused by the Company.

Chapter 3 Human Rights Due Diligence

Article 5 (Core Elements to Consider)

POSCO-MKPC employees may conduct human rights due diligence as they deem necessary to identify, prevent and mitigate adverse human rights impacts and to properly discharge their duties. This process includes identifying, assessing and addressing actual and potential impacts on human rights, making record thereof, and sharing the result with interested parties. Human rights due diligence will consider the following:

- ① adverse human rights impacts the Company may cause directly or indirectly during its management activities.
- ② various factors affecting the situation such as location and size of the local site, human rights related risk, characteristics and nature of the relevant business, relevant country's political and economical environment.

③ the need to conduct due diligence continuously, keeping in mind that the human rights risks may change over time as the Company's activity and business environment changes.

Article 6 (Method to Conduct Due Diligence)

POSCO-MKPC will conduct human rights due diligence in accordance with the following process.

① In the event that human rights related risks are discovered at domestic and overseas workplaces, the Company will analyse the situation and establish solutions by conducting human rights due diligence.

② In principle, human rights due diligence will be conducted by Company personnel, but if deemed necessary, outsourced professional may be retained to conduct the due diligence jointly.

③ The Company will conduct in person interviews with a group or relevant interested parties that may have been affected.

④ The Company will endeavour to identify potential as well as actual impacts through human rights due diligence. With respect to potential impacts, the Company will share the result of the due diligence with all members of the Company, and take necessary actions to prevent/mitigate such impact in due course. With respect to actual impacts that had occurred already, the Company will take actions that may remedy or resolve the same.

⑤ The Company will utilize checklists designed to diagnose the core elements of human rights management when conducting human rights due diligence.

Article 7 (Responsive and Follow-up Actions)

In order to prevent and alleviate adverse human rights impacts, the Company will establish responsive action plans based on the result of the human rights due diligence and implement follow-up actions.

① Establishment of Internal Response System

1. For resolution of discovered issues, the roles and responsibilities of respective departments will be clarified.
2. Internal decision making, budget allocation, and monitoring process may be applied for effective management of the response system.
3. Human rights issues discovered by human rights due diligence will be communicated to the relevant department for proper care and resolution.

② Follow-up Actions and Relief

1. If adverse human rights impact has occurred or is likely to occur, all possible and necessary measures to prevent or mitigate such impact will be taken.
2. If unexpected adverse impacts occur despite implementation of best policy and procedure, the Company will endeavour, by itself or in conjunction with others, to remedy the same.
3. Even if the Company has not directly contributed to the adverse human rights impacts, if such adverse impacts are intricately related to the Company's business operation, production and services in relation to other parties (e.g. suppliers), the Company will, although not obligated to establish a systematic methods to improve such impacts, try to participate in such improvement activity.
4. The Company will utilize its influence to prevent and mitigate adverse human rights impacts when possible; if not possible, the Company will try to strengthen its influence by cooperating with others.
5. In order to provide effective relief, the Company will implement a grievance mechanism for the interested parties who can be potentially affected.

Article 8 (Communication with Interested Parties)

If interested parties raise concerns over human rights impacts, the Company will provide responsible explanations.

- ① The Company will communicate with the affected groups, and interested parties including individuals and investors with responsibility and transparency through various communication forms, such as face-to-face meetings, issuance of official reports (e.g. POSCO-MKPC Corporate Citizenship Report and Audit Report, etc.), and use of on-line channels (e.g. Official Website, etc.).
- ② The official reports will include all actual or potential adverse impacts. In order to strengthen the reliability of the report, the Company may consider implementing an independent verification procedure.
- ③ The Company will provide information that helps interested parties to assess whether the Company is properly responding to specific human rights issues.

Article 9 (Internalization and System Improvement)

The Company will endeavour to effectively improve human rights management system by internalizing human rights due diligence results into the organization culture and carrying out improvement activities.

- ① The Company will carry out activities for internalization of human rights management such as training on empathy improvement and human rights management related rules, and communicate success/ failure stories to its employees.
- ② The Company will continuously improve human rights management system by identifying areas in need of improvement through expert advices, communication with interested parties and operation of a system.

Chapter 4 Grievance Mechanisms

Article 10 (Grievance system)

In order for prompt discussion and resolution of the issue raised, POSCO-MKPC operates a grievance system for the individuals and communities exposed to adverse impacts. The Company pursues prompt and reasonable resolution of the matter by utilizing existing system such as reporting to the HR Department, write in through Official Website, etc.

In connection with the Company's responsibility to respect human rights, the grievance system performs the following important functions:

- ① To enable the Company to identify adverse human rights impacts with ease, and provide a platform where the affected interested parties can directly raise issues.
- ② To prevent exacerbation of human rights violation by listening to the grievances and providing relief at early stage.
- ③ To enable the Company to understand and improve issues concerning human rights policy and procedure.